

ScotiaFunds

Semi-Annual Report

June 30, 2012

Cash Equivalent Funds

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

Income Funds

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Scotia Private Short-Mid Government Bond Pool
Scotia Mortgage Income Fund
Scotia Bond Fund
Scotia Canadian Income Fund
Scotia Private Canadian Corporate Bond Pool
Scotia U.S. \$ Bond Fund
Scotia Global Bond Fund

Balanced Funds

Scotia Private Advantaged Income Pool
Scotia Diversified Monthly Income Fund
Scotia Income Advantage Fund
Scotia Canadian Balanced Fund
Scotia Canadian Dividend Income Fund
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Equity Funds

Canadian Equity Funds

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Index Funds

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Scotia Canadian Index Fund
Scotia U.S. Index Fund
Scotia CanAm Index Fund
Scotia Nasdaq Index Fund
Scotia International Index Fund

Scotia Portfolios

Scotia Selected® Portfolios

Scotia Selected Income & Modest Growth Portfolio
Scotia Selected Balanced Income & Growth Portfolio
Scotia Selected Moderate Growth Portfolio
Scotia Selected Aggressive Growth Portfolio

Scotia Partners Portfolios®

Scotia Partners Diversified Income Portfolio
Scotia Partners Income & Modest Growth Portfolio
Scotia Partners Balanced Income & Growth Portfolio
Scotia Partners Moderate Growth Portfolio
Scotia Partners Aggressive Growth Portfolio

Scotia Vision® Portfolios

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Scotia Vision Aggressive 2010 Portfolio
Scotia Vision Conservative 2015 Portfolio
Scotia Vision Aggressive 2015 Portfolio
Scotia Vision Conservative 2020 Portfolio
Scotia Vision Aggressive 2020 Portfolio
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Scotia Vision Aggressive 2030 Portfolio

Scotia INNOVA Portfolios®

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

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Global Economic Outlook

Warren Jestin
Senior Vice-President and Chief Economist
Scotiabank

New World Rising

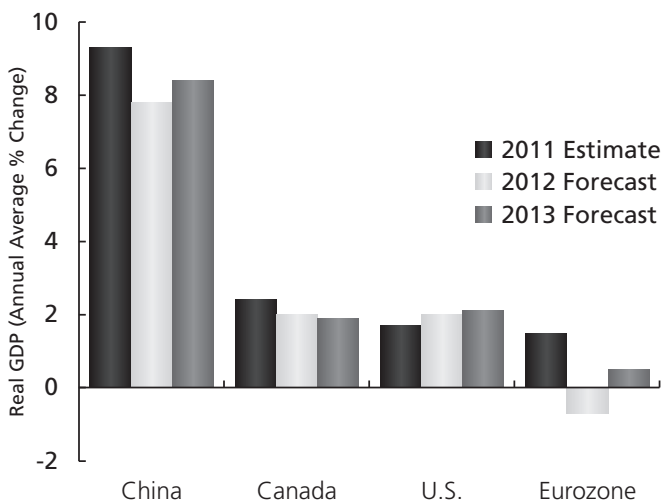
The economic and political uncertainty now fueling financial market volatility is likely to linger well beyond 2012. Global growth prospects have diminished with the U.S. economy struggling to advance by more than 2%, even with interest rates near historic lows. While Germany and some of its northern neighbours have retained modest forward traction, public-sector retrenchment and private-sector deleveraging have pushed many euro zone nations into recession, amplifying their fiscal difficulties.

While *new world* powerhouses also have lost momentum, growth should approach 8% in China, 6% in India and average close to 4% in the major Latin American economies in 2012. These countries have become the main drivers of global growth and many are morphing from low-cost export-driven nations to world-class markets for consumer and investment goods and services. Growing trade among these economies also provides an important offset to challenges in their traditional North American and European markets. In recognition of their growing strategic importance, the G20 group of countries – including China, India, Brazil, Turkey and South Africa – has become the official forum for discussing global issues such as the European debt crisis.

Another seminal event will occur shortly after mid-decade when, on a purchasing power parity basis, China surpasses the U.S. as the world's largest economy. China is already the world's largest auto market, its production drives international commodity markets and its tourists will soon be at the top of the list of global spenders. With over US\$3.3 trillion in foreign exchange reserves, China exerts a powerful influence on global financial trends and has substantial resources to support domestic growth.

The ongoing outperformance of new world economies has big implications for Canadians. These nations have driven demand for a broad array of commodities, giving our resource exporters essential support at a time of generalized weakness in traditional markets. Even with the recent deceleration in new world growth — and declining natural gas earnings associated with depressed prices and volume sales to the U.S. — commodity exports revenues are up 8% in the past year and almost 70% during the past decade. As long as these emerging nations continue to outperform, Canadian growth is likely to remain strongest in our resource-intensive Western provinces and in Newfoundland & Labrador.

Global Growth: 2011–2013



Sources: Scotia Economics, Bloomberg, BEA, Statistics Canada, Eurostat.

The U.S. still accounts for 73% of Canadian exports, but this share is down from a high-water mark of 84% just a decade ago. Even excluding natural gas and allowing for the revival of auto exports, our overall sales to the U.S. remain below 2008 levels. Lacklustre U.S. growth and the ongoing strength of the Canadian dollar point to more of the same. This is a particular challenge for Ontario and New Brunswick, whose economies are most geared to south-bound sales, although the strength of resource-producing regions offers important supply chain opportunities for these and other provinces.

From a financial market perspective, U.S. and European monetary policy settings will remain highly accommodative. Chairman Bernanke has suggested that the Fed's benchmark overnight rate may stay close to zero through 2014 unless U.S. economic circumstances improve substantially. Relatively stronger domestic fundamentals will likely encourage the Bank of Canada to begin nudging interest rates up sooner, but concern

“The ongoing outperformance of new world economies has big implications for Canadians. These nations have driven demand for a broad array of commodities, giving our resource exporters essential support at a time of generalized weakness in traditional markets.”

that such action would add to the loonie’s strength will probably forestall a cautious move in that direction until next spring, at the earliest. In the absence of higher rates, Ottawa has taken action to tighten mortgage rules to cool down what it considers to be an overheated housing market.

Investor preference for safety and liquidity, and actions by the Fed to lower bond yields, have pulled U.S. longer-term yields to lifetime lows, with Canadian rates following suit. Borrowing costs are likely to stay historically low, but are bound to be quite volatile in the lead-up to the U.S. presidential election. Another debt ceiling crisis is looming and the need to mitigate the extreme fiscal tightening slated for January with tax cuts expiring and a legislated sequestration process about to click-in may lead to another round of political brinkmanship. While low interest rates have benefitted borrowers, they have presented big challenges for savers — particularly for pension funds, endowments and individuals approaching retirement.

For the first time in over half a decade, Canada may lag U.S. growth as job creation and household spending moderate. By many measures, however, conditions remain much more favourable here. Unlike the

United States and Europe, Canada has fully regained the jobs lost during the financial crisis and its real estate markets are in much better shape. Canada’s relatively better fiscal position provides a strategic advantage important for longer-term growth and prosperity. A world-class financial system also supports national growth at a time when banking crises in many countries have impeded the revitalization of economic activity. The resilience of the Canadian dollar is much more than a commodity story — it reflects all of these relative advantages and the increased interest of global investors in our economy. While the loonie may continue to fluctuate widely around parity, Canada’s fundamental strengths tip the balance of risks towards longer-term currency appreciation.



Warren Jestin

Senior Vice-President
and Chief Economist
Scotiabank

Scotia T-Bill Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$102,445,742	\$114,295,913
Cash	40,153	54,772
Accrued investment income	9,122	9,912
	<u>102,495,017</u>	<u>114,360,597</u>
LIABILITIES		
Distributions payable	228	276
Accrued expenses	69,799	—
	<u>70,027</u>	<u>276</u>
Net Assets	<u>\$102,424,990</u>	<u>\$114,360,321</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$102,424,990</u>	<u>\$114,360,321</u>
UNITS OUTSTANDING		
Series A Units	<u>10,242,499</u>	<u>11,436,032</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.00</u>	<u>\$ 10.00</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 573,239	\$ 699,034
Securities lending	14,099	13,831
	<u>587,338</u>	<u>712,865</u>
EXPENSES		
Management fees (note 5)	540,124	639,211
Harmonized Sales Tax/Goods and Services Tax	51,269	62,305
Audit fees	2,617	6,965
Independent Review Committee fees	607	902
Custodian fees	1,284	1,354
Filing fees	10,410	10,495
Legal fees	767	3,503
Unitholder reporting costs	13,895	17,788
Unitholder administration and service fees	80,808	95,239
	<u>701,781</u>	<u>837,762</u>
Absorbed expenses	<u>(277,518)</u>	<u>(314,446)</u>
	<u>424,263</u>	<u>523,316</u>
Net investment income (loss)	163,075	189,549
Increase (decrease) in Net Assets from operations	<u>\$ 163,075</u>	<u>\$ 189,549</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$ 163,075</u>	<u>\$ 189,549</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.02</u>	<u>\$ 0.01</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	<u>\$114,360,321</u>	<u>\$138,296,651</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>163,075</u>	<u>189,549</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	<u>(163,075)</u>	<u>(189,550)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	14,284,959	18,658,241
Reinvested distributions		
Series A Units	161,775	188,044
Payments on redemption		
Series A Units	<u>(26,382,065)</u>	<u>(40,404,322)</u>
	<u>(11,935,331)</u>	<u>(21,558,037)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(11,935,331)</u>	<u>(21,558,038)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$102,424,990</u>	<u>\$116,738,613</u>

Scotia T-Bill Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 100.1%			
Treasury Bills – 65.6%			
	Government of Canada		
5,820,000	0.00% due Jul. 5, 2012	5,811,445	5,819,237
26,600,000	0.00% due Aug. 2, 2012	26,563,824	26,578,682
12,500,000	0.00% due Sep. 13, 2012	12,448,250	12,474,797
3,730,000	0.98% due Oct. 25, 2012	3,694,080	3,718,454
6,700,000	0.00% due Jan. 17, 2013	6,637,020	6,662,547
6,700,000	0.00% due Mar. 14, 2013	6,626,635	6,648,201
	Province of Manitoba		
3,975,000	0.00% due Jul. 18, 2012	3,968,839	3,972,984
	Province of Ontario		
1,300,000	0.00% due Jul. 11, 2012	1,298,492	1,299,605
		<u>67,048,585</u>	<u>67,174,507</u>
Promissory Notes – 15.9%			
	Province of Quebec		
10,730,000	0.00% due Jul. 6, 2012	10,718,626	10,728,204
	Province of Prince Edward Island		
2,100,000	0.00% due Aug. 13, 2012	2,096,556	2,097,474
	Province of Saskatchewan		
3,420,000	0.00% due Jul. 6, 2012	3,416,819	3,419,454
		<u>16,232,001</u>	<u>16,245,133</u>
Short-Term Bonds – 18.6%			
	Alberta Municipal Finance Corporation (Floating Rate)		
6,000,000	1.39% due Apr. 26, 2013	6,000,645	6,015,324
	Government of Canada (Floating Rate)		
9,900,000	1.67% due Sep. 15, 2014	9,965,052	9,971,352
	National Bank of Canada (Floating Rate)		
3,000,000	2.27% due Apr. 2, 2013	3,023,170	3,039,426
		<u>18,988,867</u>	<u>19,026,102</u>
	TOTAL INVESTMENT PORTFOLIO	<u>102,269,453</u>	<u>102,445,742</u>
	OTHER ASSETS, LESS LIABILITIES – (0.1%)		<u>(20,752)</u>
	NET ASSETS – 100.0%		<u>102,424,990</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	65.6	62.9
Promissory Notes	15.9	–
Short-Term Bonds	18.6	37.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Money Market Instruments*	June 30, 2012	December 31, 2011
Less than 1 year	\$102,445,742	\$114,295,913
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
Total	<u>\$102,445,742</u>	<u>\$114,295,913</u>

* Excludes cash

Credit risk (note 3)

The table below summarizes the credit ratings of the money market instruments, excluding cash, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating				
R1-High	63.8	63.9	63.0	62.9
R1-Middle	15.6	15.6	–	–
R1-Low	2.0	2.0	–	–
Bond Credit Rating				
AAA	15.6	15.6	14.0	14.0
AA	3.0	3.0	2.7	2.7
A	–	–	20.3	20.3
Total	<u>100.0</u>	<u>100.1</u>	<u>100.0</u>	<u>99.9</u>

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$70,027	\$276

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$102,445,742	\$ –	\$102,445,742

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$114,295,913	\$ –	\$114,295,913

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Premium T-Bill Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$385,977,162	\$428,840,002
Cash	981	1,413,023
Accrued investment income	35,225	37,371
Receivable for management fees rebate	—	82,419
	<u>386,013,368</u>	<u>430,372,815</u>
LIABILITIES		
Distributions payable	6,524	7,803
Accrued expenses	124,390	—
	<u>130,914</u>	<u>7,803</u>
Net Assets	<u>\$385,882,454</u>	<u>\$430,365,012</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$385,882,454</u>	<u>\$430,365,012</u>
UNITS OUTSTANDING		
Series A Units	<u>38,588,245</u>	<u>43,036,501</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.00</u>	<u>\$ 10.00</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 430,365,012	\$ 572,133,027
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>1,523,962</u>	<u>2,498,758</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	<u>(1,523,962)</u>	<u>(2,498,757)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	69,752,089	503,370,752
Reinvested distributions		
Series A Units	1,485,230	2,445,192
Payments on redemption		
Series A Units	<u>(115,719,877)</u>	<u>(503,730,406)</u>
	<u>(44,482,558)</u>	<u>2,085,538</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(44,482,558)</u>	<u>2,085,539</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$ 385,882,454</u>	<u>\$ 574,218,566</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$2,168,781	\$3,322,217
Securities lending	61,393	85,508
	<u>2,230,174</u>	<u>3,407,725</u>
EXPENSES		
Management fees (note 5)	1,012,009	832,582
Harmonized Sales Tax/Goods and Services Tax	102,984	167,254
Audit fees	5,675	8,445
Independent Review Committee fees	281	115
Custodian fees	4,030	4,554
Filing fees	12,017	13,687
Legal fees	1,748	1,805
Unitholder reporting costs	7,662	5,140
Unitholder administration and service fees	31,282	35,372
Overdraft charges	—	4
	<u>1,177,688</u>	<u>1,068,958</u>
Absorbed expenses	<u>(471,476)</u>	<u>(159,991)</u>
	<u>706,212</u>	<u>908,967</u>
Net investment income (loss)	<u>1,523,962</u>	<u>2,498,758</u>
Increase (decrease) in Net Assets from operations	<u>\$1,523,962</u>	<u>\$2,498,758</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$1,523,962</u>	<u>\$2,498,758</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.04</u>	<u>\$ 0.04</u>

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

Scotia Premium T-Bill Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 100.0%			
Treasury Bills – 66.6%			
19,140,000	Government of Canada 0.00% due Jul. 5, 2012	19,111,864	19,137,488
150,000	0.00% due Jul. 5, 2012	149,903	149,982
1,185,000	0.00% due Jul. 5, 2012	1,184,609	1,184,860
660,000	0.00% due Jul. 5, 2012	659,861	659,923
800,000	0.00% due Jul. 5, 2012	799,888	799,907
108,750,000	0.00% due Aug. 2, 2012	108,602,100	108,662,844
41,280,000	0.00% due Sep. 13, 2012	41,109,101	41,196,770
14,270,000	0.98% due Oct. 25, 2012	14,132,580	14,225,829
1,010,000	0.00% due Oct. 25, 2012	1,003,910	1,006,639
230,000	0.00% due Oct. 25, 2012	228,664	229,252
25,000,000	0.00% due Jan. 17, 2013	24,765,000	24,860,251
15,000,000	0.00% due Mar. 14, 2013	14,835,750	14,884,032
9,770,000	0.00% due Mar. 14, 2013	9,663,019	9,694,466
14,975,000	Province of Manitoba 0.00% due Jul. 18, 2012	14,951,789	14,967,404
4,170,000	Province of Ontario 0.00% due Jul. 11, 2012	4,165,163	4,168,733
1,100,000	Province of Ontario 0.00% due Jul. 25, 2012	1,099,186	1,099,273
		<u>256,462,386</u>	<u>256,927,654</u>
Promissory Notes – 13.4%			
30,590,000	Province of Quebec 0.00% due Jul. 6, 2012	30,557,574	30,584,880
7,900,000	Province of Prince Edward Island 0.00% due Aug. 13, 2012	7,887,044	7,890,499
13,250,000	Province of Saskatchewan 0.00% due Jul. 6, 2012	13,237,678	13,247,888
		<u>51,682,296</u>	<u>51,723,267</u>
Short-Term Bonds – 20.0%			
10,700,000	Alberta Municipal Finance Corporation (Floating Rate) 1.39% due Feb. 5, 2013	10,694,187	10,715,586
31,600,000	1.39% due Apr. 26, 2013	31,603,398	31,680,705
34,680,000	Government of Canada (Floating Rate) 1.67% due Sep. 15, 2014	34,907,877	34,929,950
		<u>77,205,462</u>	<u>77,326,241</u>
	TOTAL INVESTMENT PORTFOLIO	<u>385,350,144</u>	<u>385,977,162</u>
	OTHER ASSETS, LESS LIABILITIES – 0.0%		<u>(94,708)</u>
	NET ASSETS – 100.0%		<u>385,882,454</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	66.6	62.1
Promissory Notes	13.4	–
Short-Term Bonds	20.0	37.6

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Money Market Instruments*	June 30, 2012	December 31, 2011
Less than 1 year	\$385,977,162	\$428,840,002
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
Total	\$385,977,162	\$428,840,002

* Excludes cash

Credit risk (note 3)

The table below summarizes the credit ratings of the money market instruments, excluding cash, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating				
R1-High	64.8	64.8	62.3	62.1
R1-Middle	13.2	13.2	–	–
R1-Low	2.0	2.0	–	–
Bond Credit Rating				
AAA	20.0	20.0	19.90	19.80
A	–	–	17.80	17.80
Total	100.0	100.0	100.0	99.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$130,914	\$7,803

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$385,977,162	\$ –	\$385,977,162

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$428,840,002	\$ –	\$428,840,002

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Money Market Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$2,189,780,951	\$2,309,224,169
Cash	65,953	38,573
Accrued investment income	229,505	249,813
	<u>2,190,076,409</u>	<u>2,309,512,555</u>
LIABILITIES		
Distributions payable	4,745	3,712
Accrued expenses	735,776	–
	<u>740,521</u>	<u>3,712</u>
Net Assets	<u>\$2,189,335,888</u>	<u>\$2,309,508,843</u>
NET ASSETS PER SERIES		
Series A Units	\$ 647,527,373	\$ 690,727,895
Advisor Series Units	\$ 1,797,763	\$ 2,534,401
Premium Series Units	\$ 278,304,486	\$ 287,387,492
Series I Units	\$ 10,919,698	\$ 11,916,112
Series M Units	\$1,250,786,568	\$1,316,942,943
UNITS OUTSTANDING		
Series A Units	64,752,737	69,072,790
Advisor Series Units	179,776	253,440
Premium Series Units	27,830,449	28,738,749
Series I Units	1,091,970	1,191,611
Series M Units	125,078,657	131,694,295
NET ASSETS PER UNIT		
Series A Units	\$ 10.00	\$ 10.00
Advisor Series Units	\$ 10.00	\$ 10.00
Premium Series Units	\$ 10.00	\$ 10.00
Series I Units	\$ 10.00	\$ 10.00
Series M Units	\$ 10.00	\$ 10.00

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$14,904,524	\$14,837,057
Securities lending	1,661	142
	<u>14,906,185</u>	<u>14,837,199</u>
EXPENSES		
Management fees (note 5)	3,980,899	4,315,907
Harmonized Sales Tax/Goods and Services Tax	405,676	434,380
Audit fees	24,357	10,012
Independent Review Committee fees	2,586	2,255
Custodian fees	20,558	19,638
Filing fees	41,480	41,139
Legal fees	8,309	6,422
Unitholder reporting costs	35,252	40,298
Unitholder administration and service fees	324,705	287,052
Overdraft charges	–	170
	<u>4,843,822</u>	<u>5,157,273</u>
Absorbed expenses	(617,384)	(743,942)
	<u>4,226,438</u>	<u>4,413,331</u>
Net investment income (loss)	<u>10,679,747</u>	<u>10,423,868</u>
Increase (decrease) in Net Assets from operations	<u>\$10,679,747</u>	<u>\$10,423,868</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 1,178,442	\$ 1,290,803
Advisor Series Units	\$ 3,701	\$ 7,090
Premium Series Units	\$ 1,456,924	\$ 1,320,456
Series I Units	\$ 76,885	\$ 92,911
Series M Units	\$ 7,963,795	\$ 7,712,608
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.02	\$ 0.02
Advisor Series Units	\$ 0.02	\$ 0.02
Premium Series Units	\$ 0.05	\$ 0.05
Series I Units	\$ 0.07	\$ 0.07
Series M Units	\$ 0.07	\$ 0.07

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 690,727,895	\$ 787,387,159
Advisor Series Units	2,534,401	4,938,578
Premium Series Units	287,387,492	271,441,130
Series I Units	11,916,112	15,079,684
Series M Units	1,316,942,943	986,568,177
	<u>2,309,508,843</u>	<u>2,065,414,728</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	1,178,442	1,290,803
Advisor Series Units	3,701	7,090
Premium Series Units	1,456,924	1,320,456
Series I Units	76,885	92,911
Series M Units	7,963,795	7,712,608
	<u>10,679,747</u>	<u>10,423,868</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(1,178,439)	(1,290,803)
Advisor Series Units	(3,702)	(7,090)
Premium Series Units	(1,456,924)	(1,320,456)
Series I Units	(76,885)	(92,910)
Series M Units	(7,963,797)	(7,712,608)
	<u>(10,679,747)</u>	<u>(10,423,867)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	272,138,869	335,593,901
Advisor Series Units	411,669	1,448,690
Premium Series Units	134,889,032	182,525,695
Series I Units	149,701	30,000
Series M Units	1,304,734,942	1,374,036,052
Reinvested distributions		
Series A Units	1,163,338	1,277,368
Advisor Series Units	3,621	7,046
Premium Series Units	1,450,587	1,297,359
Series I Units	76,885	92,909
Series M Units	7,895,525	7,664,690
Payments on redemption		
Series A Units	(316,502,732)	(412,521,582)
Advisor Series Units	(1,151,927)	(2,737,085)
Premium Series Units	(145,422,625)	(186,744,273)
Series I Units	(1,223,000)	(1,907,413)
Series M Units	(1,378,786,840)	(1,089,018,421)
	<u>(120,172,955)</u>	<u>211,044,936</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(43,200,522)	(75,650,313)
Advisor Series Units	(736,638)	(1,281,349)
Premium Series Units	(9,083,006)	(2,921,219)
Series I Units	(996,414)	(1,784,503)
Series M Units	(66,156,375)	292,682,321
	<u>(120,172,955)</u>	<u>211,044,937</u>
NET ASSETS – END OF PERIOD		
Series A Units	647,527,373	711,736,846
Advisor Series Units	1,797,763	3,657,229
Premium Series Units	278,304,486	268,519,911
Series I Units	10,919,698	13,295,181
Series M Units	1,250,786,568	1,279,250,498
	<u>\$ 2,189,335,888</u>	<u>\$ 2,276,459,665</u>

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

Scotia Money Market Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 100.1%				MONEY MARKET INSTRUMENTS (cont'd)			
Treasury Bills – 1.2%				Commercial Paper (cont'd)			
	Province of Ontario			7,200,000	0.00% due Aug. 22, 2012	7,179,192	7,188,013
5,900,000	0.00% due Jul. 18, 2012	5,896,873	5,897,186	5,000,000	0.00% due Aug. 22, 2012	4,985,550	4,991,676
18,700,000	0.00% due Jul. 25, 2012	18,686,162	18,687,645	8,900,000	0.00% due Aug. 22, 2012	8,874,813	8,885,168
1,000,000	0.00% due Jul. 25, 2012	999,260	999,339	6,000,000	0.00% due Aug. 23, 2012	5,983,020	5,989,812
		<u>25,582,295</u>	<u>25,584,170</u>		OMERS Realty Corporation		
				3,300,000	0.00% due Jul. 26, 2012	3,297,360	3,297,458
Bankers' Acceptances – 0.5%				4,000,000	0.00% due Aug. 15, 2012	3,992,600	3,994,420
	Canadian Imperial Bank of Commerce			1,100,000	0.00% due Jul. 13, 2012	1,099,043	1,099,556
500,000	0.00% due Jul. 5, 2012	499,430	499,925	515,000	0.00% due Jul. 13, 2012	514,603	514,794
	HSBC Bank Canada			3,085,000	0.00% due Jul. 13, 2012	3,082,625	3,083,765
9,400,000	0.00% due Jul. 10, 2012	9,394,454	9,397,081	25,000,000	0.00% due Jul. 13, 2012	24,981,500	24,989,979
		<u>9,893,884</u>	<u>9,897,006</u>		Telus Corporation Non-Voting		
Bearers' Deposit Notes – 3.9%				3,000,000	0.00% due Jul. 5, 2012	2,991,660	2,999,521
	HSBC Bank Canada			715,000	0.00% due Jul. 6, 2012	714,614	714,871
22,525,000	0.00% due Feb. 20, 2013	22,226,544	22,331,785	2,100,000	0.00% due Jul. 9, 2012	2,099,160	2,099,418
25,000,000	0.00% due Feb. 22, 2013	24,668,000	24,783,835	2,525,000	0.00% due Jul. 10, 2012	2,517,097	2,524,185
	Manulife Bank of Canada			165,000	0.00% due Jul. 16, 2012	164,522	164,915
6,500,000	0.00% due Jul. 6, 2012	6,497,920	6,498,865	6,000,000	0.00% due Jul. 16, 2012	5,994,720	5,996,983
4,000,000	0.00% due Jul. 16, 2012	3,997,480	3,998,080	10,000,000	0.00% due Jul. 16, 2012	9,991,200	9,994,971
5,600,000	0.00% due Aug. 13, 2012	5,565,224	5,591,546	9,100,000	0.00% due Aug. 2, 2012	9,084,985	9,090,284
7,000,000	0.00% due Aug. 24, 2012	6,978,790	6,987,590	3,000,000	0.00% due Aug. 2, 2012	2,996,790	2,996,884
10,660,000	0.00% due Sep. 6, 2012	10,594,334	10,635,330	4,920,000	0.00% due Sep. 10, 2012	4,905,486	4,908,389
4,830,000	0.00% due Sep. 10, 2012	4,800,247	4,818,164	15,000,000	0.00% due Oct. 11, 2012	14,847,450	14,941,371
		<u>85,328,539</u>	<u>85,645,196</u>	4,900,000	0.00% due Oct. 12, 2012	4,849,971	4,880,658
Commercial Paper – 27.8%				25,400,000	0.00% due Oct. 17, 2012	25,176,988	25,296,999
	Canada Imp Venture -Wts			9,000,000	0.00% due Jul. 5, 2012	8,977,050	8,998,547
29,000,000	0.00% due Jul. 25, 2012	28,973,320	28,977,000	7,185,000	0.00% due Jul. 6, 2012	7,165,098	7,183,611
	Canada Pension Plan Investment Board			10,000,000	0.00% due Jul. 6, 2012	9,972,300	9,998,067
13,400,000	0.00% due Jul. 9, 2012	13,394,640	13,396,554	13,000,000	0.00% due Jul. 6, 2012	12,966,460	12,997,485
	Daimler Canada Finance Inc.			10,000,000	0.00% due Jul. 16, 2012	9,969,400	9,994,846
1,450,000	0.00% due Jul. 3, 2012	1,449,275	1,449,855	10,000,000	0.00% due Jul. 23, 2012	9,991,400	9,992,674
4,700,000	0.00% due Jul. 6, 2012	4,695,112	4,699,054	760,000	0.00% due Aug. 16, 2012	758,047	758,838
20,000,000	0.00% due Jul. 9, 2012	19,986,000	19,994,000	10,000,000	0.00% due Jul. 6, 2012	9,989,200	9,998,149
1,400,000	0.00% due Jul. 9, 2012	1,399,118	1,399,582	10,000,000	0.00% due Jul. 25, 2012	9,991,000	9,992,241
25,000,000	0.00% due Jul. 16, 2012	24,973,250	24,986,625	10,800,000	0.00% due Jul. 3, 2012	10,789,417	10,799,009
5,000,000	0.00% due Jul. 20, 2012	4,996,500	4,996,667	6,300,000	0.00% due Jul. , 2012	6,293,448	6,299,036
	Enbridge Inc.			6,375,000	0.00% due Jul. 6, 2012	6,362,059	6,373,787
2,120,000	0.00% due Jul. 5, 2012	2,117,901	2,119,650	12,925,000	0.00% due Jul. 6, 2012	12,899,150	12,922,538
8,360,000	0.00% due Jul. 6, 2012	8,351,974	8,358,394	5,000,000	0.00% due Jul. 11, 2012	4,995,400	4,998,313
10,000,000	0.00% due Jul. 12, 2012	9,990,400	9,996,160	10,000,000	0.00% due Jul. 13, 2012	9,981,300	9,995,948
17,000,000	0.00% due Jul. 13, 2012	16,983,680	16,992,928	10,100,000	0.00% due Jul. 16, 2012	10,091,314	10,095,037
23,500,000	0.00% due Jul. 16, 2012	23,479,790	23,488,024	5,100,000	0.00% due Jul. 24, 2012	5,090,565	5,096,226
	Honda Canada Finance Inc.					<u>608,212,207</u>	<u>608,909,457</u>
6,000,000	0.00% due Jul. 9, 2012	5,996,820	5,998,410	Short-Term Bonds – 66.7%			
	Lower Mattagami Energy			155,860,000	Alberta Province (Floating Rate)		
12,000,000	0.00% due Jul. 25, 2012	11,986,800	11,991,081		1.28% due Jun. 1, 2014	155,796,973	155,932,808
15,000,000	0.00% due Jul. 25, 2012	14,986,500	14,988,750	100,600,000	Bank of Montreal (Floating Rate)		
16,000,000	0.00% due Jul. 25, 2012	15,985,600	15,988,000		1.66% due Dec. 10, 2012	100,600,677	100,686,747
2,600,000	0.00% due Aug. 27, 2012	2,595,112	2,595,427		Bank of Nova Scotia, The (Floating Rate)		
	Nova Scotia Power Inc.			13,000,000	1.47% due Dec. 21, 2012	12,997,087	13,000,273
3,350,000	0.00% due Jul. 3, 2012	3,346,114	3,349,676	42,000,000	1.61% due Apr. 19, 2013	42,038,105	42,170,120
8,000,000	0.00% due Jul. 5, 2012	7,991,200	7,998,706	20,000,000	1.66% due Sep. 19, 2013	20,012,393	20,021,400
5,800,000	0.00% due Jul. 5, 2012	5,793,678	5,799,070		Bayerische Motoren Werke AG		
800,000	0.00% due Jul. 6, 2012	799,224	799,845	51,000,000	3.22% due Mar. 28, 2013	51,571,141	51,986,152
4,000,000	0.00% due Jul. 12, 2012	3,996,000	3,998,452		Caisse Centrale Desjardins (Floating Rate)		
10,000,000	0.00% due Jul. 17, 2012	9,989,700	9,994,528	45,850,000	2.00% due Sep. 17, 2012	45,904,303	45,934,250
	Omers Finance Trust			8,300,000	1.73% due Feb. 19, 2013	8,315,002	8,330,578
600,000	0.00% due Jul. 6, 2012	599,496	599,892				
3,360,000	0.00% due Jul. 6, 2012	3,357,581	3,359,395				
12,100,000	0.00% due Jul. 11, 2012	12,088,021	12,096,007				
4,000,000	0.00% due Jul. 25, 2012	3,996,400	3,997,000				
42,440,000	0.00% due Aug. 21, 2012	42,319,895	42,370,606				
5,000,000	0.00% due Aug. 22, 2012	4,985,550	4,991,676				

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

Scotia Money Market Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS (cont'd)			
Short-Term Bonds (cont'd)			
19,700,000	Canadian Imperial Bank of Commerce 1.64% due Jul. 19, 2013	19,700,000	19,708,978
9,316,000	Canadian Utilities Limited 4.88% due Nov. 1, 2012	9,427,646	9,500,579
105,359,000	CARDS II Trust (Floating Rate) 1.31% due Mar. 20, 2013	105,158,598	105,208,465
5,960,000	Deere & Company 5.30% due Jul. 27, 2012	5,977,286	6,110,928
15,000,000	5.30% due Jul. 27, 2012	15,042,584	15,378,930
18,400,000	2.30% due Jan. 14, 2013	18,502,993	18,697,154
11,544,000	2.40% due Feb. 1, 2013	11,614,477	11,727,888
19,700,000	GE Capital Canada Funding Company 4.38% due Sep. 28, 2012	19,834,585	20,052,395
9,300,000	5.15% due Jun. 6, 2013	9,618,711	9,648,809
28,155,000	General Electric Company 5.29% due Aug. 17, 2012	28,289,328	28,833,531
21,931,000	Golden Credit Card Trust 5.42% due Apr. 15, 2013	22,626,274	22,869,897
25,176,000	Greater Toronto Airports Authority 6.25% due Dec. 13, 2012	25,737,455	25,806,242
51,826,000	Honda Canada Finance Inc. 5.68% due Sep. 26, 2012	52,339,079	53,098,338
53,492,000	Hydro One Inc. 5.77% due Nov. 15, 2012	54,400,197	54,777,622
13,900,000	Manulife Financial Corp. 4.67% due Mar. 28, 2013	14,187,860	14,351,907
100,500,000	Master Credit Card Trust 5.30% due Aug. 21, 2012	101,057,222	102,943,842
53,000,000	National Bank of Canada (Floating Rate) 1.37% due Oct. 10, 2012	53,001,203	53,039,585
6,500,000	1.41% due Feb. 27, 2013	6,500,000	6,507,986
18,820,000	NAV Canada (Floating Rate) 1.72% due Apr. 29, 2013	18,870,363	18,923,742
48,100,000	Province of Ontario (Floating Rate) 1.57% due Oct. 28, 2014	48,178,169	48,302,702
83,200,000	Royal Bank of Canada (Floating Rate) 1.68% due Apr. 8, 2013	83,207,731	83,518,373
77,900,000	1.56% due Sep. 26, 2013	77,900,025	77,909,903
25,000,000	1.63% due Jan. 21, 2014	25,020,812	25,095,622
23,951,000	Shoppers Drug Mart Corporation 4.99% due Jun. 3, 2013	24,716,389	24,801,292
45,150,000	Toronto-Dominion Bank, The (Floating Rate) 1.34% due Sep. 19, 2012	45,150,000	45,165,149
54,900,000	1.37% due Nov. 8, 2012	54,899,511	55,005,680
16,115,000	Toyota Credit Canada Inc. 5.05% due Jul. 27, 2012	16,160,713	16,505,017
6,384,000	Wells Fargo Financial Canada Corporation 6.05% due Aug. 27, 2012	6,427,765	6,558,277
19,765,000	5.20% due Sep. 13, 2012	19,916,220	20,217,851
21,111,000	4.40% due Dec. 12, 2012	21,372,967	21,416,111
		<u>1,452,071,844</u>	<u>1,459,745,123</u>
	TOTAL INVESTMENT PORTFOLIO	<u>2,181,088,769</u>	<u>2,189,780,951</u>
	OTHER ASSETS, LESS LIABILITIES – (0.1)%		(445,063)
	NET ASSETS – 100.0%		<u>2,189,335,888</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Bankers' Acceptances	0.5	2.9
Bearers' Deposit Notes	3.9	4.3
Commercial Paper	27.8	34.0
Treasury Bills	1.2	–
Short-Term Bonds	66.7	58.8

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

Scotia Money Market Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Money Market Instruments*	June 30, 2012	December 31, 2011
Less than 1 year	\$2,189,780,951	\$2,309,224,169
1-3 years	-	-
3-5 years	-	-
5-10 years	-	-
> 10 years	-	-
Total	\$2,189,780,951	\$2,309,224,169

* Excludes cash

Credit risk (note 3)

The table below summarizes the credit ratings of the money market instruments, excluding cash, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating				
R1-High	7.9	7.9	13.4	13.4
R1-Middle	8.3	8.3	12.6	12.6
R1-Low	17.2	17.2	15.1	15.1
Bond Credit Rating				
AAA	17.7	17.7	11.0	11.0
AA	33.2	33.3	32.3	32.3
A	15.7	15.7	15.6	15.6
Total	100.0	100.1	100.0	100.0

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$740,521	\$3,712

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ -	\$2,189,780,951	\$ -	\$2,189,780,951

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ -	\$2,309,224,169	\$ -	\$2,309,224,169

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

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

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
	U.S.\$	U.S.\$
ASSETS		
Investments at fair value	\$94,355,961	\$97,712,974
Cash	36,996	80,865
Accrued investment income	177,535	177,800
	<u>94,570,492</u>	<u>97,971,639</u>
LIABILITIES		
Distributions payable	65	7
Accrued expenses	31,767	—
	<u>31,832</u>	<u>7</u>
Net Assets	<u>\$94,538,660</u>	<u>\$ 97,971,632</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$94,538,660</u>	<u>\$ 97,971,632</u>
UNITS OUTSTANDING		
Series A Units	<u>9,453,866</u>	<u>9,797,163</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.00</u>	<u>\$ 10.00</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
	U.S.\$	U.S.\$
INVESTMENT INCOME		
Interest	\$ 221,367	\$ 169,058
EXPENSES		
Management fees (note 5)	491,971	542,362
Harmonized Sales Tax/Goods and Services Tax	18,225	14,466
Audit fees	2,186	6,965
Independent Review Committee fees	131	120
Custodian fees	2,001	2,009
Filing fees	10,870	9,147
Legal fees	738	1,814
Unitholder reporting costs	4,930	5,222
Unitholder administration and service fees	19,976	32,366
Overdraft charges	11	178
	<u>551,039</u>	<u>614,649</u>
Absorbed expenses	<u>(354,598)</u>	<u>(472,837)</u>
	<u>196,441</u>	<u>141,812</u>
Net investment income (loss)	<u>24,926</u>	<u>27,246</u>
Increase (decrease) in Net Assets from operations	<u>\$ 24,926</u>	<u>\$ 27,246</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$ 24,926</u>	<u>\$ 27,246</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ —</u>	<u>\$ —</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
	U.S.\$	U.S.\$
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 97,971,632	\$ 107,154,964
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	24,926	27,246
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(24,926)	(27,245)
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	35,072,286	52,234,704
Reinvested distributions		
Series A Units	24,742	27,083
Payments on redemption		
Series A Units	(38,530,000)	(45,425,277)
	<u>(3,432,972)</u>	<u>6,836,510</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(3,432,972)</u>	<u>6,836,511</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$ 94,538,660</u>	<u>\$ 113,991,475</u>

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

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	
U.S. \$		U.S. \$	U.S. \$	U.S. \$		U.S. \$	U.S. \$	
MONEY MARKET INSTRUMENTS – 99.8%				MONEY MARKET INSTRUMENTS (cont'd)				
Promissory Notes – 13.0%				Short Term Bonds – 46.2%				
	Province of Alberta				American Honda Finance (Floating Rate)			
1,000,000	0.00% due Aug. 10, 2012	999,160	999,807	1,100,000	0.69% due Aug. 28, 2012	1,100,571	1,101,228	
1,000,000	0.00% due Aug. 13, 2012	998,570	999,707		American Honda Finance			
	Province of British Columbia			1,000,000	2.38% due Mar. 18, 2013	1,013,328	1,019,991	
1,000,000	0.00% due Jul. 10, 2012	999,650	999,962	300,000	4.63% due Apr. 2, 2013	309,282	312,635	
5,500,000	0.07% due Jul. 10, 2012	5,499,670	5,499,868		Bank of Montreal (Floating Rate)			
	Province of Ontario			4,000,000	0.57% due Aug. 14, 2012	3,999,435	4,002,269	
1,500,000	0.00% due Jul. 31, 2012	1,499,475	1,499,804		Bank of Nova Scotia, The (Floating Rate)			
	Province of Quebec			4,600,000	0.82% due Sep. 17, 2013	4,608,679	4,609,906	
2,340,000	0.00% due Aug. 22, 2012	2,338,783	2,339,419		Canadian Imperial Bank of Commerce (Floating Rate)			
		<u>12,335,308</u>	<u>12,338,567</u>	300,000	0.67% due Oct. 1, 2012	300,027	300,512	
				3,400,000	0.95% due Jan. 13, 2014	3,400,000	3,406,823	
Bankers' Acceptance – 5.7%				Caterpillar Inc. (Floating Rate)				
	HSBC Bank Canada			2,830,000	0.70% due Jul. 24, 2012	2,830,400	2,833,961	
2,000,000	0.00% due Jul. 25, 2012	1,999,540	1,999,795		Deere & Company			
	National Bank of Canada			820,000	5.25% due Oct. 1, 2012	830,248	840,717	
1,665,000	0.00% due Jul. 13, 2012	1,664,900	1,664,924	400,000	5.10% due Jan. 15, 2013	410,348	419,641	
	Toronto-Dominion Bank, The				General Electric Company			
1,700,000	0.00% due Jul. 16, 2012	1,699,796	1,699,904	1,300,000	2.80% due Jan. 8, 2013	1,315,816	1,333,106	
		<u>5,364,236</u>	<u>5,364,623</u>		John Deere Capital Corporation (Floating Rate)			
Bearers' Deposit Notes – 10.0%				1,300,000				0.62% due Jul. 15, 2013
	Bank of Montreal				National Australia Bank Ltd. (Floating Rate)			
700,000	0.00% due Aug. 9, 2012	699,853	699,900	1,500,000	0.95% due Jan. 8, 2013	1,500,250	1,503,418	
	Caisse Centrale Desjardins				Province of Ontario (Floating Rate)			
315,000	0.00% due Jul. 30, 2012	314,852	314,951	3,100,000	0.62% due Nov. 19, 2012	3,100,514	3,102,639	
925,000	0.00% due Aug. 20, 2012	924,740	924,785	8,600,000	0.63% due May 7, 2013	8,613,473	8,621,225	
2,300,000	0.62% due Sep. 11, 2012	2,285,671	2,297,126		Royal Bank of Canada (Floating Rate)			
	HSBC Bank Canada			1,200,000	0.62% due Dec. 12, 2012	1,200,077	1,200,420	
1,400,000	0.00% due Apr. 8, 2013	1,392,958	1,394,544	3,500,000	0.62% due Jan. 28, 2013	3,499,872	3,503,404	
800,000	0.00% due Aug. 7, 2012	799,592	799,831		Toronto-Dominion Bank, The (Floating Rate)			
340,000	0.00% due Aug. 27, 2012	339,847	339,901	1,755,000	0.92% due Nov. 1, 2013	1,762,833	1,765,410	
	National Bank of Canada				Toyota Credit Canada Inc. (Floating Rate)			
1,700,000	0.00% due Mar. 15, 2013	1,692,469	1,694,662	2,500,000	0.67% due Jan. 11, 2013	2,500,000	2,503,625	
	Toronto-Dominion Bank, The					<u>43,597,745</u>	<u>43,685,147</u>	
1,000,000	0.00% due Sep. 12, 2012	999,550	999,634		TOTAL INVESTMENT PORTFOLIO	<u>94,241,906</u>	<u>94,355,961</u>	
		<u>9,449,532</u>	<u>9,465,334</u>		OTHER ASSETS, LESS LIABILITIES – 0.2%		<u>182,699</u>	
Commerical Paper – 24.9%					NET ASSETS – 100.0%		<u>94,538,660</u>	
	Caisse Centrale Desjardins							
400,000	0.00% due Aug. 10, 2012	399,808	399,913					
	Finning International Inc.							
400,000	0.00% due Jul. 31, 2012	399,876	399,890					
	Nestle Capital Canada							
2,200,000	0.23% due Aug. 3, 2012	2,196,205	2,199,522					
	Province of Ontario							
6,100,000	0.00% due Aug. 21, 2012	6,098,597	6,098,784					
	Province of Quebec							
6,600,000	0.00% due Aug. 27, 2012	6,596,799	6,598,086					
3,460,000	0.00% due Sep. 19, 2012	3,458,506	3,458,681					
	Suncor Inc.							
50,000	0.00% due Jul. 5, 2012	49,989	49,998					
300,000	0.00% due Jul. 11, 2012	299,916	299,974					
1,600,000	0.00% due Aug. 13, 2012	1,599,040	1,599,232					
	TransCanada Keystone							
115,000	0.00% due Jul. 3, 2012	114,837	114,995					
185,000	0.00% due Aug. 1, 2012	184,423	184,885					
1,100,000	0.00% due Aug. 9, 2012	1,098,449	1,099,367					
	TransCanada Pipelines Ltd.							
1,000,000	0.00% due Sep. 5, 2012	998,640	998,963					
		<u>23,495,085</u>	<u>23,502,290</u>					

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	–	0.2
Promissory Notes	13.0	5.4
Bankers' Acceptances	5.7	2.9
Bearers' Deposit Notes	10.0	12.8
Commercial Paper	24.9	20.5
Short-Term Bonds	46.2	57.9

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

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

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Money Market Instruments*	June 30, 2012 (U.S.\$)	December 31, 2011 (U.S.\$)
Less than 1 year	94,355,961	97,712,974
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
Total	\$94,355,961	\$97,712,974

* Excludes cash

Credit risk (note 3)

The table below summarizes the credit ratings of the money market instruments, excluding cash, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total		Percentage of Total	
	Money Market Instruments (%)	Percentage of Net Assets (%)	Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating				
R1-High	23.9	23.9	17.6	17.6
R1-Middle	23.0	22.9	14.1	14.1
R1-Low	6.8	6.8	10.2	10.2
Bond Credit Rating				
AAA	3.9	3.9	6.5	6.4
AA	32.7	32.6	44.6	44.4
A	9.7	9.7	7.0	7.0
Total	100.0	99.8	100.0	99.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months (U.S.\$)	December 31, 2011 Less than 3 months (U.S.\$)
Accounts payable and accrued liabilities	\$31,832	\$7

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1 (U.S.\$)	Level 2 (U.S.\$)	Level 3 (U.S.\$)	Total (U.S.\$)
Money Market Instruments	\$ –	\$94,355,961	\$ –	\$94,355,961

December 31, 2011

	Level 1 (U.S.\$)	Level 2 (U.S.\$)	Level 3 (U.S.\$)	Total (U.S.\$)
Money Market Instruments	\$ –	\$97,712,974	\$ –	\$97,712,974

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Short Term Bond Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$54,676,360	\$28,030,940
Cash	1,329,183	961,747
Accrued investment income	313,485	168,260
	<u>56,319,028</u>	<u>29,160,947</u>
LIABILITIES		
Distributions payable	26,925	—
Accrued expenses	4,896	105
	<u>31,821</u>	<u>105</u>
Net Assets	<u>\$56,287,207</u>	<u>\$29,160,842</u>
NET ASSETS PER SERIES		
Series M Units	<u>\$56,287,207</u>	<u>\$29,160,842</u>
UNITS OUTSTANDING		
Series M Units	<u>5,652,077</u>	<u>2,910,014</u>
NET ASSETS PER UNIT		
Series M Units	<u>\$ 9.96</u>	<u>\$ 10.02</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 644,981	\$235,692
Securities lending	1,130	568
	<u>646,111</u>	<u>236,260</u>
EXPENSES		
Management fees (note 5)	13,924	4,729
Harmonized Sales Tax/Goods and Services Tax	2,028	3,250
Audit fees	1,668	5,199
Independent Review Committee fees	25	—
Custodian fees	556	394
Filing fees	6,964	6,976
Legal fees	882	1,555
Unitholder reporting costs	3,079	3,294
Unitholder administration and service fees	5,079	19,486
	<u>34,205</u>	<u>44,883</u>
Absorbed expenses	(8,439)	(35,859)
	<u>25,766</u>	<u>9,024</u>
Net investment income (loss)	<u>620,345</u>	<u>227,236</u>
Net realized gain (loss) on investments sold	102,850	15,224
Change in unrealized appreciation (depreciation) of investments	(328,144)	52,509
Net gain (loss) on investments	<u>(225,294)</u>	<u>67,733</u>
Increase (decrease) in Net Assets from operations	<u>\$ 395,051</u>	<u>\$294,969</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	<u>\$ 395,051</u>	<u>\$294,969</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series M Units	<u>\$ 0.10</u>	<u>\$ 0.21</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series M Units	<u>\$29,160,842</u>	<u>\$ 5,422,640</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	<u>395,051</u>	<u>294,969</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series M Units	<u>(659,307)</u>	<u>(235,105)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	<u>33,761,572</u>	<u>20,163,637</u>
Reinvested distributions		
Series M Units	<u>571,080</u>	<u>185,256</u>
Payments on redemption		
Series M Units	<u>(6,942,031)</u>	<u>(1,848,438)</u>
	<u>27,390,621</u>	<u>18,500,455</u>
INCREASE (DECREASE) IN NET ASSETS		
Series M Units	<u>27,126,365</u>	<u>18,560,319</u>
NET ASSETS – END OF PERIOD		
Series M Units	<u>\$56,287,207</u>	<u>\$23,982,959</u>

Scotia Short Term Bond Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 97.1%			
Federal Bonds – 43.7%			
1,920,000	Canada Housing Trust No. 1 1.45% due Sep. 15, 2012	1,928,634	1,929,518
5,180,000	3.55% due Sep. 15, 2013	5,364,320	5,331,526
12,015,000	2.75% due Dec. 15, 2015	12,561,056	12,553,016
4,560,000	2.75% due Jun. 15, 2016	4,751,064	4,779,238
		<u>24,605,074</u>	<u>24,593,298</u>
Provincial Bonds – 22.4%			
1,660,000	Financement-Quebec 3.50% due Dec. 1, 2016	1,777,986	1,775,189
660,000	Province of Manitoba 5.05% due Dec. 3, 2013	712,179	695,533
705,000	Province of Ontario 4.75% due Jun. 2, 2013	746,846	728,096
7,225,000	3.15% due Sep. 8, 2015	7,591,525	7,580,413
1,665,000	4.30% due Mar. 8, 2017	1,849,681	1,847,857
		<u>12,678,217</u>	<u>12,627,088</u>
Mortgage-Backed Securities – 0.1%			
75,000	Schooner Trust 4.36% due Sep. 12, 2020	78,305	79,338
Corporate Bonds – 27.5%			
1,110,000	Bank of Montreal 3.10% due Mar. 10, 2016	1,124,472	1,141,801
1,050,000	Bell Canada 3.60% due Dec. 2, 2015	1,072,024	1,090,917
885,000	BMW Canada Inc. 2.64% due Aug. 10, 2015	886,065	894,266
1,185,000	Canadian Imperial Bank of Commerce 2.65% due Nov. 8, 2016	1,190,418	1,196,974
750,000	Canadian Natural Resources Limited 4.95% due Jun. 1, 2015	811,748	807,674
100,000	Caterpillar Financial Services Limited 5.20% due Jun. 3, 2013	107,618	103,353
300,000	Enbridge Pipelines Inc. 2.93% due Sep. 8, 2015	299,710	309,494
1,100,000	GE Capital Canada Funding Company 4.65% due Feb. 11, 2015	1,164,953	1,164,903
250,000	Golden Credit Card Trust 3.82% due May 15, 2015	258,895	262,339
815,000	Greater Toronto Airports Authority 4.70% due Feb. 15, 2016	879,622	889,612
600,000	Honda Canada Finance Inc. 5.68% due Sep. 26, 2012	630,038	605,504
945,000	Hydro One Inc. 2.95% due Sep. 11, 2015	964,255	975,558
810,000	National Bank of Canada 3.58% due Apr. 26, 2016	826,233	843,943
815,000	NAV Canada 4.71% due Feb. 24, 2016	881,393	891,130
885,000	OMERS Realty Corporation 4.05% due May 5, 2014	927,214	922,592
1,040,000	Thomson Reuters Corporation 6.00% due Mar. 31, 2016	1,174,195	1,174,786
600,000	Toronto-Dominion Bank, The 5.14% due Nov. 19, 2012	630,356	608,517
600,000	VW Credit Canada, Inc. 2.50% due Jun. 1, 2015	599,916	603,067
960,000	Wells Fargo Financial Canada Corporation 2.77% due Feb. 9, 2017	958,853	962,583
		<u>15,387,978</u>	<u>15,449,013</u>

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Short-Term Bond – 3.4%			
1,920,000	Canada Housing Trust No. 1 (Floating Rate) 1.43% due Sep. 15, 2012	1,926,006	1,927,623
	TOTAL INVESTMENT PORTFOLIO	<u>54,675,580</u>	<u>54,676,360</u>
	OTHER ASSETS, LESS LIABILITIES – 2.9%		<u>1,610,847</u>
	NET ASSETS – 100.0%		<u>56,287,207</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	43.7	34.2
Provincial Bonds	22.4	15.5
Mortgage-Backed Securities	0.1	0.3
Corporate Bonds	27.5	39.2
Short-Term Bond	3.4	6.9

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

Scotia Short Term Bond Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 5,902,611	\$ 2,446,131
1-3 years	9,787,635	5,212,739
3-5 years	38,986,114	20,372,070
Total	\$54,676,360	\$28,030,940

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$382,238, or approximately 0.7% of the total Net Assets (December 31, 2011 – \$184,104, or approximately 0.6% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	50.8	49.3	46.3	44.4
AA	28.9	28.1	30.8	29.7
A	18.8	18.3	22.3	21.4
BBB	1.5	1.4	0.6	0.6
Total	100.0	97.1	100.0	96.1

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$31,821	\$105

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$54,676,360	\$ –	\$54,676,360

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$28,030,940	\$ –	\$28,030,940

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Short-Mid Government Bond Pool (Unaudited) (formerly, Scotia Short-Mid Government Bond Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$1,001,026,904	\$1,118,218,015
Cash	27,995,911	1,881,160
Accrued investment income	2,457,469	4,241,322
Subscriptions receivable	5,385,793	–
Receivable for futures contracts	547,500	–
	<u>1,037,413,577</u>	<u>1,124,340,497</u>
LIABILITIES		
Distributions payable	241,072	–
Redemptions payable	750,901	–
Accrued expenses	59,343	1,937
Payable for futures contracts	–	154,231
	<u>1,051,316</u>	<u>156,168</u>
Net Assets	<u>\$1,036,362,261</u>	<u>\$1,124,184,329</u>
NET ASSETS PER SERIES		
Series I Units	\$ 295,726,915	\$ 478,188,970
Series M Units	\$ 740,635,346	\$ 645,995,359
UNITS OUTSTANDING		
Series I Units	26,856,673	43,303,879
Series M Units	67,219,845	58,488,553
NET ASSETS PER UNIT		
Series I Units	\$ 11.01	\$ 11.04
Series M Units	\$ 11.02	\$ 11.04

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 16,810,015	\$ 15,477,615
Securities lending	34,485	68,527
	<u>16,844,500</u>	<u>15,546,142</u>
EXPENSES		
Management fees (note 5)	239,648	221,200
Harmonized Sales Tax/Goods and Services Tax	30,188	27,536
Audit fees	11,829	9,243
Independent Review Committee fees	543	–
Custodian fees	7,867	3,871
Filing fees	7,902	7,930
Legal fees	4,049	1,554
Unitholder reporting costs	4,040	3,294
Unitholder administration and service fees	38,521	19,719
Overdraft charges	4	–
	<u>344,591</u>	<u>294,347</u>
Net investment income (loss)	<u>16,499,909</u>	<u>15,251,795</u>
Net realized gain (loss) on investments sold	36,403,947	3,334,839
Net realized gain (loss) on futures contracts	(71,451)	(95,147)
Transaction costs	(6,519)	(2,140)
Change in unrealized appreciation (depreciation) of investments	<u>(36,893,824)</u>	<u>1,854,380</u>
Net gain (loss) on investments and transaction costs	<u>(567,847)</u>	<u>5,091,932</u>
Increase (decrease) in Net Assets from operations	<u>\$ 15,932,062</u>	<u>\$ 20,343,727</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	\$ 5,136,828	\$ 7,698,340
Series M Units	\$ 10,795,234	\$ 12,645,387
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series I Units	\$ 0.18	\$ 0.22
Series M Units	\$ 0.17	\$ 0.21

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series I Units	\$ 478,188,970	\$ 300,113,205
Series M Units	645,995,359	588,836,308
	<u>1,124,184,329</u>	<u>888,949,513</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	5,136,828	7,698,340
Series M Units	10,795,234	12,645,387
	<u>15,932,062</u>	<u>20,343,727</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series I Units	(5,858,530)	(6,183,112)
Series M Units	(12,225,981)	(10,369,198)
	<u>(18,084,511)</u>	<u>(16,552,310)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	77,789,087	114,401,575
Series M Units	184,740,427	145,823,198
Reinvested distributions		
Series I Units	5,858,517	6,183,129
Series M Units	10,505,231	8,969,123
Payments on redemption		
Series I Units	(265,387,957)	(1,748,762)
Series M Units	(99,174,924)	(88,450,869)
	<u>(85,669,619)</u>	<u>185,177,394</u>
INCREASE (DECREASE) IN NET ASSETS		
Series I Units	(182,462,055)	120,351,170
Series M Units	94,639,987	68,617,641
	<u>(87,822,068)</u>	<u>188,968,811</u>
NET ASSETS – END OF PERIOD		
Series I Units	295,726,915	420,464,375
Series M Units	740,635,346	657,453,949
	<u>\$1,036,362,261</u>	<u>\$1,077,918,324</u>

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

Scotia Private Short-Mid Government Bond Pool (Unaudited – Continued) (formerly, Scotia Short-Mid Government Bond Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 96.5%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Federal Bonds – 43.0%				Provincial Bonds (cont'd)			
	Canada Housing Trust No. 1				Province of Quebec		
47,895,000	1.45% due Sep. 15, 2012	48,100,949	48,132,420	112,690,000	4.50% due Dec. 1, 2018	123,843,221	127,767,006
49,780,000	3.55% due Sep. 15, 2013	51,651,099	51,236,175	65,000,000	3.50% due Dec. 1, 2022	68,347,500	68,408,022
188,335,000	2.75% due Dec. 15, 2015	196,847,742	196,768,405			497,955,845	507,248,341
131,670,000	4.10% due Dec. 15, 2018	146,814,947	149,551,390				
		443,414,737	445,688,390				
Provincial Bonds – 48.9%				Short-Term Bond – 4.6%			
	Province of New Brunswick				Canada Housing Trust No. 1 (Floating Rate)		
40,000,000	3.35% due Dec. 3, 2021	41,828,800	41,878,690	47,900,000	1.43% due Sep. 15, 2012	48,034,120	48,090,173
	Province of Ontario						
35,000,000	1.90% due Sep. 8, 2017	34,735,050	34,911,364				
50,000,000	4.40% due Jun. 2, 2019	56,099,500	56,660,234				
118,410,000	4.00% due Jun. 2, 2021	126,733,774	131,149,413				
45,000,000	3.15% due Jun. 2, 2022	46,368,000	46,473,612				
					TOTAL INVESTMENT PORTFOLIO	989,404,702	1,001,026,904
					Futures Contracts – 0.1%		547,500
					OTHER ASSETS, LESS LIABILITIES – 3.4%		34,787,857
					NET ASSETS – 100.0%		1,036,362,261

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(730)	Canada 10 Year Bond Future – Sep. 2012	(100,647,129)	(101,061,200)	(414,071)

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

With respect to the above futures contracts, \$2,100,000 of the September 15, 2015 Government of Canada Treasury Bill is held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	43.0	22.4
Provincial Bonds	48.9	71.2
Municipal Bonds	–	0.4
Short-Term Bond	4.6	5.5
Futures Contracts	0.1	0.0

Scotia Private Short-Mid Government Bond Pool (Unaudited – Continued) (formerly, Scotia Short-Mid Government Bond Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 96,222,592	\$ –
1-3 years	51,236,175	–
3-5 years	196,768,406	301,436,671
5-10 years	588,391,710	816,781,344
> 10 years	68,408,021	–
Total	\$1,001,026,904	\$1,118,218,015

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$12,991,413 or approximately 1.3% of the total Net Assets (December 31, 2011 – \$15,093,336, or approximately 1.3% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	49.3	47.6	28.5	28.4
AA	26.9	26.0	31.0	30.8
A	23.8	22.9	40.5	40.3
Total	100.0	96.5	100.0	99.5

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,051,316	\$ 1,937
Payable for futures contracts	–	154,231
Total	\$1,051,316	\$156,168

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$1,001,026,904	\$ –	\$1,001,026,904
Futures Contracts (Short)	(414,071)	–	–	(414,071)
	\$(414,071)	\$1,001,026,904	\$ –	\$1,000,612,833

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$1,118,218,015	\$ –	\$1,118,218,015
Futures Contracts (Short)	(1,642,946)	–	–	(1,642,946)
	\$(1,642,946)	\$1,118,218,015	\$ –	\$1,116,575,069

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Mortgage Income Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$362,533,694	\$442,127,903
Cash	55,782,104	14,510,326
Accrued investment income	896,500	794,659
Subscriptions receivable	67,687	25,980
Mortgage payments receivable	454,286	894,976
	<u>419,734,271</u>	<u>458,353,844</u>
LIABILITIES		
Distributions payable	9,595	105
Redemptions payable	283,227	161,457
Accrued expenses	252,935	13,945
	<u>545,757</u>	<u>175,507</u>
Net Assets	<u>\$419,188,514</u>	<u>\$458,178,337</u>
NET ASSETS PER SERIES		
Series A Units	\$216,308,837	\$234,381,130
Series F Units	\$ 1,840,817	\$ 2,353,019
Series I Units	\$201,038,860	\$221,444,188
UNITS OUTSTANDING		
Series A Units	19,995,278	21,620,887
Series F Units	170,771	217,699
Series I Units	18,746,250	20,564,943
NET ASSETS PER UNIT		
Series A Units	\$ 10.82	\$ 10.84
Series F Units	\$ 10.78	\$ 10.81
Series I Units	\$ 10.72	\$ 10.77

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$7,659,679	\$ 9,703,837
Securities lending	2,276	4,968
Other income	855	3,672
	<u>7,662,810</u>	<u>9,712,477</u>
EXPENSES		
Management fees (note 5)	1,389,620	1,719,630
Harmonized Sales Tax/Goods and Services Tax	256,793	315,783
Audit fees	6,003	9,244
Independent Review Committee fees	747	867
Custodian fees	822	992
Filing fees	13,460	14,511
Legal fees	2,018	3,533
Unitholder reporting costs	15,124	17,215
Unitholder administration and service fees	93,894	94,599
Mortgage service fees	775,685	959,799
Overdraft charges	—	5,323
	<u>2,554,166</u>	<u>3,141,496</u>
Absorbed expenses	<u>(92,735)</u>	<u>(54,368)</u>
	<u>2,461,431</u>	<u>3,087,128</u>
Net investment income (loss)	5,201,379	6,625,349
Net realized gain (loss) on investments sold	13,926	(1,070,767)
Change in unrealized appreciation (depreciation) of investments	89,848	(1,744,634)
Net gain (loss) on investments	103,774	(2,815,401)
Increase (decrease) in Net Assets from operations	<u>\$5,305,153</u>	<u>\$ 3,809,948</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$2,109,370	\$ 1,091,016
Series F Units	\$ 26,272	\$ 110,404
Series I Units	\$3,169,511	\$ 2,608,528
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.10	\$ 0.04
Series F Units	\$ 0.14	\$ 0.09
Series I Units	\$ 0.17	\$ 0.11

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$234,381,130	\$ 296,057,148
Series F Units	2,353,019	20,059,386
Series I Units	221,444,188	272,189,967
	<u>458,178,337</u>	<u>588,306,501</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	2,109,370	1,091,016
Series F Units	26,272	110,404
Series I Units	3,169,511	2,608,528
	<u>5,305,153</u>	<u>3,809,948</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(2,539,142)	(2,558,843)
Series F Units	(30,580)	(175,287)
Series I Units	(3,867,378)	(4,570,324)
	<u>(6,437,100)</u>	<u>(7,304,454)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	8,349,620	14,584,261
Series F Units	57,727	133,455
Series I Units	4,375,157	9,854,801
Reinvested distributions		
Series A Units	2,422,500	2,414,411
Series F Units	26,195	26,931
Series I Units	3,867,378	4,570,324
Payments on redemption		
Series A Units	(28,414,641)	(60,440,991)
Series F Units	(591,816)	(10,049,673)
Series I Units	(27,949,996)	(58,219,931)
	<u>(37,857,876)</u>	<u>(97,126,412)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(18,072,293)	(44,910,146)
Series F Units	(512,202)	(9,954,170)
Series I Units	(20,405,328)	(45,756,602)
	<u>(38,989,823)</u>	<u>(100,620,918)</u>
NET ASSETS – END OF PERIOD		
Series A Units	216,308,837	251,147,002
Series F Units	1,840,817	10,105,216
Series I Units	201,038,860	226,433,365
	<u>\$419,188,514</u>	<u>\$ 487,685,583</u>

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

Scotia Mortgage Income Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Interest Rate (%)	Number	Principal Balance (\$)	Amortized Cost (\$)	Market Value (\$)
CONVENTIONAL MORTGAGES – 86.5%				
1.25 – 1.49	3	599,537	596,503	596,627
1.50 – 1.74	1	95,890	95,511	95,487
2.25 – 2.49	50	2,218,721	2,215,239	2,191,927
2.50 – 2.74	72	6,254,313	6,238,726	6,209,086
2.75 – 2.99	239	23,452,350	23,428,555	23,092,319
3.00 – 3.24	97	9,299,180	9,290,211	9,276,254
3.25 – 3.49	256	32,798,363	32,847,239	32,909,087
3.50 – 3.74	777	92,582,562	92,799,553	94,078,467
3.75 – 3.99	976	80,429,642	80,749,805	82,075,450
4.00 – 4.24	388	17,889,425	17,962,274	18,225,192
4.25 – 4.49	465	29,031,904	29,101,776	29,740,824
4.50 – 4.74	139	7,366,406	7,385,171	7,587,734
4.75 – 4.99	263	14,443,007	14,513,912	14,741,147
5.00 – 5.24	94	4,836,158	4,858,564	4,969,768
5.25 – 5.49	248	10,750,522	10,842,117	11,071,579
5.50 – 5.74	246	10,849,485	10,942,939	11,237,531
5.75 – 5.99	191	9,557,321	9,659,854	9,863,003
6.00 – 6.24	56	1,655,496	1,686,500	1,690,619
6.25 – 6.49	64	1,729,420	1,775,571	1,781,347
6.50 – 6.74	30	584,283	599,352	601,822
6.75 – 6.99	16	216,113	221,431	221,690
7.00 – 7.24	4	177,144	188,962	195,168
7.25 – 7.49	8	80,367	82,277	81,566
TOTAL	4,683	356,897,609	358,082,042	362,533,694
TOTAL INVESTMENT PORTFOLIO			358,082,042	362,533,694
OTHER ASSETS, LESS LIABILITIES – 13.5%				56,654,820
NET ASSETS – 100.0%				419,188,514

Mortgages by Type of Property

As at June 30, 2012

	Number of Mortgages	Principal Balance (\$)	Market Value (\$)
Single Family Dwelling	4,631	353,224,150	358,820,688
Condominiums	31	1,764,952	1,781,555
Multi-Unit Dwelling of up to 8 Units	21	1,908,507	1,931,451
TOTAL	4,683	356,897,609	362,533,694

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Conventional Mortgages	86.5	89.0
Money Market Instruments	–	7.5

Mortgages by Geographic Location

As at June 30, 2012

Province	Number of Mortgages	Principal Balance (\$)	Market Value (\$)
Ontario	2,014	154,863,903	157,203,637
British Columbia	610	67,120,280	67,939,087
Alberta	579	55,149,223	56,091,268
Quebec	503	34,622,925	35,295,702
Nova Scotia	287	12,687,347	12,955,549
Newfoundland and Labrador	200	8,367,443	8,532,932
New Brunswick	168	6,173,708	6,307,150
Saskatchewan	147	10,211,237	10,358,620
Manitoba	120	5,106,447	5,220,035
Prince Edward Island	35	1,055,920	1,066,570
Northwest Territories	13	1,162,795	1,183,203
Yukon Territories	7	376,381	379,941
TOTAL	4,683	356,897,609	362,533,694

Scotia Mortgage Income Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

	June 30, 2012	December 31, 2011
	Percentage of Net Assets (%)	Percentage of Net Assets (%)
Mortgages of more than 6 years to 7 years	0.1	0.1
Mortgages of more than 5 years to 6 years	0.3	0.6
Mortgages of more than 4 years to 5 years	7.5	1.0
Mortgages of more than 3 years to 4 years	10.1	14.6
Mortgages of more than 2 years to 3 years	18.3	27.0
Mortgages of more than 1 years to 2 years	26.0	24.2
Mortgages of more than 6 months to 1 year	14.5	15.6
Mortgages of 6 months or less	9.7	5.9
Total	86.5	89.0

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$1,673,638 or approximately 0.4% of the total Net Assets (December 31, 2011 – \$1,828,335, or approximately 0.4% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

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

The Government of Canada Treasury Bills representing 0.0% of the Fund's Net Assets as at June 30, 2012 (December 31, 2011 – 7.5% of the Fund's Net Assets) are rated at "R1-High".

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$545,757	\$175,507

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Conventional Mortgages	\$ –	\$362,533,694	\$ –	\$362,533,694

December 31, 2011

	Level 1	Level 2	Level 3	Total
Conventional Mortgages	\$ –	\$407,779,904	\$ –	\$407,779,904
Money Market Instruments	–	34,347,999	–	34,347,999
	\$ –	\$442,127,903	\$ –	\$442,127,903

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Bond Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$474,802,777	\$417,393,559
Cash	39,729	4,662,389
Accrued investment income	2,596,095	2,321,267
Receivable for securities sold	2,460,000	—
Subscriptions receivable	709,448	437,380
Receivable for futures contracts	252,561	—
	<u>480,860,610</u>	<u>424,814,595</u>
LIABILITIES		
Payable for securities purchased	2,399,448	—
Distributions payable	10,201	46
Redemptions payable	1,015,255	54,061
Accrued expenses	169,401	4,331
Payable for futures contracts	—	58,621
	<u>3,594,305</u>	<u>117,059</u>
Net Assets	<u>\$477,266,305</u>	<u>\$424,697,536</u>
NET ASSETS PER SERIES		
Series A Units	\$165,437,092	\$121,262,944
Series I Units	\$311,829,213	\$303,434,592
UNITS OUTSTANDING		
Series A Units	15,103,989	11,156,184
Series I Units	<u>28,501,488</u>	<u>27,906,196</u>
NET ASSETS PER UNIT		
Series A Units	\$ 10.95	\$ 10.87
Series I Units	<u>\$ 10.94</u>	<u>\$ 10.87</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 8,565,479	\$ 9,651,181
Securities lending	21,827	25,144
Other income	7,263	2,990
	<u>8,594,569</u>	<u>9,679,315</u>
EXPENSES		
Management fees (note 5)	819,449	422,834
Harmonized Sales Tax/Goods and Services Tax	87,633	45,138
Audit fees	6,413	7,336
Independent Review Committee fees	420	148
Custodian fees	4,322	3,478
Filing fees	10,211	9,011
Legal fees	2,014	1,873
Unitholder reporting costs	8,164	5,655
Unitholder administration and service fees	41,018	30,801
	<u>979,644</u>	<u>526,274</u>
Net investment income (loss)	<u>7,614,925</u>	<u>9,153,041</u>
Net realized gain (loss) on investments sold	10,384,622	11,986,684
Net realized gain (loss) on futures contracts	(396,084)	94,797
Transaction costs	(4,605)	(933)
Change in unrealized appreciation (depreciation) of investments	(5,999,349)	(9,861,384)
Net gain (loss) on investments and transaction costs	<u>3,984,584</u>	<u>2,219,164</u>
Increase (decrease) in Net Assets from operations	<u>\$11,599,509</u>	<u>\$11,372,205</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 3,351,294	\$ 1,312,555
Series I Units	<u>\$ 8,248,215</u>	<u>\$10,059,650</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.24	\$ 0.18
Series I Units	<u>\$ 0.29</u>	<u>\$ 0.24</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$121,262,944	\$ 78,884,098
Series I Units	303,434,592	451,388,900
	<u>424,697,536</u>	<u>530,272,998</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	3,351,294	1,312,555
Series I Units	8,248,215	10,059,650
	<u>11,599,509</u>	<u>11,372,205</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(2,022,996)	(1,099,618)
Series I Units	(6,195,896)	(8,926,318)
	<u>(8,218,892)</u>	<u>(10,025,936)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	62,209,307	12,996,692
Series I Units	13,895,541	21,433,755
Reinvested distributions		
Series A Units	1,962,704	1,060,653
Series I Units	6,195,865	8,926,318
Payments on redemption		
Series A Units	(21,326,161)	(15,789,601)
Series I Units	(13,749,104)	(172,436,524)
	<u>49,188,152</u>	<u>(143,808,707)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	44,174,148	(1,519,319)
Series I Units	8,394,621	(140,943,119)
	<u>52,568,769</u>	<u>(142,462,438)</u>
NET ASSETS – END OF PERIOD		
Series A Units	165,437,092	77,364,779
Series I Units	311,829,213	310,445,781
	<u>\$477,266,305</u>	<u>\$ 387,810,560</u>

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

Scotia Bond Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 99.5%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Federal Bonds – 33.0%				Corporate Bonds (cont'd)			
33,860,000	Canada Housing Trust No. 1 1.45% due Sep. 15, 2012	34,005,782	34,027,846	3,785,000	CU Inc. 4.80% due Nov. 22, 2021	3,770,942	4,367,080
53,775	2.20% due Mar. 15, 2014	54,806	54,736		EnCana Corporation		
35,005,000	4.10% due Dec. 15, 2018	39,571,379	39,758,840	3,010,000	5.80% due Jan. 18, 2018	3,272,773	3,370,797
56,480,000	3.80% due Jun. 15, 2021	61,619,747	63,947,342		GE Capital Canada Funding Company		
	Government of Canada			4,240,000	5.73% due Oct. 22, 2037	3,781,148	4,803,533
13,006,065	5.75% due Jun. 1, 2029	18,958,581	19,555,395		Golden Credit Card Trust		
		154,210,295	157,344,159	4,000,000	3.82% due May 15, 2015	4,000,000	4,197,424
					Great-West Lifeco Inc.		
Provincial Bonds – 34.6%				3,600,000	6.67% due Mar. 21, 2033	3,824,977	4,422,334
3,250,000	Hydro-Quebec 11.00% due Aug. 15, 2020	5,075,751	5,236,697		Greater Toronto Airports Authority		
6,965,000	Province of British Columbia 5.70% due Jun. 18, 2029	8,760,159	9,291,696	3,240,000	7.10% due Jun. 4, 2031	3,785,189	4,546,306
5,950,000	Province of Ontario 4.20% due Mar. 8, 2018	6,625,789	6,629,260	3,985,000	HSBC Bank of Canada 3.56% due Oct. 4, 2017	3,984,999	4,153,417
21,930,000	4.00% due Jun. 2, 2021	23,144,951	24,289,390	5,000,000	Hydro One Inc. 3.20% due Jan. 13, 2022	5,069,250	5,135,596
51,915,000	6.50% due Mar. 8, 2029	71,083,671	73,435,631		John Deere Credit Inc.		
41,430,000	Province of Quebec 4.25% due Dec. 1, 2021	44,936,847	46,427,845	2,400,000	2.30% due Jul. 5, 2016	2,399,448	2,402,572
		159,627,168	165,310,519	3,620,000	Manulife Financial Corporation 4.90% due Jun. 2, 2014	3,782,429	3,771,487
Mortgage-Backed Securities – 3.0%				3,535,000	NAV Canada 5.30% due Apr. 17, 2019	3,786,540	4,136,149
3,010,000	Merrill Lynch Financial Assets Inc. 4.98% due Jun. 12, 2039	2,655,834	3,247,078	5,000,000	Rogers Communications Inc. 4.00% due Jun. 6, 2022	4,980,000	4,991,340
2,820,000	4.83% due Feb. 12, 2039	2,480,413	3,011,417		Royal Bank of Canada (callable)		
3,350,000	Real Estate Asset Liquidity Trust 4.78% due Apr. 12, 2023	2,864,573	3,670,665	3,000,000	5.00% due Jun. 6, 2018-(2013)	3,214,680	3,086,295
4,000,000	Schooner Trust 5.19% due Jun. 12, 2022	3,452,773	4,470,926	3,690,000	Sun Life Financial Inc. (callable)	3,764,403	3,780,973
		11,453,593	14,400,086	3,580,000	Suncor Energy, Inc. 5.80% due May 22, 2018	3,772,311	4,133,329
Corporate Bonds – 23.6%				3,440,000	Teranet Holdings LP 5.75% due Dec. 17, 2040	3,440,000	3,666,781
4,000,000	407 International Inc. 4.30% due May 26, 2021	3,998,640	4,446,829	2,000,000	Toronto Hydro Corporation 3.54% due Nov. 18, 2021	1,999,000	2,092,550
4,000,000	Bank of Montreal 6.02% due May 2, 2018	4,541,560	4,726,941	3,825,000	Toronto-Dominion Bank, The (callable)	3,734,930	4,122,661
3,440,000	Bank of Nova Scotia, The (callable) 4.94% due Apr. 15, 2019-(2014)	3,635,358	3,612,108	3,900,000	4.78% due Dec. 14, 2105-(2016)	3,900,000	3,910,495
4,730,000	Bell Canada 4.40% due Mar. 16, 2018	4,772,996	5,053,195		Wells Fargo Financial Canada Corporation 2.77% due Feb. 9, 2017	106,585,677	112,473,063
3,415,000	BRP Finance ULC 5.14% due Oct. 13, 2020	3,413,668	3,673,755	Short-Term Bond – 5.3%			
3,525,000	Canadian Natural Resources Limited 4.50% due Jan. 23, 2013	3,691,955	3,579,998	25,175,000	Canada Housing Trust No. 1 (Floating Rate) 1.43% due Sep. 15, 2012	25,265,630	25,274,950
5,000,000	Caterpillar Financial Services Limited 3.05% due Jun. 19, 2019	4,996,850	5,014,204		TOTAL INVESTMENT PORTFOLIO	457,142,363	474,802,777
5,000,000	CIBC Capital Trust (callable) 2.63% due Jun. 1, 2017	4,998,850	5,032,559		Futures Contracts – 0.0%		252,561
1,700,000	9.98% due Jun. 30, 2108-(2019)	2,272,781	2,242,355		OTHER ASSETS, LESS LIABILITIES – 0.5%		2,210,967
					NET ASSETS – 100.0%		477,266,305

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(312)	Canada Bond Future – Sep. 2012	(42,810,243)	(43,193,280)	(383,037)

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

With respect to the above futures contracts, \$1,000,000 of the September 15, 2015 Government of Canada Treasury Bills is held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

Scotia Bond Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	33.0	24.7
Provincial Bonds	34.6	33.7
Mortgage-Backed Securities	3.0	3.4
Corporate Bonds	23.6	21.0
Short-Term Bond	5.3	15.5
Future Contracts	0.0	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	65,969,090	–
1-3 years	11,635,755	17,674,039
3-5 years	33,649,345	88,012,645
5-10 years	243,826,911	202,990,612
> 10 years	119,721,676	108,716,263
Total	\$474,802,777	\$417,393,559

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$7,668,706, or approximately 1.6% of the total Net Assets (December 31, 2011 – \$7,259,362, or approximately 1.7% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	42.4	42.2	45.4	44.6
AA	31.5	31.3	33.1	32.7
A	21.0	20.9	18.9	18.5
BBB	5.1	5.1	2.6	2.5
Total	100.0	99.5	100.0	98.3

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$3,594,305	\$ 58,438
Payable for futures contracts	–	58,621
	\$3,594,305	\$117,059

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$474,802,777	\$ –	\$474,802,777
Futures Contracts (Short)	(383,037)	–	–	(383,037)
	\$(383,037)	\$474,802,777	\$ –	\$474,419,740

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$417,393,559	\$ –	\$417,393,559
Futures Contracts (Short)	(527,228)	–	–	(527,228)
	\$(527,228)	\$417,393,559	\$ –	\$416,866,331

During the periods ended December 31, 2011 and 2010, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Canadian Income Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$5,552,707,640	\$3,499,523,757
Cash	23,200,527	29,054,932
Accrued investment income	34,634,754	23,554,602
Receivable for securities sold	24,600,003	—
Subscriptions receivable	7,467,662	4,581,751
Receivable for futures contracts	3,492,750	—
	<u>5,646,103,336</u>	<u>3,556,715,042</u>
LIABILITIES		
Payable for securities purchased	23,994,480	—
Distributions payable	315,470	293
Redemptions payable	2,261,471	972,773
Accrued expenses	1,884,357	53,684
Payable for futures contracts	—	360,045
	<u>28,455,778</u>	<u>1,386,795</u>
Net Assets	<u>\$5,617,647,558</u>	<u>\$3,555,328,247</u>
NET ASSETS PER SERIES		
Series A Units	\$1,551,926,198	\$1,314,758,834
Advisor Series Units	\$ 26,537,094	\$ 24,104,218
Series F Units	\$ 2,317,739	\$ 1,422,038
Series I Units	\$3,467,800,690	\$1,771,956,231
Series M Units	\$ 569,065,837	\$ 443,086,926
UNITS OUTSTANDING		
Series A Units	110,282,024	94,322,148
Advisor Series Units	1,890,249	1,734,568
Series F Units	165,310	102,331
Series I Units	247,990,719	127,706,108
Series M Units	40,663,625	31,924,387
NET ASSETS PER UNIT		
Series A Units	\$ 14.07	\$ 13.94
Advisor Series Units	\$ 14.04	\$ 13.90
Series F Units	\$ 14.02	\$ 13.90
Series I Units	\$ 13.98	\$ 13.88
Series M Units	\$ 13.99	\$ 13.88

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 90,231,051	\$ 56,817,334
Securities lending	61,181	195,968
Other income	31,024	20,730
	<u>90,323,256</u>	<u>57,034,032</u>
EXPENSES		
Management fees (note 5)	9,374,170	6,745,095
Harmonized Sales Tax/Goods and Services Tax	1,069,782	772,460
Audit fees	51,052	11,961
Independent Review Committee fees	5,440	3,186
Custodian fees	22,861	13,057
Filing fees	43,931	39,473
Legal fees	18,062	8,426
Unitholder reporting costs	62,305	54,920
Unitholder administration and service fees	479,197	266,909
Overdraft charges	521	323
	<u>11,127,321</u>	<u>7,915,810</u>
Absorbed expenses	(14,194)	(341)
	<u>11,113,127</u>	<u>7,915,469</u>
Net investment income (loss)	79,210,129	49,118,563
Net realized gain (loss) on investments sold	64,692,576	41,223,136
Net realized gain (loss) on futures contracts	(7,446,484)	373,486
Net gain (loss) foreign exchange	—	3,651
Transaction costs	(54,099)	(4,980)
Change in unrealized appreciation (depreciation) of investments	2,521,074	(23,394,413)
Net gain (loss) on investments and transaction costs	<u>59,713,067</u>	<u>18,200,880</u>
Increase (decrease) in Net Assets from operations	<u>\$138,923,196</u>	<u>\$ 67,319,443</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 31,771,758	\$ 18,439,744
Advisor Series Units	\$ 541,844	\$ 266,243
Series F Units	\$ 48,189	\$ 20,908
Series I Units	\$ 92,186,022	\$ 38,974,973
Series M Units	\$ 14,375,383	\$ 9,617,575
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.30	\$ 0.23
Advisor Series Units	\$ 0.30	\$ 0.24
Series F Units	\$ 0.34	\$ 0.29
Series I Units	\$ 0.44	\$ 0.33
Series M Units	\$ 0.39	\$ 0.33

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$1,314,758,834	\$1,069,747,844
Advisor Series Units	24,104,218	14,488,163
Series F Units	1,422,038	691,945
Series I Units	1,771,956,231	1,360,208,253
Series M Units	443,086,926	366,475,473
	<u>3,555,328,247</u>	<u>2,811,611,678</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	31,771,758	18,439,744
Advisor Series Units	541,844	266,243
Series F Units	48,189	20,908
Series I Units	92,186,022	38,974,973
Series M Units	14,375,383	9,617,575
	<u>138,923,196</u>	<u>67,319,443</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(17,160,296)	(13,366,427)
Advisor Series Units	(287,161)	(184,052)
Series F Units	(29,000)	(15,197)
Series I Units	(57,080,659)	(32,133,776)
Series M Units	(9,616,778)	(7,858,398)
	<u>(84,173,894)</u>	<u>(53,557,850)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	331,878,296	109,820,335
Advisor Series Units	4,020,209	3,125,105
Series F Units	1,098,541	368,345
Series I Units	1,863,246,910	396,897,329
Series M Units	180,945,919	101,383,581
Reinvested distributions		
Series A Units	16,662,339	12,912,828
Advisor Series Units	193,422	138,370
Series F Units	26,896	12,765
Series I Units	57,080,659	32,133,858
Series M Units	8,069,280	6,690,059
Payments on redemption		
Series A Units	(125,984,733)	(147,027,604)
Advisor Series Units	(2,035,438)	(1,323,641)
Series F Units	(248,925)	(107,295)
Series I Units	(259,588,473)	(61,432,553)
Series M Units	(67,794,893)	(66,486,909)
	<u>2,007,570,009</u>	<u>387,104,573</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	237,167,364	(19,221,124)
Advisor Series Units	2,432,876	2,022,025
Series F Units	895,701	279,526
Series I Units	1,695,844,459	374,439,831
Series M Units	125,978,911	43,345,908
	<u>2,062,319,311</u>	<u>400,866,166</u>
NET ASSETS – END OF PERIOD		
Series A Units	1,551,926,198	1,050,526,720
Advisor Series Units	26,537,094	16,510,188
Series F Units	2,317,739	971,471
Series I Units	3,467,800,690	1,734,648,084
Series M Units	569,065,837	409,821,381
	<u>\$5,617,647,558</u>	<u>\$3,212,477,844</u>

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

Scotia Canadian Income Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBT INSTRUMENTS – 98.8%				BOND AND DEBT INSTRUMENTS (cont'd)			
Federal Bonds – 23.7%				Corporate Bonds (cont'd)			
400,300,000	Canada Housing Trust No. 1 1.45% due Sep. 15, 2012	402,029,321	402,284,319	42,000,000	Golden Credit Card Trust 3.82% due May 15, 2015	43,406,010	44,072,948
123,032,225	2.20% due Mar. 15, 2014	125,370,650	125,230,021		Great-West Lifeco Inc.		
494,430,000	3.80% due Jun. 15, 2021	550,994,011	559,799,662	38,790,000	6.67% due Mar. 21, 2033	42,165,238	47,650,649
163,911,580	Government of Canada 5.75% due Jun. 1, 2029	<u>237,925,604</u>	<u>246,450,844</u>	31,435,000	Greater Toronto Airports Authority 7.10% due Jun. 4, 2031	35,312,870	44,108,988
		<u>1,316,319,586</u>	<u>1,333,764,846</u>	43,000,000	HSBC Bank of Canada 3.56% due Oct. 4, 2017	43,236,739	44,817,297
					Husky Energy Inc. 5.00% due Mar. 12, 2020	37,811,915	40,712,628
Provincial Bonds – 38.6%				59,670,000	3.20% due Jan. 13, 2022	60,496,430	61,288,196
69,350,000	Hydro-Quebec 11.00% due Aug. 15, 2020	110,228,464	111,743,065	38,000,000	International Business Machines Corporation 2.20% due Feb. 10, 2017	37,916,797	38,159,717
81,810,000	Province of British Columbia 5.70% due Jun. 18, 2029	102,953,536	109,139,075	24,000,000	John Deere Credit Inc. 2.30% due Jul. 5, 2016	23,994,480	24,025,721
65,225,000	Province of Ontario 4.40% due Jun. 2, 2019	69,526,858	73,913,275	39,115,000	Manulife Financial Corporation 4.90% due Jun. 2, 2014	39,645,471	40,751,856
328,120,000	4.00% due Jun. 2, 2021	345,820,732	363,421,548	21,000,000	Master Credit Card Trust 2.63% due Jan. 21, 2017	21,132,090	21,209,954
614,965,000	6.50% due Mar. 8, 2029	843,683,293	869,890,076	44,000,000	NAV Canada 5.30% due Apr. 17, 2019	46,521,260	51,482,471
98,550,000	Province of Quebec 4.50% due Dec. 1, 2018	104,985,449	111,735,189	6,000,000	4.40% due Feb. 18, 2021	6,607,820	6,762,668
471,735,000	4.25% due Dec. 1, 2021	<u>513,097,726</u>	<u>528,642,034</u>	9,000,000	RBC Capital Trust (callable) 6.82% due Jun. 30, 2049-(2018)	10,271,790	10,744,841
		<u>2,090,296,058</u>	<u>2,168,484,262</u>	55,000,000	Rogers Communications Inc. 4.00% due Jun. 6, 2022	54,780,000	54,904,742
Municipal Bonds – 1.2%				15,400,000	Royal Bank of Canada (callable) 5.00% due Jun. 6, 2018-(2013)	16,497,177	15,842,982
61,575,000	Municipal Finance Authority of British Columbia 4.60% due Apr. 23, 2018	63,945,583	69,334,311	19,290,000	Royal Bank of Canada 3.77% due Mar. 30, 2018	19,883,722	20,609,953
Mortgage-Backed Securities – 3.7%				38,060,000	Sun Life Financial Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	38,361,281	38,998,324
39,875,000	Merrill Lynch Financial Assets Inc. 4.83% due Feb. 12, 2039	40,231,911	42,581,651	34,285,000	Suncor Energy, Inc. 5.80% due May 22, 2018	35,769,819	39,584,126
31,040,000	4.98% due Jun. 12, 2039	31,147,673	33,484,822	28,000,000	TELLUS Corporation 5.05% due Jul. 23, 2020	29,416,415	31,310,112
33,685,000	4.81% due Oct. 12, 2039	33,369,364	35,928,315	45,500,000	Teranet Holdings LP 5.75% due Dec. 17, 2040	46,170,815	48,499,569
35,845,000	Real Estate Asset Liquidity Trust 4.78% due Apr. 12, 2023	36,680,249	39,276,113	24,600,000	Thomson Reuters Corporation 4.35% due Sep. 30, 2020	24,518,430	26,953,976
10,910,000	Schooner Trust 4.36% due Sep. 12, 2020	11,075,655	11,540,986	22,000,000	Toronto Hydro Corporation 3.54% due Nov. 18, 2021	22,062,673	23,018,048
38,640,000	5.19% due Jun. 12, 2022	<u>39,554,825</u>	<u>43,189,142</u>	46,210,000	Toronto-Dominion Bank, The (callable) 4.78% due Dec. 14, 2105-(2016)	46,429,402	49,806,052
		<u>192,059,677</u>	<u>206,001,029</u>	35,695,000	VW Credit Canada, Inc. 2.50% due Jun. 1, 2015	35,690,003	35,877,465
Corporate Bonds – 26.4%				43,500,000	Wells Fargo Financial Canada Corporation 2.77% due Feb. 9, 2017	<u>43,452,983</u>	<u>43,617,059</u>
48,000,000	407 International Inc. 4.30% due May 26, 2021	49,386,496	53,361,952			<u>1,417,866,674</u>	<u>1,482,897,583</u>
34,000,000	Bank of Montreal 6.02% due May 2, 2018	38,456,448	40,179,000	Short-Term Bond – 5.2%			
11,500,000	Bank of Nova Scotia, The (callable) 4.94% due Apr. 15, 2019-(2014)	12,338,466	12,075,363	291,070,000	Canada Housing Trust No. 1 (Floating Rate) 1.43% due Sep. 15, 2012	292,117,852	292,225,609
55,500,000	Bell Canada 4.40% due Mar. 16, 2018	57,788,016	59,292,243	TOTAL INVESTMENT PORTFOLIO			
25,755,000	BMW Canada Inc. 2.64% due Aug. 10, 2015	25,756,925	26,024,669			<u>5,372,605,430</u>	<u>5,552,707,640</u>
44,000,000	BRP Finance ULC 5.14% due Oct. 13, 2020	44,687,049	47,333,886	Futures Contracts – 0.1%			
23,545,000	Canadian Natural Resources Limited 4.50% due Jan. 23, 2013	23,294,777	23,912,355				3,492,750
61,320,000	3.05% due Jun. 19, 2019	61,281,368	61,494,203	OTHER ASSETS, LESS LIABILITIES – 1.1%			
55,455,000	Caterpillar Financial Services Limited 2.63% due Jun. 1, 2017	55,442,245	55,816,114				<u>61,447,168</u>
29,630,000	CIBC Capital Trust (callable) 9.98% due Jun. 30, 2108-(2019)	38,694,080	39,082,929	NET ASSETS – 100.0%			
32,100,000	CU Inc. 4.80% due Nov. 22, 2021	33,389,686	37,036,528				<u>5,617,647,558</u>
34,000,000	EnCana Corporation 5.80% due Jan. 18, 2018	37,546,666	38,075,452				
20,000,000	Finning International Inc. 6.02% due Jun. 1, 2018	23,251,491	23,321,776				
53,915,000	GE Capital Canada Funding Company 5.73% due Oct. 22, 2037	55,001,331	61,080,771				

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

Scotia Canadian Income Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(4,657)	Canada 10 Year Bond Future – Sep. 2012	(644,423,750)	(644,715,080)	(291,330)

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

With respect to the above futures contracts, \$1,000,000 of the September 15, 2015 Canadian Government Bond are held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	23.7	1.0
Provincial Bonds	38.6	46.1
Municipal Bonds	1.2	1.3
Mortgage-Backed Securities	3.7	4.7
Corporate Bonds	26.4	26.5
Short-Term Bond	5.2	18.8
Futures Contracts	0.1	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 734,265,265	\$ –
1-3 years	258,007,652	175,206,812
3-5 years	503,658,638	903,476,102
5-10 years	2,629,956,113	1,437,786,624
> 10 years	1,426,819,972	983,054,219
Total	\$5,552,707,640	\$3,499,523,757

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$88,796,338 or approximately 1.6% of the total Net Assets (December 31, 2011 – \$56,986,546, or approximately 1.6% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	35.8	35.4	27.5	27.1
AA	32.5	32.1	37.0	36.5
A	26.8	26.4	32.8	32.1
BBB	4.9	4.9	2.7	2.7
Total	100.0	98.8	100.0	98.4

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$28,455,778	\$1,026,750
Payable for futures contracts	–	360,045
	\$28,455,778	\$1,386,795

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments \$	–	\$5,552,707,640	–	\$5,552,707,640
Futures Contracts (Short)	(291,330)	–	–	(291,330)
	\$(291,330)	\$5,552,707,640	\$ –	\$5,552,416,310

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments \$	–	\$3,499,523,757	–	\$3,499,523,757
Futures Contracts (Short)	(3,730,282)	–	–	(3,730,282)
	\$(3,730,282)	\$3,499,523,757	\$ –	\$3,495,793,475

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Private Canadian Corporate Bond Pool (Unaudited)

(formerly, Scotia Canadian Corporate Bond Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$2,833,536,825	\$2,557,074,347
Cash	338,922	31,780,587
Accrued investment income	32,025,956	18,921,022
Subscriptions receivable	9,378,422	–
Receivable for futures contracts	750,000	–
	<u>2,876,030,125</u>	<u>2,607,775,956</u>
LIABILITIES		
Payable for securities purchased	–	16,754,930
Distributions payable	1,026,659	–
Redemptions payable	1,807,082	–
Accrued expenses	150,740	4,352
Payable for futures contracts	–	296,000
	<u>2,984,481</u>	<u>17,055,282</u>
Net Assets	<u>\$2,873,045,644</u>	<u>\$2,590,720,674</u>
NET ASSETS PER SERIES		
Series I Units	\$ 926,311,644	\$ 851,676,055
Series M Units	\$1,946,734,000	\$1,739,044,619
UNITS OUTSTANDING		
Series I Units	86,837,492	80,993,292
Series M Units	182,338,274	165,340,162
NET ASSETS PER UNIT		
Series I Units	\$ 10.67	\$ 10.52
Series M Units	\$ 10.68	\$ 10.52

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 59,231,175	\$59,429,354
Securities lending	2,217	7,781
	<u>59,233,392</u>	<u>59,437,135</u>
EXPENSES		
Management fees (note 5)	641,431	594,715
Harmonized Sales Tax/Goods and Services Tax	77,132	69,340
Audit fees	28,105	11,961
Independent Review Committee fees	1,527	–
Custodian fees	17,958	10,949
Filing fees	8,421	8,515
Legal fees	9,792	1,555
Unitholder reporting costs	5,570	3,299
Unitholder administration and service fees	99,349	19,513
Overdraft charges	58	1,234
	<u>889,343</u>	<u>721,081</u>
Absorbed expenses	(10,120)	–
	<u>879,223</u>	<u>721,081</u>
Net investment income (loss)	<u>58,354,169</u>	<u>58,716,054</u>
Net realized gain (loss) on investments sold	24,980,974	(306,166)
Net realized gain (loss) on futures contracts	903,968	516,450
Transaction costs	(21,450)	(900)
Change in unrealized appreciation (depreciation) of investments	19,237,948	18,302,517
Net gain (loss) on investments and transaction costs	<u>45,101,440</u>	<u>18,511,901</u>
Increase (decrease) in Net Assets from operations	<u>\$103,455,609</u>	<u>\$77,227,955</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	\$ 33,139,773	\$25,899,540
Series M Units	\$ 70,315,836	\$51,328,415
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series I Units	\$ 0.42	\$ 0.33
Series M Units	\$ 0.40	\$ 0.31

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series I Units	\$ 851,676,055	\$ 633,411,359
Series M Units	1,739,044,619	1,609,828,019
	<u>2,590,720,674</u>	<u>2,243,239,378</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	33,139,773	25,899,540
Series M Units	70,315,836	51,328,415
	<u>103,455,609</u>	<u>77,227,955</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series I Units	(20,279,280)	(20,663,423)
Series M Units	(43,233,776)	(42,665,486)
	<u>(63,513,056)</u>	<u>(63,328,909)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	227,682,602	253,878,028
Series M Units	345,497,458	333,244,322
Reinvested distributions		
Series I Units	20,279,305	20,663,367
Series M Units	36,099,134	35,511,286
Payments on redemption		
Series I Units	(186,186,811)	(107,000,000)
Series M Units	(200,989,271)	(196,089,422)
	<u>242,382,417</u>	<u>340,207,581</u>
INCREASE (DECREASE) IN NET ASSETS		
Series I Units	74,635,589	172,777,512
Series M Units	207,689,381	181,329,115
	<u>282,324,970</u>	<u>354,106,627</u>
NET ASSETS – END OF PERIOD		
Series I Units	926,311,644	806,188,871
Series M Units	1,946,734,000	1,791,157,134
	<u>\$2,873,045,644</u>	<u>\$2,597,346,005</u>

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

Scotia Private Canadian Corporate Bond Pool (Unaudited – Continued) (formerly, Scotia Canadian Corporate Bond Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 98.4%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Provincial Bonds – 4.2%				Corporate Bonds (cont'd)			
115,000,000	Province of Quebec 3.50% due Dec. 1, 2022	120,951,059	121,029,577	37,000,000	International Business Machines Corporation 2.20% due Feb. 10, 2017	36,977,050	37,155,514
Mortgage-backed Securities – 4.7%				40,400,000	John Deere Credit Inc. 5.45% due Sep. 16, 2015	40,863,993	44,613,623
29,080,000	Merrill Lynch Financial Assets Inc. 4.83% due Feb. 12, 2039	29,014,058	31,053,904	60,000,000	Kellogg Company 2.10% due May 22, 2014	59,986,200	60,232,319
20,440,000	4.98% due Jun. 12, 2039	20,343,764	22,049,928	43,050,000	Manulife Financial Corporation 4.90% due Jun. 2, 2014	43,203,368	44,851,525
25,000,000	4.81% due Oct. 12, 2039	24,679,276	26,664,921	54,000,000	Master Credit Card Trust 2.63% due Jan. 21, 2017	54,333,600	54,539,881
22,600,000	Real Estate Asset Liquidity Trust 4.78% due Apr. 12, 2023	22,315,481	24,763,291	15,465,000	Morgan Stanley 4.90% due Feb. 23, 2017	15,233,025	15,097,933
28,100,000	Schooner Trust 5.19% due Jun. 12, 2022	27,724,245	31,408,253	55,000,000	National Australia Bank Limited 4.19% due Jul. 20, 2015	55,522,320	57,175,073
		124,076,824	135,940,297	37,000,000	National Bank of Canada 3.58% due Apr. 26, 2016	37,000,000	38,550,471
Corporate Bonds – 89.5%				32,000,000	NAV Canada 5.30% due Apr. 17, 2019	35,325,437	37,441,797
61,500,000	407 International Inc. 4.30% due May 26, 2021	63,068,891	68,370,000	28,000,000	RBC Capital Trust (callable) 6.82% due Jun. 30, 2049-(2018)	28,483,383	31,559,117
35,000,000	Bank of America Corporation 5.45% due Sep. 17, 2014	35,211,950	36,292,921	26,500,000	Rogers Communications Inc. 5.34% due Mar. 22, 2021	30,095,005	31,637,586
35,000,000	Bank of Montreal 3.98% due Jul. 8, 2016	35,001,400	36,510,891	40,000,000	Royal Bank of Canada 5.95% due Jun. 18, 2014	39,981,600	44,398,481
62,300,000	Bank of Montreal Capital Trust II (callable) 10.22% due Dec. 31, 2107-(2018)	83,635,686	85,890,810	20,000,000	Scotiabank Tier I Trust (callable) 7.80% due Jun. 30, 2108-(2019)	19,920,000	19,965,361
55,350,000	Bank of Nova Scotia, The (callable) 4.94% due Apr. 15, 2019-(2014)	56,794,614	58,119,245	58,400,000	Shaw Communications Inc. 5.65% due Oct. 1, 2019	57,906,214	62,536,171
60,000,000	Bell Canada 4.40% due Mar. 16, 2018	60,701,779	64,099,723	41,500,000	Sun Life Financial Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	46,270,484	52,369,110
26,000,000	BMW Canada Inc. 2.64% due Aug. 10, 2015	25,999,220	26,272,234	29,500,000	Suncor Energy, Inc. 5.80% due May 22, 2018	48,599,345	55,418,931
54,000,000	BRP Finance ULC 5.14% due Oct. 13, 2020	54,063,421	58,091,586	48,000,000	TD Capital Trust III (callable) 7.24% due Dec. 31, 2049-(2018)	58,168,593	67,500,382
40,000,000	Canadian Imperial Bank of Commerce 2.65% due Nov. 8, 2016	40,026,000	40,404,173	41,700,000	TELUS Corporation 5.05% due Jul. 23, 2020	41,702,364	46,629,702
60,000,000	Canadian Natural Resources Limited 3.05% due Jun. 19, 2019	59,962,200	60,170,453	50,000,000	Teranet Holdings LP 4.81% due Dec. 16, 2020	49,942,593	55,290,766
22,000,000	Canadian Pacific Railway Company 6.25% due Jun. 1, 2018	21,882,571	25,418,848	20,000,000	Thomson Reuters Corporation 4.35% due Sep. 30, 2020	20,472,000	21,913,802
36,000,000	Caterpillar Financial Services Limited 2.63% due Jun. 1, 2017	35,991,720	36,234,426	35,000,000	Toronto Hydro Corporation 3.54% due Nov. 18, 2021	34,982,500	36,619,622
65,000,000	CIBC Capital Trust (callable) 9.98% due Jun. 30, 2108-(2019)	75,666,317	85,737,101	50,000,000	Toronto-Dominion Bank, The (callable) 4.78% due Dec. 14, 2105-(2016)	48,799,531	53,890,989
42,000,000	Citigroup Inc. (callable) 4.65% due Oct. 11, 2022-(2017)	39,189,614	38,988,592	15,000,000	TransCanada Corporation 3.65% due Nov. 15, 2021	14,980,050	15,862,372
52,500,000	Daimler Canada Finance Inc. 3.16% due Apr. 14, 2014	52,494,225	53,437,556	19,000,000	VW Credit Canada, Inc. 2.50% due Jun. 1, 2015	18,997,340	19,097,124
29,000,000	Enbridge Inc. 4.04% due Nov. 23, 2020	28,809,176	31,848,880	35,000,000	Wells Fargo Financial Canada Corporation 2.77% due Feb. 9, 2017	35,000,000	35,094,185
44,000,000	EnCana Corporation 5.80% due Jan. 18, 2018	48,586,398	49,274,114			2,433,824,694	2,571,677,533
46,000,000	Finning International Inc. 6.02% due Jun. 1, 2018	47,960,776	53,640,084			2,678,852,577	2,828,647,407
50,000,000	GE Capital Canada Funding Company 5.53% due Aug. 17, 2017	51,110,118	56,073,704	TOTAL BOND AND DEBENTURE INSTRUMENTS			
50,056,000	General Electric Capital Corporation 4.60% due Jan. 26, 2022	50,787,895	53,360,184	MONEY MARKET INSTRUMENTS – 0.2%			
30,000,000	Golden Credit Card Trust 3.51% due May 15, 2016	31,163,400	31,324,328	4,900,000	Government of Canada Treasury Bills 0.00% due Sep. 27, 2012	4,886,620	4,889,418
48,000,000	Great-West Lifeco Inc. 4.65% due Aug. 13, 2020	50,168,150	52,445,848				
50,000,000	Greater Toronto Airports Authority 5.96% due Nov. 20, 2019	55,316,000	60,903,390	TOTAL INVESTMENT PORTFOLIO			
22,000,000	HSBC Bank of Canada 2.57% due Nov. 23, 2015	22,000,000	22,118,137			2,683,739,197	2,833,536,825
55,000,000	Husky Energy Inc. 5.00% due Mar. 12, 2020	55,038,250	55,659,076				
50,000,000	Hydro One Inc. 5.18% due Oct. 18, 2017	52,084,939	56,078,001				750,000
65,000,000	ING Bank of Canada (callable) 1.99% due May 10, 2016 (Sep/05/2012)	73,693,950	74,407,855				38,758,819
59,000,000		58,955,160	60,600,027				2,873,045,644
16,250,000		16,236,858	14,828,190				

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

Scotia Private Canadian Corporate Bond Pool (Unaudited – Continued) (formerly, Scotia Canadian Corporate Bond Fund)

STATEMENT OF INVESTMENT PORTFOLIO BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(1,000)	Canada Bond Future – Sep. 2012	(139,024,920)	(138,440,000)	584,920

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

With respect to the above futures contracts, \$4,900,000 of the September 27, 2012 Government of Canada Treasury Bills is held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Provincial Bonds	4.2	6.7
Mortgage-Backed Securities	4.7	5.1
Corporate Bonds	89.5	86.7
Money Market Instruments	0.2	0.3
Future Contracts	0.0	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 14,828,190	\$ 78,095,383
1-3 years	334,566,860	460,059,083
3-5 years	750,808,519	414,705,161
5-10 years	1,607,414,261	1,597,717,424
> 10 years	121,029,577	–
Total	\$2,828,647,407	\$2,550,577,051

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$34,785,790 or approximately 1.2% of the total Net Assets (December 31, 2011 – \$32,101,631, or approximately 1.2% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	7.9	7.7	6.4	6.3
AA	22.9	22.6	25.6	25.2
A	54.1	53.2	57.3	56.4
BBB	15.1	14.9	10.7	10.6
Total	100.0	98.4	100.0	98.5

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$2,984,481	\$16,759,282
Payable for futures contracts	–	296,000
	\$2,984,481	\$17,055,282

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$2,828,647,407	\$ –	\$2,828,647,407
Money Market Instruments	–	4,889,418	–	4,889,418
Futures Contracts (Short)	584,920	–	–	584,920
	\$584,920	\$2,833,536,825	\$ –	\$2,834,121,745

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$2,550,577,051	\$ –	\$2,550,577,051
Money Market Instruments	–	6,497,296	–	6,497,296
Futures Contracts (Short)	(2,914,031)	–	–	(2,914,031)
	\$(2,914,031)	\$2,557,074,347	\$ –	\$2,554,160,316

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

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

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

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
	U.S.\$	U.S.\$
ASSETS		
Investments at fair value	\$153,393,834	\$124,307,367
Cash	38,954	14,305
Accrued investment income	843,128	914,924
Subscriptions receivable	174,841	365,803
	<u>154,450,757</u>	<u>125,602,399</u>
LIABILITIES		
Distributions payable	9,590	39
Redemptions payable	159,096	54,149
Accrued expenses	208,081	5,970
	<u>376,767</u>	<u>60,158</u>
Net Assets	<u>\$154,073,990</u>	<u>\$125,542,241</u>
NET ASSETS PER SERIES		
Series A Units	\$153,829,534	\$125,341,410
Series F Units	\$ 244,456	\$ 200,831
UNITS OUTSTANDING		
Series A Units	13,089,345	10,791,292
Series F Units	20,842	17,327
NET ASSETS PER UNIT		
Series A Units	\$ 11.75	\$ 11.62
Series F Units	\$ 11.73	\$ 11.59

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
	U.S.\$	U.S.\$
INVESTMENT INCOME		
Interest	\$2,061,279	\$1,688,893
Securities lending	6,719	5
Other income	357	754
	<u>2,068,355</u>	<u>1,689,652</u>
EXPENSES		
Management fees (note 5)	1,052,100	717,945
Harmonized Sales Tax/Goods and Services Tax	114,922	76,837
Audit fees	2,653	7,336
Independent Review Committee fees	194	130
Custodian fees	1,439	943
Filing fees	12,045	8,783
Legal fees	932	1,836
Unitholder reporting costs	5,761	5,393
Unitholder administration and service fees	22,932	30,002
Overdraft charges	89	–
	<u>1,213,067</u>	<u>849,205</u>
Absorbed expenses	(1,142)	(545)
	<u>1,211,925</u>	<u>848,660</u>
Net investment income (loss)	856,430	840,992
Net realized gain (loss) on investments sold	2,649,603	323,092
Change in unrealized appreciation (depreciation) of investments	(834,020)	325,649
Net gain (loss) on investments	1,815,583	648,741
Increase (decrease) in Net Assets from operations	<u>\$2,672,013</u>	<u>\$1,489,733</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$2,667,498	\$1,482,145
Series F Units	\$ 4,515	\$ 7,588
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.22	\$ 0.17
Series F Units	\$ 0.23	\$ 0.18

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
	U.S.\$	U.S.\$
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$125,341,410	\$ 86,180,884
Series F Units	200,831	506,837
	<u>125,542,241</u>	<u>86,687,721</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	2,667,498	1,482,145
Series F Units	4,515	7,588
	<u>2,672,013</u>	<u>1,489,733</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(920,655)	(901,083)
Series F Units	(1,731)	(5,281)
	<u>(922,386)</u>	<u>(906,364)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	40,910,828	32,412,056
Series F Units	40,000	98,783
Reinvested distributions		
Series A Units	854,444	821,753
Series F Units	851	4,623
Payments on redemption		
Series A Units	(15,023,991)	(12,196,795)
Series F Units	(10)	(223,863)
	<u>26,782,122</u>	<u>20,916,557</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	28,488,124	21,618,076
Series F Units	43,625	(118,150)
	<u>28,531,749</u>	<u>21,499,926</u>
NET ASSETS – END OF PERIOD		
Series A Units	153,829,534	107,798,960
Series F Units	244,456	388,687
	<u>\$154,073,990</u>	<u>\$108,187,647</u>

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

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

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBTURE INSTRUMENTS – 96.9%			
Federal Bonds – 5.4%			
3,630,000	Government of Canada 0.88% due Feb. 14, 2017	3,610,362	3,644,316
500,000	Inter-American Development Bank 3.50% due Mar. 15, 2013	509,380	510,050
4,000,000	3.00% due Apr. 22, 2014	4,194,000	4,176,992
		<u>8,313,742</u>	<u>8,331,358</u>
Provincial Bonds – 42.4%			
3,500,000	Province of British Columbia 4.30% due May 30, 2013	3,659,961	3,625,696
7,100,000	6.50% due Jan. 15, 2026	9,974,795	10,135,279
6,000,000	Province of Manitoba 2.13% due Apr. 22, 2013	6,153,780	6,083,592
1,000,000	4.90% due Dec. 6, 2016	1,005,637	1,169,242
2,000,000	Province of New Brunswick 7.63% due Feb. 15, 2013	2,418,800	2,083,871
2,000,000	9.75% due May 15, 2020	3,133,340	3,027,965
2,500,000	Province of Ontario 1.88% due Nov. 19, 2012	2,545,075	2,515,034
16,000,000	4.10% due Jun. 16, 2014	17,304,800	17,075,050
1,750,000	4.75% due Jan. 19, 2016	1,749,950	1,964,982
8,800,000	1.60% due Sep. 21, 2016	8,700,472	8,943,443
3,000,000	Province of Quebec 4.60% due May 26, 2015	3,159,173	3,332,105
3,560,000	2.75% due Aug. 25, 2021	3,469,006	3,695,726
1,500,000	Province of Saskatchewan 7.38% due Jul. 15, 2013	1,727,802	1,604,727
		<u>65,002,591</u>	<u>65,256,712</u>
Corporate Bonds – 10.9%			
700,000	Bank of Montreal 2.85% due Jun. 9, 2015	731,850	740,724
800,000	Bank of Nova Scotia, The 1.45% due Jul. 26, 2013	798,880	807,064
700,000	Canadian Imperial Bank of Commerce 2.00% due Feb. 4, 2013	702,338	705,558
500,000	Canadian Natural Resources Limited 5.90% due Feb. 1, 2018	538,605	578,772
700,000	Canadian Pacific Railway Company 6.50% due May 15, 2018	732,067	828,814
600,000	CDP Financial Inc. 4.40% due Nov. 25, 2019	589,794	680,568
700,000	CIBC Capital Trust 2.00% due Feb. 4, 2013	713,405	705,887
500,000	Deere & Company 6.95% due Apr. 25, 2014	558,270	555,470
500,000	EnCana Corporation 5.90% due Dec. 1, 2017	500,260	580,568
500,000	General Electric Capital Corporation 5.63% due Sep. 15, 2017	523,350	574,305
650,000	Husky Energy Inc. 5.90% due Jun. 15, 2014	708,351	707,005
700,000	International Business Machines Corporation 7.63% due Oct. 15, 2018	866,950	932,547
700,000	JPMorgan Chase & Co. 4.65% due Jun. 1, 2014	739,760	738,269
1,400,000	National Bank of Canada 1.65% due Jan. 30, 2014	1,405,516	1,421,798
500,000	PC Financial Partnership 5.00% due Nov. 15, 2014	493,313	542,738
700,000	Procter & Gamble Company, The 1.38% due Aug. 1, 2012	711,200	700,581
720,000	Rogers Communications Inc. 6.80% due Aug. 15, 2018	814,284	888,689

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)			
700,000	Thomson Reuters Corporation 5.70% due Oct. 1, 2014	785,165	764,523
2,000,000	Toronto-Dominion Bank, The 1.63% due Sep. 14, 2016	2,004,200	2,040,601
700,000	Total Capital SA 4.45% due Jun. 24, 2020	761,180	800,212
500,000	Wal-Mart Stores, Inc. 3.20% due May 15, 2014	500,770	524,795
		<u>16,179,508</u>	<u>16,819,488</u>
United States Treasury Notes – 38.2%			
29,700,000	United States Treasury Note 0.25% due Jan. 31, 2014	29,674,522	29,674,458
21,875,000	4.38% due May 15, 2041	26,598,584	29,257,156
		<u>56,273,106</u>	<u>58,931,614</u>
TOTAL BOND AND DEBTURE INSTRUMENTS		<u>145,768,947</u>	<u>149,339,172</u>
MONEY MARKET INSTRUMENTS – 2.7%			
4,055,000	Export Development Canada Commercial Paper 0.00% due from Aug. 3, 2012 to Aug 9, 2012	4,054,529	4,054,662
TOTAL INVESTMENT PORTFOLIO		<u>149,823,476</u>	<u>153,393,834</u>
OTHER ASSETS, LESS LIABILITIES – 0.4%			680,156
NET ASSETS – 100.0%			<u>154,073,990</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	5.4	9.0
Provincial Bonds	42.4	56.2
Corporate Bonds	10.9	13.3
United States Treasury Notes	38.2	10.4
Money Market Instruments	2.7	10.1

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

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

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012 (U.S.\$)	December 31, 2011 (U.S.\$)
Less than 1 year	\$ 16,930,269	\$ 10,800,438
1-3 years	62,665,718	29,951,525
3-5 years	17,762,583	17,958,549
5-10 years	12,588,166	30,788,274
> 10 years	39,392,436	22,124,747
Total	\$149,339,172	\$111,623,533

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$2,128,878, or approximately 1.4% of the total Net Assets (December 31, 2011 – \$1,784,008, or approximately 1.4% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	49.8	48.2	28.1	25.0
AA	32.7	31.7	36.7	32.6
A	15.6	15.1	33.2	29.5
BBB	1.9	1.9	2.0	1.8
Total	100.0	96.9	100.0	88.9

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months (U.S.\$)	December 31, 2011 Less than 3 months (U.S.\$)
Accounts payable and accrued liabilities	\$376,767	\$60,158

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1 (U.S.\$)	Level 2 (U.S.\$)	Level 3 (U.S.\$)	Total (U.S.\$)
Bond and Debenture Instruments	\$ -	\$ 149,339,172	\$ -	\$ 149,339,172
Money Market Instruments	-	4,054,662	-	4,054,662
	\$ -	\$153,393,834	\$ -	\$153,393,834

December 31, 2011

	Level 1 (U.S.\$)	Level 2 (U.S.\$)	Level 3 (U.S.\$)	Total (U.S.\$)
Bond and Debenture Instruments	\$ -	\$ 111,623,533	\$ -	\$ 111,623,533
Money Market Instruments	-	12,683,834	-	12,683,834
	\$ -	\$124,307,367	\$ -	\$124,307,367

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Global Bond Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$36,626,155	\$36,128,119
Cash	631,149	502,934
Accrued investment income	208,513	449,418
Receivable for securities sold	—	973,509
Subscriptions receivable	9,297	31,094
Receivable for currency forward contracts	136,216	223,841
	<u>37,611,330</u>	<u>38,308,915</u>
LIABILITIES		
Payable for securities purchased	—	965,793
Distributions payable	114	2
Redemptions payable	4,121	28,672
Accrued expenses	35,270	1,320
Payable for currency forward contracts	158,796	33,518
	<u>198,301</u>	<u>1,029,305</u>
Net Assets	<u>\$37,413,029</u>	<u>\$37,279,610</u>
NET ASSETS PER SERIES		
Series A Units	\$21,210,017	\$19,840,722
Series I Units	\$16,203,012	\$17,438,888
UNITS OUTSTANDING		
Series A Units	2,330,545	2,185,931
Series I Units	1,795,588	1,933,084
NET ASSETS PER UNIT		
Series A Units	\$ 9.10	\$ 9.08
Series I Units	\$ 9.02	\$ 9.02

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 524,685	\$ 1,470,663
Securities lending	895	431
Other income	315	1,093
	<u>525,895</u>	<u>1,472,187</u>
EXPENSES		
Management fees (note 5)	144,353	136,340
Harmonized Sales Tax/Goods and Services Tax	19,467	19,629
Audit fees	1,587	5,199
Independent Review Committee fees	197	279
Custodian fees	746	856
Filing fees	8,029	7,790
Legal fees	570	2,155
Unitholder reporting costs	6,782	7,764
Unitholder administration and service fees	28,421	44,406
Overdraft charges	44	—
	<u>210,196</u>	<u>224,418</u>
Net investment income (loss)	<u>315,699</u>	<u>1,247,769</u>
Net realized gain (loss) on investments sold	(653,703)	(3,230,219)
Net realized gain (loss) on currency forwards	(338,267)	(3,887)
Net gain (loss) foreign exchange	(63,961)	(250,922)
Change in unrealized appreciation (depreciation) of investments	1,354,176	3,661,838
Change in unrealized appreciation (depreciation) of currency spots	—	(235)
Change in unrealized appreciation (depreciation) of currency forwards	(212,903)	(944,159)
Net gain (loss) on investments	<u>85,342</u>	<u>(767,584)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 401,041</u>	<u>\$ 480,185</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 126,889	\$ (82,760)
Series I Units	\$ 274,152	\$ 562,945
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.06	\$ (0.04)
Series I Units	\$ 0.14	\$ 0.07

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$19,840,722	\$ 19,592,137
Series I Units	17,438,888	77,708,816
	<u>37,279,610</u>	<u>97,300,953</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	126,889	(82,760)
Series I Units	274,152	562,945
	<u>401,041</u>	<u>480,185</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(87,955)	(191,939)
Series I Units	(259,552)	(1,178,552)
	<u>(347,507)</u>	<u>(1,370,491)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	3,422,190	843,818
Series I Units	496,014	4,241,506
Reinvested distributions		
Series A Units	87,029	191,459
Series I Units	259,550	1,178,544
Payments on redemption		
Series A Units	(2,178,858)	(2,692,949)
Series I Units	(2,006,040)	(63,839,798)
	<u>79,885</u>	<u>(60,077,420)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	1,369,295	(1,932,371)
Series I Units	(1,235,876)	(59,035,355)
	<u>133,419</u>	<u>(60,967,726)</u>
NET ASSETS – END OF PERIOD		
Series A Units	21,210,017	17,659,766
Series I Units	16,203,012	18,673,461
	<u>\$37,413,029</u>	<u>\$ 36,333,227</u>

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

Scotia Global Bond Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 96.6%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
United States Dollar – 73.1%				British Pound – 13.5%			
1,780,000	Province of British Columbia 4.30% due May 30, 2013	2,095,683	1,877,304	900,000	United Kingdom Treasury Gilt 5.00% due Mar. 7, 2018	1,768,872	1,758,030
2,300,000	Province of Manitoba 2.13% due Apr. 22, 2013	2,349,627	2,374,258	800,000	5.00% due Mar. 7, 2025	1,580,967	1,692,195
1,340,000	Province of Nova Scotia 8.88% due Jul. 1, 2019	2,080,860	1,951,838	800,000	4.25% due Dec. 7, 2049	1,481,089	1,590,252
900,000	Province of Saskatchewan 7.38% due Jul. 15, 2013	1,286,995	980,265			4,830,928	5,040,477
5,400,000	United States Treasury Note 4.38% due May 15, 2041	6,367,108	7,353,076		TOTAL BOND AND DEBENTURE INSTRUMENTS	34,949,436	36,126,214
12,600,000	0.25% due Dec. 15, 2014	12,542,071	12,796,013				
		<u>26,722,344</u>	<u>27,332,754</u>				
Australian Dollar – 10.0%				MONEY MARKET INSTRUMENTS – 1.3%			
3,325,000	Australian Government 4.75% due Jun. 15, 2016	3,396,164	3,752,983	500,000	Government of Canada Treasury Bill 0.00% due Jul. 5, 2012	499,835	499,941
					TOTAL INVESTMENT PORTFOLIO	35,449,271	36,626,155
					Currency Forward Contracts – (0.1)%		(22,580)
					OTHER ASSETS, LESS LIABILITIES – 2.2%		809,454
					NET ASSETS – 100.0%		<u>37,413,029</u>

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 31, 2012	Canadian Dollar	420,000	U.S. Dollar	406,819	414,909	5,090
Aug. 31, 2012	European Euro	6,800,000	U.S. Dollar	8,495,240	8,646,299	115,234
Aug. 31, 2012	Japanese Yen	878,252,735	U.S. Dollar	11,056,661	11,250,054	(62,003)
Aug. 31, 2012	Mexican Peso	2,600,000	U.S. Dollar	185,126	189,863	8,580
Aug. 31, 2012	South Korean Won	560,000,001	U.S. Dollar	480,069	492,229	7,312
Aug. 31, 2012	U.S. Dollar	3,065,898	Australian Dollar	3,090,000	3,200,666	(79,270)
Aug. 31, 2012	U.S. Dollar	2,420,514	British Pound	1,556,000	2,481,853	(17,523)
						<u>(22,580)</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australian Dollar Bonds	10.0	9.9
British Pound Bonds	13.5	15.5
European Euro Bonds	–	32.1
United States Dollar Bonds	73.1	36.6
Money Market Instruments	1.3	2.8
Currency Forward Contracts	(0.1)	0.5

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

Scotia Global Bond Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 4,251,561	\$ 797,906
1-3 years	13,776,279	9,547,579
3-5 years	3,752,983	3,674,991
5-10 years	3,709,868	11,430,838
> 10 years	10,635,523	9,627,452
Total	\$36,126,214	\$35,078,766

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$597,978, or approximately 1.6% of the total Net Assets (December 31, 2011 – \$632,044, or approximately 1.7% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	12,550,974	33.5	12,645,139	33.9
Japanese Yen	11,250,054	30.1	11,449,205	30.7
European Euro	8,646,299	23.1	8,058,178	21.6
British Pound	2,558,625	6.8	2,556,586	6.9
Australian Dollar	634,588	1.7	559,702	1.5
South Korean Won	492,229	1.3	495,318	1.3
Mexican Peso	189,863	0.5	191,853	0.5
Total	36,322,632	97.0	35,955,981	96.4

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$3,632,263, or approximately 9.7% of total Net Assets (December 31, 2011 – \$3,595,598, or approximately 9.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	80.1	77.4	79.3	74.6
AA	7.9	7.6	8.3	7.8
A	12.0	11.6	12.4	11.7
Total	100.0	96.6	100.0	94.1

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$ 39,505	\$ 995,787
Payable for currency forward contracts	158,796	33,518
	\$198,301	\$1,029,305

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$36,126,214	\$ –	\$36,126,214
Money Market Instruments	–	499,941	–	499,941
Currency Forward Contracts – Assets	–	136,216	–	136,216
	–	36,762,371	–	36,762,371
Currency Forward Contracts – Liabilities	–	(158,796)	–	(158,796)
	\$ –	\$36,603,575	\$ –	\$36,603,575

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$35,078,766	\$ –	\$35,078,766
Money Market Instruments	–	1,049,353	–	1,049,353
Currency Forward Contracts – Assets	–	223,841	–	223,841
	–	36,351,960	–	36,351,960
Currency Forward Contracts – Liabilities	–	(33,518)	–	(33,518)
	\$ –	\$36,318,442	\$ –	\$36,318,442

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Advantaged Income Pool (Unaudited)

(formerly, Scotia Advantaged Income Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$40,446,331	\$52,651,079
Cash*	3,555,775	1,040,222
Accrued investment income	138,590	77,732
Receivable for securities sold	–	359,253
Subscriptions receivable	35,408	–
Receivable for currency forward contracts	26,420	–
	<u>44,202,524</u>	<u>54,128,286</u>
LIABILITIES		
Payable for securities purchased	441,063	45,635
Distributions payable	345,136	423,364
Redemptions payable	89,600	–
Accrued expenses	7,060	424
Payable for currency forward contracts	8,411	11,305
	<u>891,270</u>	<u>480,728</u>
Net Assets	<u>\$43,311,254</u>	<u>\$53,647,558</u>
NET ASSETS PER SERIES		
Series M Units	<u>\$43,311,254</u>	<u>\$53,647,558</u>
UNITS OUTSTANDING		
Series M Units	<u>5,752,269</u>	<u>7,056,066</u>
NET ASSETS PER UNIT		
Series M Units	<u>\$ 7.53</u>	<u>\$ 7.60</u>

* \$322,464 held by brokers as collateral for written options (December 31, 2011 – nil).

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 441,308	\$ 341,835
Interest	550,644	582,872
Capital gains distributions received	183	–
Securities lending	1,854	669
Foreign withholding taxes/tax reclaims	(14,515)	(21,380)
	<u>979,474</u>	<u>903,996</u>
EXPENSES		
Management fees (note 5)	23,949	33,360
Harmonized Sales Tax/Goods and Services Tax	3,763	5,592
Audit fees	1,716	8,447
Independent Review Committee fees	24	–
Custodian fees	6,689	4,930
Filing fees	6,999	7,023
Legal fees	899	1,555
Unitholder reporting costs	3,078	3,294
Unitholder administration and service fees	5,373	19,489
Overdraft charges	720	194
	<u>53,210</u>	<u>83,884</u>
Net investment income (loss)	<u>926,264</u>	<u>820,112</u>
Net realized gain (loss) on investments sold	1,591,305	2,599,823
Net realized gain (loss) on futures contracts	(65,589)	(39,960)
Net realized gain (loss) on currency forwards	89,062	(69,109)
Net gain (loss) foreign exchange	(22,356)	(93,979)
Transaction costs	(95,273)	(171,103)
Change in unrealized appreciation (depreciation) of investments	(454,828)	(2,924,871)
Change in unrealized appreciation (depreciation) of currency forwards	29,314	57,683
Net gain (loss) on investments and transaction costs	<u>1,071,635</u>	<u>(641,516)</u>
Increase (decrease) in Net Assets from operations	<u>\$1,997,899</u>	<u>\$ 178,596</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	<u>\$1,997,899</u>	<u>\$ 178,596</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series M Units	<u>\$ 0.32</u>	<u>\$ 0.02</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series M Units	\$ 53,647,558	\$ 66,952,071
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	1,997,899	178,596
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series M Units	(2,215,061)	(2,769,688)
UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	3,196,684	13,585,752
Payments on redemption		
Series M Units	(13,315,826)	(10,547,933)
	<u>(10,119,142)</u>	<u>3,037,819</u>
INCREASE (DECREASE) IN NET ASSETS		
Series M Units	<u>(10,336,304)</u>	<u>446,727</u>
NET ASSETS – END OF PERIOD		
Series M Units	<u>\$ 43,311,254</u>	<u>\$ 67,398,798</u>

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

Scotia Private Advantaged Income Pool (Unaudited – Continued)

(formerly, Scotia Advantaged Income Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Units/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 53.5%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 42.2%				UNITED STATES – 11.3%			
Energy – 18.5%				Energy – 1.6%			
11,952	Baytex Energy Corporation	621,543	512,143	25,300	Williams Companies Inc., The	810,408	742,087
25,104	Crescent Point Energy Corp.	1,108,201	951,944	(72)	Williams Companies, Inc., The, Written Put Options \$32.00 Jul. 21, 2012	(21,547)	(23,457)
35,535	Enbridge Inc.	1,249,076	1,442,010			788,861	718,630
25,407	Gibson Energy Inc.	525,827	522,876				
37,353	Inter Pipeline Fund, Class A	710,933	717,178				
5,700	Keyera Corp.	242,813	240,369				
28,057	Pembina Pipeline Corporation	837,054	730,043	44,400	Comcast Corporation, Class A	1,307,485	1,444,259
109,220	Pengrowth Energy Corp.	842,086	705,561	9,000	Home Depot Inc., The	445,910	485,451
12,746	PetroBakken Energy Ltd.	168,399	156,139	3,271	TJX Companies, Inc., The	131,632	142,899
8	Suncor Energy, Inc., Put Option \$26.00 Jul. 21, 2012	460	106	(41)	TJX Companies, Inc., The, Written Put Option \$40.00 Jul. 21, 2012	(2,076)	(626)
(34)	Suncor Energy, Inc., Written Put Option \$31.00 Jul. 21, 2012	(10,825)	(7,650)			1,882,951	2,071,983
20,570	TransCanada Corporation	865,955	876,899				
(25)	TransCanada Corporation, Written Put Option \$41.00 Jul. 21, 2012	(1,179)	(150)				
61,914	Veresen Inc.	915,310	747,302	26,100	American Capital Agency Corporation	760,099	890,443
9,358	Vermilion Energy, Inc.	454,324	427,380	18,000	Wells Fargo & Company	546,887	612,633
		<u>8,529,977</u>	<u>8,022,150</u>			<u>1,306,986</u>	<u>1,503,076</u>
Materials – 0.4%				Information Technology – 1.4%			
21,000	Canexus Corp.	173,002	167,370	19,300	Microsoft Corporation	508,952	600,288
Financials – 17.0%				(43)	Microsoft Corporation, Written Put Option \$32.00 Jul. 21, 2012	(12,503)	(6,961)
36,774	Bank of Nova Scotia, The	1,988,912	1,936,887			496,449	593,327
24,617	Calloway Real Estate Investment Trust	659,434	688,045		TOTAL UNITED STATES EQUITIES	4,475,247	4,887,016
10,750	Cominar Real Estate Investment Trust	253,820	257,248		TOTAL EQUITIES	23,002,356	23,176,023
70,600	Crombie Real Estate Investment Trust	1,013,886	1,032,172		FIXED INCOME FUNDS – 39.9%		
22,776	Dundee Real Estate Investment Trust	801,500	868,904	504,243	Dynamic Dividend Income Fund Series O	2,796,582	2,722,915
10,200	H&R Real Estate Investment Trust	243,925	249,288	1,359,874	Scotia Private Canadian Corporate Bond Pool Series I	14,035,188	14,547,393
20,122	Killam Properties Inc.	257,551	261,787			16,831,770	17,270,308
8,400	RioCan Real Estate Investment Trust	221,100	232,260			39,834,126	40,446,331
23,400	Toronto-Dominion Bank, The	1,823,012	1,862,640		TOTAL INVESTMENT PORTFOLIO		
		<u>7,263,140</u>	<u>7,389,231</u>				
Telecommunication Services – 2.4%							
11,300	BCE Inc.	435,940	474,035		Currency Forward Contracts – 0.0%		18,009
15,000	Rogers Communications, Inc., Class B	534,612	553,200		OTHER ASSETS, LESS LIABILITIES – 6.6%		2,846,914
		<u>970,552</u>	<u>1,027,235</u>		NET ASSETS – 100.0%		<u>43,311,254</u>
Utilities – 3.9%							
17,540	Brookfield Infrastructure Partners LP	536,357	598,991				
13,700	Fortis, Inc.	430,180	429,632				
1,700	Innergex Renewable Energy Inc	17,000	17,510				
35,700	Northland Power Inc.	606,901	636,888				
		<u>1,590,438</u>	<u>1,683,021</u>				
	TOTAL CANADIAN EQUITIES	<u>18,527,109</u>	<u>18,289,007</u>				

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 2, 2012	Canadian Dollar	607,129	U.S. Dollar	592,000	603,208	3,922
Aug. 2, 2012	U.S. Dollar	647,000	Canadian Dollar	667,672	667,122	(8,411)
Aug. 23, 2012	Canadian Dollar	2,847,369	U.S. Dollar	2,771,000	2,824,870	22,498
						<u>18,009</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Private Advantaged Income Pool (Unaudited – Continued)

(formerly, Scotia Advantaged Income Fund)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	42.2	34.8
United States Equities	11.3	25.7
Fixed Income Fund	39.9	37.6
Currency Forward Contracts	0.0	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

As at June 30, 2012 and December 31, 2011, the Fund invested in underlying funds, which are exposed to interest rate risk. As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$207,695, or approximately 0.5% of total Net Assets (December 31, 2011 – \$250,027, or approximately 0.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	2,827,200	6.5	10,314,441	19.2

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$282,720, or approximately 0.7% of total Net Assets, (December 31, 2011 – \$1,031,444, or approximately 1.9% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 53.5% (December 31, 2011 – 60.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,317,602 (December 31, 2011 – \$3,255,264). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$882,859	\$469,423
Payable for currency forward contracts	8,411	11,305
	\$891,270	\$480,728

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$23,214,761	\$ –	\$ –	\$23,214,761
Options (Written Put)	(38,844)	–	–	(38,844)
Mutual Funds	17,270,308	–	–	17,270,308
Currency Forward Contracts – Assets	–	26,420	–	26,420
	40,446,225	26,420	–	40,472,645
Options (Put)	106	–	–	106
Currency Forward Contracts – Liabilities	–	(8,411)	–	(8,411)
	106	(8,411)	–	(8,305)
	\$40,446,331	\$18,009	\$ –	\$40,464,340

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$32,549,341	\$ –	\$ –	\$32,549,341
Options (Calls)	11,623	–	–	11,623
Mutual Funds	20,098,435	–	–	20,098,435
	52,659,399	–	–	52,659,399
Option (Written Call)	(8,320)	–	–	(8,320)
Currency Forward Contracts – Liabilities	–	(11,305)	–	(11,305)
	(8,320)	(11,305)	–	(19,625)
	\$52,651,079	\$(11,305)	\$ –	\$52,639,774

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Diversified Monthly Income Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$2,043,937,618	\$1,842,903,198
Cash	210,623,051	198,099,800
Accrued investment income	5,155,464	4,389,173
Receivable for securities sold	1,910	1,587,824
Subscriptions receivable	3,357,652	3,446,482
Receivable for currency forward contracts	1,020,969	237,782
	<u>2,264,096,664</u>	<u>2,050,664,259</u>
LIABILITIES		
Payable for securities purchased	9,890,226	–
Distributions payable	544,126	513,891
Redemptions payable	3,241,822	1,379,490
Accrued expenses	2,568,327	79,894
Payable for currency forward contracts	–	17,449
	<u>16,244,501</u>	<u>1,990,724</u>
Net Assets	<u>\$2,247,852,163</u>	<u>\$2,048,673,535</u>
NET ASSETS PER SERIES		
Series A Units	\$2,241,773,578	\$2,040,292,693
Advisor Series Units	\$ 5,107,641	\$ 7,648,188
Series F Units	\$ 970,944	\$ 732,654
UNITS OUTSTANDING		
Series A Units	228,022,913	207,053,603
Advisor Series Units	527,560	786,284
Series F Units	95,478	72,112
NET ASSETS PER UNIT		
Series A Units	\$ 9.83	\$ 9.85
Advisor Series Units	\$ 9.68	\$ 9.73
Series F Units	\$ 10.17	\$ 10.16

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 20,945,244	\$ 14,935,361
Interest	22,532,483	19,251,311
Capital gains distributions received	27,385	11,968
Securities lending	54,019	76,803
Foreign withholding taxes/tax reclaims	(467,662)	(348,626)
Other income	20,563	39,594
	<u>43,112,032</u>	<u>33,966,411</u>
EXPENSES		
Management fees (note 5)	13,489,328	11,135,341
Harmonized Sales Tax/Goods and Services Tax	1,590,904	1,307,230
Audit fees	23,456	12,489
Independent Review Committee fees	4,240	3,417
Custodian fees	16,937	9,114
Filing fees	59,640	44,351
Legal fees	7,892	8,928
Unitholder reporting costs	68,183	58,444
Unitholder administration and service fees	428,672	269,768
Overdraft charges	3,754	73
	<u>15,693,006</u>	<u>12,849,155</u>
Absorbed expenses	(730)	(853)
	<u>15,692,276</u>	<u>12,848,302</u>
Net investment income (loss)	<u>27,419,756</u>	<u>21,118,109</u>
Net realized gain (loss) on investments sold	(11,205,737)	48,432,610
Net realized gain (loss) on currency forwards	(1,630,636)	832,084
Net gain (loss) foreign exchange	(267,499)	(163,750)
Transaction costs	(1,460,907)	(1,577,931)
Change in unrealized appreciation (depreciation) of investments	18,983,626	(35,527,884)
Change in unrealized appreciation (depreciation) of currency forwards	800,636	155,643
Net gain (loss) on investments and transaction costs	<u>5,219,483</u>	<u>12,150,772</u>
Increase (decrease) in Net Assets from operations	<u>\$ 32,639,239</u>	<u>\$ 33,268,881</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 32,516,534	\$ 33,089,054
Advisor Series Units	\$ 106,183	\$ 170,560
Series F Units	\$ 16,522	\$ 9,267
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.15	\$ 0.19
Advisor Series Units	\$ 0.15	\$ 0.17
Series F Units	\$ 0.22	\$ 0.21

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$2,040,292,693	\$1,556,272,581
Advisor Series Units	7,648,188	8,339,112
Series F Units	732,654	360,738
	<u>2,048,673,535</u>	<u>1,564,972,431</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	32,516,534	33,089,054
Advisor Series Units	106,183	170,560
Series F Units	16,522	9,267
	<u>32,639,239</u>	<u>33,268,881</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(39,698,086)	(31,727,036)
Advisor Series Units	(125,430)	(186,367)
Series F Units	(13,784)	(8,051)
	<u>(39,837,300)</u>	<u>(31,921,454)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	351,129,713	500,997,637
Advisor Series Units	782,486	3,385,118
Series F Units	296,324	208,716
Reinvested distributions		
Series A Units	36,528,930	29,079,703
Advisor Series Units	90,767	135,980
Series F Units	9,921	5,061
Payments on redemption		
Series A Units	(178,996,206)	(127,772,605)
Advisor Series Units	(3,394,553)	(532,668)
Series F Units	(70,693)	(26,749)
	<u>206,376,689</u>	<u>405,480,193</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	201,480,885	403,666,753
Advisor Series Units	(2,540,547)	2,972,623
Series F Units	238,290	188,244
	<u>199,178,628</u>	<u>406,827,620</u>
NET ASSETS – END OF PERIOD		
Series A Units	2,241,773,578	1,959,939,334
Advisor Series Units	5,107,641	11,311,735
Series F Units	970,944	548,982
	<u>\$2,247,852,163</u>	<u>\$1,971,800,051</u>

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

Scotia Diversified Monthly Income Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts		Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts/ Number of Units		Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 44.2%					EQUITIES (cont'd)				
CANADIAN EQUITIES – 35.1%					CANADIAN EQUITIES (cont'd)				
Energy – 14.3%					Utilities – 2.8%				
339,905		Baytex Energy Corporation	16,418,508	14,564,929	890,773		Brookfield Infrastructure Partners LP	21,280,969	30,419,898
1,219,453		Crescent Point Energy Corp.	53,154,860	46,241,658	152,593		Brookfield Renew Energy Partners LP	3,170,178	4,319,908
1,609,363		Enbridge Inc.	53,684,669	65,307,951	161,183		Emera Inc.	3,675,526	5,409,301
(794)		Enbridge Inc., Written Put Option \$40.00 Jul. 21, 2012	(82,751)	(13,498)	708,722		Fortis, Inc.	21,990,323	22,615,872
1,272,742		Gibson Energy Inc.	23,598,703	26,193,030				50,116,996	62,764,979
6,100		Keyera Corp.	244,895	257,237					
1,598,739		Pembina Pipeline Corporation	43,755,000	41,599,189					
5,217,092		Pengrowth Energy Corp.	52,839,057	33,702,414					
628,861		PetroBakken Energy Ltd.	8,266,763	7,703,547					
420		Suncor Energy, Inc., Put Option \$26.00 Jul. 21, 2012	24,173	5,559					
(1,736)		Suncor Energy, Inc., Written Put Option \$31.00 Jul. 21, 2012	(552,408)	(390,601)	1,295,000		Williams Companies Inc., The	36,126,238	37,984,311
1,051,661		TransCanada Corporation	41,531,072	44,832,308	(2,819)		Williams Companies, Inc., The, Written Put Options \$32.00 Jul. 21, 2012	(843,621)	(918,409)
(1,319)		TransCanada Corporation, Written Put Option \$41.00 Jul. 21, 2012	(62,217)	(7,914)				35,282,617	37,065,902
2,105,926		Verezen Inc.	31,213,418	25,418,527					
347,638		Vermilion Energy, Inc.	16,986,450	15,876,627					
			341,020,192	321,290,963					
Materials – 0.6%					UNITED STATES – 9.1%				
1,632,968		Canexus Corp.	10,482,887	13,014,755	Energy – 1.6%				
688,500		Norbord Inc. Warrants \$13.60 Dec. 24, 2013*	–	1,261,057	1,295,000		Williams Companies Inc., The	36,126,238	37,984,311
			10,482,887	14,275,812	(2,819)		Williams Companies, Inc., The, Written Put Options \$32.00 Jul. 21, 2012	(843,621)	(918,409)
Financials – 14.1%					Consumer Discretionary – 4.7%				
1,635,748		Bank of Nova Scotia, The	88,697,585	86,154,849	2,261,000		Comcast Corporation, Class A	58,938,296	73,546,609
200,000		Bank of Nova Scotia, The 3.85%, Preferred, Series 30	5,000,000	5,036,000	454,497		Home Depot Inc., The	20,613,450	24,515,130
200,000		Brookfield Asset Management Inc. 4.6%, Preferred, Series 28	5,000,000	5,018,000	151,678		TJX Companies, Inc., The	6,103,884	6,626,319
1,431		Brookfield Asset Management Inc., Class A	46,766	48,210	(2,408)		TJX Companies, Inc., The, Written Put Option \$40.00 Jul. 21, 2012	(122,355)	(36,774)
823,123		Cominar Real Estate Investment Trust	17,960,056	19,697,333				85,533,275	104,651,284
1,149,613		Dundee Real Estate Investment Trust	38,377,076	43,857,736					
598,178		First Capital Realty, Inc.	7,873,293	10,952,639					
517,263		H&R Real Estate Investment Trust	11,757,615	12,641,908					
189,614		Intact Financial Corporation	9,251,029	11,977,916					
250,000		Intact Financial Corporation 4.2%, Preferred, Series 3	6,250,000	6,375,000					
200,000		Royal Bank of Canada 6.25%, Preferred, Series AR	5,550,000	5,286,000					
1,299,499		Toronto-Dominion Bank, The	97,597,350	103,440,120					
200,000		Toronto-Dominion Bank, The 6.25%, Preferred, Series AG	5,233,000	5,362,000					
			298,593,770	315,847,711					
Telecommunication Services – 3.3%					Financials – 1.3%				
560,000		BCE Inc.	19,384,553	23,492,000	830,000		Wells Fargo & Company	27,992,526	28,249,170
767,510		Rogers Communications, Inc., Class B	27,402,836	28,305,769					
394,894		TELUS Corporation Non-Voting, Class A	22,225,881	23,504,091					
			69,013,270	75,301,860					
					Information Technology – 1.0%				
					754,200 Microsoft Corporation				
					(2,658) Microsoft Corporation, Written Put Option \$32.00 Jul. 21, 2012				
					20,936,285				
					23,027,619				
					Utilities – 0.5%				
					222,000 Southern Company				
					9,812,169				
					10,460,141				
					TOTAL UNITED STATES EQUITIES				
					179,556,872				
					203,454,116				
					TOTAL EQUITIES				
					948,783,987				
					992,935,441				
					FIXED INCOME FUNDS – 46.8%				
					38,716,587 Scotia Canadian Income Fund Series I				
					518,748,901				
					542,179,343				
					4,756,009 Scotia Mortgage Income Fund Series I				
					51,216,378				
					51,036,735				
					42,793,346 Scotia Private Canadian Corporate Bond Pool Series I				
					442,607,249				
					457,786,099				
					1,012,572,528				
					1,051,002,177				
					TOTAL INVESTMENT PORTFOLIO				
					1,961,356,515				
					2,043,937,618				
					Currency Forward Contracts – 0.0%				
					1,020,969				
					OTHER ASSETS, LESS LIABILITIES – 9.0%				
					202,893,576				
					NET ASSETS – 100.0%				
					2,247,852,163				

* This security is not actively traded and considered illiquid.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 2, 2012	Canadian Dollar	36,806,561	U.S. Dollar	35,667,000	36,342,239	464,322
Aug. 2, 2012	Canadian Dollar	24,262,604	U.S. Dollar	23,658,000	24,105,887	156,716
Aug. 23, 2012	Canadian Dollar	41,053,910	U.S. Dollar	39,926,000	40,702,191	351,719
Aug. 23, 2012	Canadian Dollar	5,043,472	U.S. Dollar	4,900,000	4,995,260	48,212
						1,020,969

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Diversified Monthly Income Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	35.1	38.3
Foreign Equities	9.1	2.6
Bond and Debenture Instruments	–	5.2
Fixed Income Funds	46.8	43.9
Currency Forward Contracts	0.0	0.0

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

Scotia Diversified Monthly Income Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ –	\$ –
1-3 years	–	–
3-5 years	–	100,071,456
5-10 years	–	5,493,963
> 10 years	–	–
Total	\$ –	\$105,565,419

* Excludes cash, money market instruments, and holdings of the Scotia Mortgage Income Fund, Scotia Private Canadian Corporate Bond Pool, Scotia Canadian Income Fund and preferred shares as applicable.

As at June 30, 2012, the Fund invested in underlying funds, which are exposed to interest rate risk. As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$14,575,262, or approximately 0.6% of total Net Assets (December 31, 2011 – \$13,111,287, or approximately 0.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	137,278,460	6.1	41,033,734	2.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$13,727,846, or approximately 0.6% of total Net Assets, (December 31, 2011 – \$4,103,373, or approximately 0.2% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 44.2% (December 31, 2011 – 40.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$99,293,544 (December 31, 2011 – \$83,863,888). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	57.9	0.7	85.2	6.1
AA	42.1	0.5	11.1	0.8
Unrated	–	–	3.7	0.3
Total	100.0	1.2	100.0	7.2

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$16,244,501	\$1,973,275
Payable for currency forward contracts	–	17,449
	\$16,244,501	\$1,990,724

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$ 993,466,293	\$ –	\$ –	\$ 993,466,293
Warrants	–	1,261,057	–	1,261,057
Options (Written Put)	(1,797,468)	–	–	(1,797,468)
Mutual Funds	1,051,002,177	–	–	1,051,002,177
Currency Forward Contracts – Assets	–	1,020,969	–	1,020,969
	2,042,671,002	2,282,026	–	2,044,953,028
Option (Put)	5,559	–	–	5,559
	\$2,042,676,561	\$2,282,026	\$ –	\$2,044,958,587

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$ 839,097,592	\$ –	\$ –	\$ 839,097,592
Warrants	–	110,040	–	110,040
Options (Written Put)	(628,516)	–	–	(628,516)
Mutual Funds	898,698,903	–	–	898,698,903
Bond and Debenture Instruments	–	105,565,419	–	105,565,419
Currency Forward Contracts – Assets	–	237,782	–	237,782
	1,737,167,979	105,913,241	–	1,843,081,220
Options (Put)	59,760	–	–	59,760
Currency Forward Contracts – Liabilities	–	(17,449)	–	(17,449)
	59,760	(17,449)	–	42,311
	\$1,737,227,739	\$105,895,792	\$ –	\$1,843,123,531

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Income Advantage Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$64,566,266	\$26,537,392
Cash*	8,249,989	3,387,078
Accrued investment income	437,897	177,769
Subscriptions receivable	104,199	484,261
Receivable for futures contracts	18,464	—
Receivable for currency forward contracts	94,092	11,362
	<u>73,470,907</u>	<u>30,597,862</u>
LIABILITIES		
Payable for securities purchased	1,627,732	—
Distributions payable	25,954	12,186
Redemptions payable	12,239	23,886
Accrued expenses	117,522	1,945
Payable for currency forward contracts	13,599	1,398
	<u>1,797,046</u>	<u>39,415</u>
Net Assets	<u>\$71,673,861</u>	<u>\$30,558,447</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$71,673,861</u>	<u>\$30,558,447</u>
UNITS OUTSTANDING		
Series A Units	<u>7,192,438</u>	<u>3,051,479</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 9.97</u>	<u>\$ 10.01</u>

* \$561,030 held by brokers as collateral for put and written put options (December 31, 2011 – \$179,724).

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$ 555,643
Interest	746,767
Capital gains distributions received	434
Securities lending	2,396
Foreign withholding taxes/tax reclaims	(15,346)
Other income	1,033
	<u>1,290,927</u>
EXPENSES	
Management fees (note 5)	496,819
Harmonized Sales Tax/Goods and Services Tax	55,363
Audit fees	1,671
Independent Review Committee fees	89
Custodian fees	723
Filing fees	7,069
Legal fees	564
Unitholder reporting costs	4,111
Unitholder administration and service fees	12,193
Overdraft charges	134
	<u>578,736</u>
Absorbed expenses	(8)
	<u>578,728</u>
Net investment income (loss)	<u>712,199</u>
Net realized gain (loss) on investments sold	(382,065)
Net realized gain (loss) on futures contracts	(103,723)
Net realized gain (loss) on currency forwards	(133,984)
Net gain (loss) foreign exchange	4,814
Transaction costs	(46,118)
Change in unrealized appreciation (depreciation) of investments	285,585
Change in unrealized appreciation (depreciation) of currency forwards	70,529
Net gain (loss) on investments and transaction costs	<u>(304,962)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 407,237</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Units	<u>\$ 407,237</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT	
Series A Units	<u>\$ 0.08</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series A Units	<u>\$30,558,447</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Units	<u>407,237</u>
DISTRIBUTIONS TO UNITHOLDERS	
From net investment income	
Series A Units	<u>(1,205,530)</u>
UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	44,418,089
Reinvested distributions	
Series A Units	1,071,162
Payments on redemption	
Series A Units	<u>(3,575,544)</u>
	<u>41,913,707</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Units	<u>41,115,414</u>
NET ASSETS – END OF PERIOD	
Series A Units	<u>\$71,673,861</u>

* Fund's inception date was July 6, 2011. Accordingly, there were no comparative figures shown.

Scotia Income Advantage Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 47.7%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 38.5%				UNITED STATES EQUITIES (cont'd)			
Energy – 15.9%				Consumer Discretionary – 4.3%			
17,859	Baytex Energy Corporation	909,325	765,258	67,300	Comcast Corporation, Class A	1,857,825	2,189,158
40,158	Crescent Point Energy Corp.	1,720,095	1,522,791	13,395	Home Depot Inc., The	629,577	722,513
52,387	Enbridge Inc.	1,951,489	2,125,864	3,969	TJX Companies, Inc., The	159,722	173,393
24,919	Enbridge Income Fund Holdings Inc.	494,931	560,678	(89)	TJX Companies, Inc., The, Written Put Option \$40.00 Jul. 21, 2012	(4,520)	(1,359)
30,704	Gibson Energy Inc.	628,781	631,888			2,642,604	3,083,705
58,085	Inter Pipeline Fund, Class A	1,107,542	1,115,232				
5,800	Keyera Corp.	246,583	244,586				
41,235	Pembina Pipeline Corporation	1,165,138	1,072,935				
123,843	Pengrowth Energy Corp.	1,217,408	800,026	25,800	American Capital Agency Corporation	751,362	880,208
18,559	PetroBakken Energy Ltd.	242,705	227,348	21,800	Wells Fargo & Company	735,507	741,966
12	Suncor Energy, Inc., Put Option \$26.00 Jul. 21, 2012	691	159			1,486,869	1,622,174
(49)	Suncor Energy, Inc., Written Put Option \$31.00 Jul. 21, 2012	(15,587)	(11,025)				
32,567	TransCanada Corporation	1,357,951	1,388,331				
(42)	TransCanada Corporation, Written Put Option \$41.00 Jul. 21, 2012	(1,981)	(252)				
64,975	Vereen Inc.	961,976	784,248	17,100	Microsoft Corporation	512,477	531,862
3,385	Vermilion Energy, Inc.	165,411	154,593	(125)	Microsoft Corporation, Written Put Option \$32.00 Jul. 21, 2012	(36,346)	(20,235)
		12,152,458	11,382,660			476,131	511,627
Materials – 0.5%				Utilities – 0.3%			
42,099	Canexus Corp.	312,126	335,529	4,500	Southern Company	198,895	212,030
Industrials – 1.5%				TOTAL UNITED STATES EQUITIES			
20,000	DirectCash Payments Inc.	420,000	478,400			5,899,515	6,546,104
50,000	Morneau Shepell, Inc.	496,879	575,000			33,312,530	34,068,658
		916,879	1,053,400	BOND AND DEBTURE INSTRUMENTS – 25.6%			
Consumer Discretionary – 0.0%				Corporate Bonds – 25.6%			
400	Cineplex, Inc.	10,000	12,248	300,000	AltaGas Income Trust	330,999	325,742
Financials – 14.3%				410,000	7.42% due Apr. 29, 2014	424,458	437,804
43,899	Bank of Nova Scotia, The	2,305,867	2,312,160				
26,626	Calloway Real Estate Investment Trust	711,334	744,197				
24,111	Cominar Real Estate Investment Trust	527,469	576,976	350,000	Altria Group, Inc.	479,500	492,588
69,800	Crombie Real Estate Investment Trust	960,115	1,020,476	510,000	9.70% due Nov. 10, 2018	517,825	527,727
32,574	Dundee Real Estate Investment Trust	1,153,377	1,242,698				
15,400	H&R Real Estate Investment Trust	366,959	376,376	348,000	Anheuser-Busch Companies, Inc.	486,456	484,834
23,448	Killam Properties Inc.	294,555	305,058				
30,344	NorthWest Healthcare Properties Real Estate Investment Trust	329,596	394,775				
13,500	RioCan Real Estate Investment Trust	346,367	373,275				
5,894	Timbercreek Senior Mortgage Investment Corporation, Class A	56,000	58,410				
35,500	Toronto-Dominion Bank, The	2,717,092	2,825,800	390,000	B.A.T. International Finance p.l.c.	99,628	103,870
		9,768,731	10,230,201				
Telecommunication Services – 2.5%				250,000	Barick Corporation	272,266	275,827
10,700	BCE Inc.	420,360	448,865				
22,800	Rogers Communications, Inc., Class B	819,258	840,864	90,000	Barick North America Finance LLC	89,978	90,200
8,600	TELUS Corporation Non-Voting, Class A	482,377	511,872				
		1,721,995	1,801,601				
Utilities – 3.8%				400,000	bdIMC Realty Corporation	445,900	445,048
25,100	Brookfield Infrastructure Partners LP	741,100	857,165				
866	Brookfield Renew Energy Partners LP	21,894	24,516				
22,300	Fortis, Inc.	700,220	699,328	255,000	Bell Canada	275,145	275,631
46,000	Innervex Renewable Energy Inc	457,670	473,800				
36,553	Northland Power Inc.	609,942	652,106				
		2,530,826	2,706,915				
TOTAL CANADIAN EQUITIES				400,000	Brookfield Asset Management Inc.	424,112	431,024
UNITED STATES EQUITIES – 9.2%				340,000	8.95% due Jun. 2, 2014		
Energy – 1.6%							
39,500	Williams Companies Inc., The	1,133,621	1,158,595				
(129)	Williams Companies, Inc., The, Written Put Options \$32.00 Jul. 21, 2012	(38,605)	(42,027)				
		1,095,016	1,116,568				

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

Scotia Income Advantage Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)/ Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
367,000	Enbridge Income Fund 4.10% due Feb. 22, 2019	366,295	375,055	375,000	Simon Property Group LP (callable) 5.65% due Feb. 1, 2020 -(2019)	435,369	447,082
370,000	EnCana Corporation 5.80% due Jan. 18, 2018	423,324	414,351	370,000	Suncor Energy, Inc. 5.80% due May 22, 2018	424,605	427,188
440,000	First Capital Realty Inc. 5.48% due Jul. 30, 2019	460,262	484,018	200,000	TELUS Corporation 5.05% due Dec. 4, 2019	224,860	223,738
300,000	4.50% due Mar. 1, 2021	300,252	305,004	440,000	5.05% due Jul. 23, 2020	476,762	492,016
160,000	4.43% due Jan. 31, 2022	160,595	160,463	400,000	Thomson Reuters Corporation 4.35% due Sep. 30, 2020	420,232	438,276
130,000	Greater Toronto Airports Authority 4.85% due Jun. 1, 2017	146,185	145,313	195,000	Time Warner Cable Inc. 8.25% due Apr. 1, 2019	251,944	259,814
400,000	H&R Real Estate Investment Trust 4.45% due Mar. 2, 2020	400,280	408,345	390,000	Veresen Inc. 5.60% due Jul. 28, 2014	417,320	410,282
400,000	Inter Pipeline Fund 3.84% due Jul. 30, 2018	413,228	418,777	422,000	Videotron Ltee (callable) 9.13% due Apr. 15, 2018 -(2013)	474,808	473,677
400,000	4.90% due Feb. 3, 2020	451,084	449,259	400,000	Viterra Inc. 5.95% due Aug. 1, 2020	423,894	448,421
400,000	4.97% due Feb. 2, 2021	435,400	446,444	400,000	WEA Finance LLC 7.13% due Apr. 15, 2018	472,875	484,221
100,000	3.78% due May 30, 2022	100,000	100,739	362,000	Westcoast Energy Inc. 5.60% due Jan. 16, 2019	418,421	424,163
149,000	LINN Energy LLC (callable) 6.25% due Nov. 1, 2019 -(2015)	147,302	146,957	TOTAL BOND AND DEBENTURE INSTRUMENTS			
100,000	LINN Energy, LLC. 7.75% due Sep. 15, 2015	103,906	107,155	18,139,231			
300,000	MEG Energy Corp. 6.50% due Mar. 15, 2021	316,537	313,448	18,345,215			
180,000	OMERS Realty CTT Holdings Inc. 4.75% due May 5, 2016	199,080	196,888	FIXED INCOME FUNDS – 17.0%			
400,000	Pernod Ricard SA 4.25% due Jul. 15, 2022	406,776	419,364	302,259	Dynamic Alternative Yield Fund Series O	3,137,329	3,089,084
500,000	Retail Properties, Inc. 7.88% due Mar. 15, 2016	611,927	600,624	930,973	Dynamic Dividend Income Fund Series O	4,943,397	5,027,252
215,000	Rogers Communications Inc. 4.70% due Sep. 29, 2020	232,849	230,916	1,029,606	Dynamic High Yield Bond Fund Series O	4,089,234	4,036,057
394,000	SABMiller PLC 5.34% due Mar. 22, 2021	423,952	437,325	TOTAL INVESTMENT PORTFOLIO			
300,000	Shaw Communications Inc. 3.75% due Jan. 15, 2022	310,247	319,764	63,621,721			
360,000	6.50% due Jun. 2, 2014	392,998	387,066	Currency Forward Contracts – 0.1%			
				Futures Contracts – 0.0%			
				OTHER ASSETS, LESS LIABILITIES – 9.6%			
				NET ASSETS – 100.0%			
				71,673,861			

BOND FUTURES CONTRACTS

Note: As at June 30, 2012, the Fund held (5) futures contracts to sell the U.S. 10 Year Treasury Note for settlement in September 2012. These futures contracts are financial agreements to sell the U.S. 10 Year Treasury Note at a contracted price on a specific future date. However, the Fund does not intend to sell the bond on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/(Depreciation) (\$)
(5)	U.S. 10 Year Treasury Note – Sep. 2012	(67,808,638)	(67,894,667)	(86,030)

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 2, 2012	Canadian Dollar	1,930,778	U.S. Dollar	1,871,000	1,906,421	24,357
Aug. 2, 2012	Canadian Dollar	841,981	U.S. Dollar	821,000	836,543	5,439
Aug. 23, 2012	Canadian Dollar	3,881,094	U.S. Dollar	3,777,000	3,850,428	30,666
Aug. 23, 2012	Canadian Dollar	1,949,562	U.S. Dollar	1,896,000	1,932,860	16,702
Aug. 23, 2012	Canadian Dollar	1,896,211	U.S. Dollar	1,844,922	1,880,789	15,422
Aug. 23, 2012	Canadian Dollar	157,480	U.S. Dollar	153,000	155,974	1,506
Aug. 23, 2012	U.S. Dollar	679,500	Canadian Dollar	699,409	698,484	(6,684)
Aug. 23, 2012	U.S. Dollar	679,500	Canadian Dollar	699,640	698,715	(6,915)
						80,493

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Income Advantage Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	38.5	26.2
Foreign Equities	9.2	2.3
Bond and Debenture Instruments	25.6	28.7
Fixed Income Funds	17.0	29.7
Currency Forward Contracts	0.1	0.0
Futures Contracts	0.0	–

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

Scotia Income Advantage Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 473,677	\$ –
1-3 years	2,529,653	1,597,268
3-5 years	2,926,492	1,927,071
5-10 years	11,905,828	5,229,321
> 10 years	509,565	–
Total	\$18,345,215	\$8,753,660

* Excludes cash, money market instruments, and holdings of the Dynamic Dividend Income Fund, Dynamic High Yield Bond Fund, Dynamic Alternative Yield Fund and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$358,423, or approximately 0.5% of the total Net Assets (December 31, 2011 – \$217,023, or approximately 0.7% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	5,106,277	7.1	1,940,828	6.4

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$510,628, or approximately 0.7% of total Net Assets (December 31, 2011 – \$194,083, or approximately 0.6% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 47.7% (December 31, 2011 – 28.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$3,406,866 (December 31, 2011 – \$869,676). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	1.1	0.3	–	–
AA	0.5	0.1	–	–
A	35.2	9.0	36.7	10.5
BBB	52.7	13.5	43.4	12.5
BB	7.4	1.9	–	–
B	3.1	0.8	19.9	5.7
Total	100.0	25.6	100.0	28.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,783,447	\$38,017
Payable for currency forward contracts	13,599	1,398
	\$1,797,046	\$39,415

Fair value classification (note 2)

The tables below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$34,143,397	\$ –	\$ –	\$34,143,397
Options (Written Put)	(74,898)	–	–	(74,898)
Mutual Funds	12,152,393	–	–	12,152,393
Bond and Debenture Instruments	–	18,345,215	–	18,345,215
Currency Forward Contracts – Assets	–	94,092	–	94,092
	46,220,892	18,439,307	–	64,660,199
Options (Put)	159	–	–	159
Currency Forward Contracts – Liabilities	–	(13,599)	–	(13,599)
Futures Contracts (Short)	(86,030)	–	–	(86,030)
	(85,871)	(13,599)	–	(99,470)
	\$46,135,021	\$18,425,708	\$ –	\$64,560,729

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$ 8,699,552	\$ –	\$ –	\$ 8,699,552
Options (Written Put)	(4,067)	–	–	(4,067)
Mutual Funds	9,086,970	–	–	9,086,970
Bond and Debenture Instruments	–	8,753,660	–	8,753,660
Currency Forward Contracts – Assets	–	11,362	–	11,362
	17,782,455	8,765,022	–	26,547,477
Options (Put)	1,277	–	–	1,277
Currency Forward Contracts – Liabilities	–	(1,398)	–	(1,398)
	1,277	(1,398)	–	(121)
	\$17,783,732	\$8,763,624	\$ –	\$26,547,356

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Canadian Balanced Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$2,020,802,435	\$2,276,064,596
Cash	274,030,742	71,246,485
Accrued investment income	2,634,300	8,737,333
Receivable for securities sold	32,155,091	8,723,057
Subscriptions receivable	1,226,318	2,242,386
Receivable for currency forward contracts	989,812	—
	<u>2,331,838,698</u>	<u>2,367,013,857</u>
LIABILITIES		
Payable for securities purchased	1,841,044	1,812,362
Distributions payable	6,006	362
Redemptions payable	1,489,862	1,178,400
Accrued expenses	3,751,499	128,838
Payable for futures contracts	—	94,413
Payable for currency forward contracts	—	301,369
	<u>7,088,411</u>	<u>3,515,744</u>
Net Assets	<u>\$2,324,750,287</u>	<u>\$2,363,498,113</u>
NET ASSETS PER SERIES		
Series A Units	\$2,324,679,899	\$2,363,404,272
Series F Units	\$ 70,388	\$ 93,841
UNITS OUTSTANDING		
Series A Units	118,021,054	121,331,827
Series F Units	3,641	4,907
NET ASSETS PER UNIT		
Series A Units	\$ 19.70	\$ 19.48
Series F Units	\$ 19.33	\$ 19.12

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 14,335,786	\$ 14,824,733
Interest	21,265,557	20,044,622
Capital gains distributions received	454	—
Securities lending	36,029	81,676
Foreign withholding taxes/tax reclaims	(377,622)	(394,777)
Other income	25,199	35,379
	<u>35,285,403</u>	<u>34,591,633</u>
EXPENSES		
Management fees (note 5)	20,539,684	22,515,000
Harmonized Sales Tax/Goods and Services Tax	2,385,109	2,608,474
Audit fees	24,930	12,489
Independent Review Committee fees	7,489	9,200
Custodian fees	28,635	23,528
Filing fees	57,806	61,289
Legal fees	8,333	21,409
Unitholder reporting costs	130,380	151,055
Unitholder administration and service fees	815,082	723,793
Overdraft charges	—	5,583
	<u>23,997,448</u>	<u>26,131,820</u>
Absorbed expenses	(1,713)	(1,483)
	<u>23,995,735</u>	<u>26,130,337</u>
Net investment income (loss)	11,289,668	8,461,296
Net realized gain (loss) on investments sold	52,852,713	147,343,289
Net realized gain (loss) on futures contracts	394,002	(409,038)
Net realized gain (loss) on currency forwards	802,308	(3,386,572)
Net gain (loss) foreign exchange	(1,877,479)	(2,610,160)
Transaction costs	(2,894,500)	(4,381,267)
Change in unrealized appreciation (depreciation) of investments	(23,676,061)	(146,928,908)
Change in unrealized appreciation (depreciation) of currency forwards	1,291,181	3,370,327
Net gain (loss) on investments and transaction costs	<u>26,892,164</u>	<u>(7,002,329)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 38,181,832</u>	<u>\$ 1,458,967</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 38,179,909	\$ 1,458,618
Series F Units	\$ 1,923	\$ 349
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.32	\$ 0.01
Series F Units	\$ 0.46	\$ 0.09

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$2,363,404,272	\$2,556,507,599
Series F Units	93,841	92,248
	<u>2,363,498,113</u>	<u>2,556,599,847</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	38,179,909	1,458,618
Series F Units	1,923	349
	<u>38,181,832</u>	<u>1,458,967</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(11,207,662)	(8,196,998)
Series F Units	(498)	(536)
	<u>(11,208,160)</u>	<u>(8,197,534)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	143,390,615	227,234,063
Series F Units	4,802	10,889
Reinvested distributions		
Series A Units	11,188,166	8,187,725
Series F Units	403	536
Payments on redemption		
Series A Units	(220,275,401)	(204,248,588)
Series F Units	(30,083)	(25,368)
	<u>(65,721,498)</u>	<u>31,159,257</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(38,724,373)	24,434,820
Series F Units	(23,453)	(14,130)
	<u>(38,747,826)</u>	<u>24,420,690</u>
NET ASSETS – END OF PERIOD		
Series A Units	2,324,679,899	2,580,942,419
Series F Units	70,388	78,118
	<u>\$2,324,750,287</u>	<u>\$2,581,020,537</u>

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

Scotia Canadian Balanced Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 45.2%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 29.7%				FOREIGN EQUITIES (cont'd)			
Energy – 8.3%				UNITED STATES EQUITIES (cont'd)			
795,500	Canadian Natural Resources Ltd.	29,021,808	21,709,195	Consumer Staples – 2.9%			
1,088,200	Cenovus Energy Inc.	37,919,931	35,214,153	502,700	Coca-Cola Company, The	35,323,591	40,012,508
485,800	Crescent Point Energy Corp.	21,739,524	18,421,536	504,600	Estee Lauder Companies Inc., The	30,254,191	27,803,295
767,370	Enbridge Inc.	24,088,062	31,139,875	<hr/>			
509,923	Inter Pipeline Fund, Class A	9,439,048	9,790,522	65,577,782			
87,000	MEG Energy Corporation	3,304,407	3,156,360	<hr/>			
708,877	Suncor Energy, Inc.	23,644,360	20,869,339	Health Care – 3.3%			
876,140	TransCanada Corporation	35,768,041	37,349,848	319,200	Express Scripts, Inc.	16,081,602	18,130,529
317,847	Vermilion Energy, Inc.	15,417,464	14,516,072	236,300	Laboratory Corporation of America Holdings	21,165,300	22,279,879
<hr/>				656,000	Pfizer Inc.	14,384,917	15,347,763
200,342,645				331,100	Varian Medical Systems, Inc.	22,198,239	20,485,173
192,166,900				<hr/>			
<hr/>				73,830,058			
Materials – 4.1%				Information Technology – 3.6%			
1,019,600	Allied Nevada Gold Corporation	30,273,279	29,344,088	144,800	Amphenol Corporation	8,285,355	8,096,369
1,231,900	Barrick Gold Corporation	58,959,117	47,157,132	29,400	Apple Inc.	11,725,822	17,472,919
431,500	Potash Corporation of Saskatchewan Inc.	19,893,365	19,162,915	1,409,900	Corning Incorporated	19,684,559	18,560,004
<hr/>				327,900	EMC Corporation	8,737,643	8,556,206
109,125,761				86,300	Fiserv, Inc.	5,708,257	6,345,407
<hr/>				827,900	Microsoft Corporation	23,496,194	25,750,183
<hr/>				<hr/>			
Industrials – 1.0%				TOTAL UNITED STATES EQUITIES			
269,800	Canadian National Railway Company	18,237,152	23,154,236	335,849,022			
<hr/>				348,532,105			
<hr/>				Switzerland – 0.5%			
Consumer Discretionary – 1.5%				228,600	Compagnie Financiere Richemont SA, Class A	13,630,930	12,772,709
323,700	Dollarama Inc.	15,871,374	19,794,255	<hr/>			
355,058	Magna International Inc.	15,060,535	14,241,376	TOTAL FOREIGN EQUITIES			
<hr/>				349,479,952			
30,931,909				TOTAL EQUITIES			
34,035,631				1,032,423,232			
<hr/>				1,049,928,001			
<hr/>				FIXED INCOME FUNDS – 40.3%			
Consumer Staples – 1.5%				66,902,076	Scotia Canadian Income Fund Series I	917,338,320	936,883,290
867,000	Shoppers Drug Mart Corporation	35,654,872	35,512,320	<hr/>			
<hr/>				COMMODITIES – 1.5%			
Financials – 10.3%				20,907 Ounces	Gold Bullion	34,198,919	33,991,144
771,900	Bank of Nova Scotia, The	40,502,061	40,655,973	<hr/>			
848,100	Brookfield Asset Management Inc., Class A	26,781,909	28,572,489	TOTAL INVESTMENT PORTFOLIO			
799,800	Dundee Real Estate Investment Trust	28,759,475	30,512,370	1,983,960,471			
1,261,400	Royal Bank of Canada	60,846,033	65,693,712	2,020,802,435			
916,300	Toronto-Dominion Bank, The	67,946,179	72,937,480	<hr/>			
<hr/>				Currency Forward Contracts – 0.0%			
224,835,657				989,812			
238,372,024				OTHER ASSETS, LESS LIABILITIES – 13.0%			
<hr/>				302,958,040			
<hr/>				NET ASSETS – 100.0%			
<hr/>				2,324,750,287			
<hr/>				<hr/>			
Information Technology – 0.8%				TOTAL CANADIAN EQUITIES			
733,000	CGI Group Inc., Class A	15,545,439	17,921,850	682,943,280			
<hr/>				688,623,187			
<hr/>				FOREIGN EQUITIES – 15.5%			
Telecommunication Services – 2.2%				UNITED STATES EQUITIES – 15.0%			
900,900	BCE Inc.	34,500,713	37,792,755	Energy – 0.5%			
379,700	Rogers Communications, Inc., Class B	13,769,132	14,003,336	125,500	Exxon Mobil Corporation	10,311,762	10,933,431
<hr/>				<hr/>			
48,269,845				Industrials – 1.4%			
51,796,091				523,800	Danaher Corporation	28,013,911	27,762,648
<hr/>				78,600	Rockwell Automation, Inc.	5,574,017	5,284,706
682,943,280				<hr/>			
<hr/>				33,587,928			
<hr/>				33,047,354			
<hr/>				Consumer Discretionary – 3.3%			
469,700	Comcast Corporation, Class A	13,996,386	15,278,568	<hr/>			
286,800	Home Depot Inc., The	15,378,881	15,469,716	Consumer Discretionary – 3.3%			
255,700	McDonald's Corporation	23,278,415	23,041,689	469,700	Comcast Corporation, Class A	13,996,386	15,278,568
51,900	Polo Ralph Lauren Corporation	7,647,529	7,398,056	286,800	Home Depot Inc., The	15,378,881	15,469,716
86,200	Starbucks Corporation	4,782,891	4,660,954	255,700	McDonald's Corporation	23,278,415	23,041,689
182,700	Starwood Hotels & Resorts Worldwide, Inc.	9,819,560	9,862,102	51,900	Polo Ralph Lauren Corporation	7,647,529	7,398,056
<hr/>				86,200	Starbucks Corporation	4,782,891	4,660,954
74,903,662				182,700	Starwood Hotels & Resorts Worldwide, Inc.	9,819,560	9,862,102
<hr/>				<hr/>			
75,711,085				<hr/>			

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

Scotia Canadian Balanced Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	125,268,812	U.S. Dollar	121,909,000	124,279,001	989,812

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	29.7	40.4
Foreign Equities	15.5	13.8
Bond and Debenture Instruments	–	36.2
Fixed Income Funds	40.3	–
Money Market Instruments	–	5.9
Currency Forward Contracts	0.0	0.0
Futures Contracts	–	0.0
Commodities	1.5	–

Scotia Canadian Balanced Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ –	\$ –
1-3 years	–	46,181,148
3-5 years	–	189,244,517
5-10 years	–	379,588,765
> 10 years	–	239,966,161
Total	\$ –	\$854,980,591

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, the Fund invested in underlying funds, which are exposed to interest rate risk. As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$15,036,329, or approximately 0.6% of total Net Assets (December 31, 2011 – \$15,180,364, or approximately 0.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	264,444,830	11.4	231,419,459	9.8
Swiss Franc	12,772,709	0.5	–	–
Total	277,217,539	11.9	231,419,459	9.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$27,721,754, or approximately 1.2% of total Net Assets, (December 31, 2011 – \$23,141,946, or approximately 1.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 46.6% (December 31, 2011 – 54.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$108,391,915 (December 31, 2011 – \$128,183,172). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	–	–	28.1	10.2
AA	–	–	35.9	13.0
A	–	–	33.5	12.1
BBB	–	–	2.5	0.9
Total	–	–	100.0	36.2

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$7,088,411	\$3,119,962
Payable for futures contracts	–	94,413
Payable for currency forward contracts	–	301,369
	\$7,088,411	\$3,515,744

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$1,037,155,292	\$12,772,709	\$ –	\$1,049,928,001
Mutual Funds	936,883,290	–	–	936,883,290
Currency Forward Contracts – Assets	–	989,812	–	989,812
	\$1,974,038,582	\$13,762,521	\$ –	\$1,987,801,103

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$1,281,789,161	\$ –	\$ –	\$1,281,789,161
Options (Call)	543,259	–	–	543,259
Bond and Debenture Instruments	–	854,980,591	–	854,980,591
Money Market Instruments	–	139,252,285	–	139,252,285
	1,282,332,420	994,232,876	–	2,276,565,296
Options (Written Call)	(500,700)	–	–	(500,700)
Currency Forward Contracts – Liabilities	–	(301,369)	–	(301,369)
Futures Contracts (Short)	(987,045)	–	–	(987,045)
	(1,487,745)	(301,369)	–	(1,789,114)
	\$1,280,844,675	\$993,931,507	\$ –	\$2,274,776,182

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Canadian Dividend Income Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$86,381,930	\$62,058,775
Cash	1,994,553	18,830,946
Accrued investment income	239,215	135,172
Receivable for securities sold	344,117	15,222
Subscriptions receivable	62,083	128,492
	<u>89,021,898</u>	<u>81,168,607</u>
LIABILITIES		
Payable for securities purchased	39,767	1,820,727
Distributions payable	1,315	—
Redemptions payable	26,706	51,541
Accrued expenses	133,156	3,875
	<u>200,944</u>	<u>1,876,143</u>
Net Assets	<u>\$88,820,954</u>	<u>\$79,292,464</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$88,820,954</u>	<u>\$79,292,464</u>
UNITS OUTSTANDING		
Series A Units	<u>8,527,316</u>	<u>7,953,972</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.42</u>	<u>\$ 9.97</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$79,292,464	\$27,851,495
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>3,920,050</u>	<u>261,146</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	<u>(308,022)</u>	<u>(293,342)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	13,788,219	53,228,405
Reinvested distributions		
Series A Units	301,203	286,877
Payments on redemption		
Series A Units	<u>(8,172,960)</u>	<u>(4,104,936)</u>
	<u>5,916,462</u>	<u>49,410,346</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>9,528,490</u>	<u>49,378,150</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$88,820,954</u>	<u>\$77,229,645</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 928,414	\$ 617,029
Interest	489,714	434,648
Capital gains distributions received	2,630	240
Securities lending	15,848	1,968
Foreign withholding taxes/tax reclaims	(2,676)	(564)
Other income	1,281	4,590
	<u>1,435,211</u>	<u>1,057,911</u>
EXPENSES		
Management fees (note 5)	695,811	465,469
Harmonized Sales Tax/Goods and Services Tax	77,115	55,019
Audit fees	2,053	5,199
Independent Review Committee fees	231	114
Custodian fees	5,931	22,674
Filing fees	8,281	6,919
Legal fees	696	1,800
Unitholder reporting costs	6,766	5,118
Unitholder administration and service fees	27,107	27,493
Overdraft charges	—	4
	<u>823,991</u>	<u>589,809</u>
Absorbed expenses	<u>—</u>	<u>(14,210)</u>
	<u>823,991</u>	<u>575,599</u>
Net investment income (loss)	<u>611,220</u>	<u>482,312</u>
Net realized gain (loss) on investments sold	874,662	380,721
Net gain (loss) foreign exchange	9,227	(2,405)
Transaction costs	(158,282)	(146,404)
Change in unrealized appreciation (depreciation) of investments	2,583,223	(453,078)
Net gain (loss) on investments and transaction costs	<u>3,308,830</u>	<u>(221,166)</u>
Increase (decrease) in Net Assets from operations	<u>\$3,920,050</u>	<u>\$ 261,146</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$3,920,050</u>	<u>\$ 261,146</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.47</u>	<u>\$ 0.05</u>

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

Scotia Canadian Dividend Income Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts		Issuer	Average Cost (\$)	Fair Value (\$)			Number of Shares/ Number of Units		Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 77.6%					EQUITIES (cont'd)						
CANADIAN EQUITIES – 70.8%					CANADIAN EQUITIES (cont'd)						
Energy – 25.0%					Telecommunication Services – 1.3%						
45,000	Baytex Energy Corporation		2,064,230	1,928,250	32,316	Rogers Communications, Inc., Class B		1,163,809	1,191,814		
44,340	Canadian Natural Resources Ltd.		1,537,838	1,210,039							
53,000	Canyon Services Group Inc		634,151	521,520							
28,896	Cenovus Energy Inc.		1,006,915	935,075							
47,300	Keyera Corp.		2,047,305	1,994,641							
22,000	MEG Energy Corporation		903,330	798,160							
65,872	Mullen Group Limited		1,279,976	1,436,010							
39,500	Paramount Resources Ltd.		1,236,969	965,380							
88,200	Pembina Pipeline Corporation		2,362,800	2,294,964							
107,000	Peyto Exploration & Development Corporation		1,955,289	2,054,400							
55,300	Poseidon Concepts Corp.		637,400	686,826							
85,100	Progress Energy Resources Corp.		1,014,688	1,707,106							
68,300	Secure Energy Services Inc.		541,340	521,129							
31,300	Tourmaline Oil Corp.		798,162	839,779							
43,520	TransCanada Corporation		1,744,890	1,855,258							
60,100	Trican Well Service Ltd.		1,079,889	704,973							
75,900	Trilogy Energy Corporation		1,872,082	1,784,409							
			<u>22,717,254</u>	<u>22,237,919</u>	TOTAL CANADIAN EQUITIES						
					61,315,295						
Materials – 3.9%					UNITED STATES EQUITIES – 6.8%						
118,788	Canexus Corp.		812,891	946,740	Materials – 1.8%						
53,200	Canfor Corporation		583,106	644,252	70,100 Weyerhaeuser Company						
13,174	Goldcorp, Inc.		651,826	504,169	1,399,167						
12,980	Potash Corporation of Saskatchewan Inc.		677,634	576,442	1,595,096						
15,000	West Fraser Timber Co., Ltd.		693,383	769,950	Industrials – 1.2%						
			<u>3,418,840</u>	<u>3,441,553</u>	47,500 CSX Corporation						
					1,042,053						
Industrials – 4.8%					Consumer Discretionary – 0.8%						
(1,010)	Bombardier Inc.				9,300 PVH Corporation						
	Written Call Options \$5.50 Jul 21, 2012		(7,070)	(1,010)	697,658						
(1,010)	Bombardier Inc.		(34,290)	(10,100)	736,164						
	Written Put Options \$4.00 Jul. 21, 2012				1,219,669						
422,500	Bombardier Inc., Class B		1,739,090	1,694,225	1,360,533						
65,900	IESI-BFC Ltd.		1,394,777	1,267,257	6,128,065						
27,000	Ritchie Bros. Auctioneers Incorporated		607,725	581,310	66,936,192						
11,800	SNC-Lavalin Group Inc.		453,979	448,872	69,046,460						
8,600	Stantec Inc.		251,483	248,798	TOTAL EQUITIES						
			<u>4,405,694</u>	<u>4,229,352</u>	83,429,050						
Consumer Discretionary – 3.6%					OTHER ASSETS, LESS LIABILITIES – 2.9%						
48,100	Cineplex, Inc.		1,293,087	1,472,822	2,439,024						
193,300	EnerCare Inc		1,845,589	1,768,695	NET ASSETS – 100.0%						
			<u>3,138,676</u>	<u>3,241,517</u>	88,820,954						
Health Care – 2.4%					TOTAL INVESTMENT PORTFOLIO						
232,100	Amica Mature Lifestyles Inc.		2,026,961	2,100,505	86,381,930						
Financials – 25.8%					TOTAL INVESTMENT PORTFOLIO						
51,882	Bank of Nova Scotia, The		2,750,415	2,732,625	88,820,954						
21,488	Brookfield Asset Management Inc., Class A		620,373	723,931							
71,500	Brookfield Properties Corporation, Inc.		1,072,953	1,266,978							
39,900	Calloway Real Estate Investment Trust		1,121,381	1,115,205							
91,114	Dundee Real Estate Investment Trust		3,049,307	3,475,999							
145,010	H&R Real Estate Investment Trust		3,427,491	3,544,044							
26,950	Intact Financial Corporation		1,521,951	1,702,432							
76,174	Melcor Developments Ltd.		1,043,349	1,180,697							
111,100	Northern Property Real Estate Investment Trust		3,491,089	3,647,413							
27,500	Royal Bank of Canada		1,378,265	1,432,200							
26,552	Toronto-Dominion Bank, The		2,077,220	2,113,539							
			<u>21,553,794</u>	<u>22,935,063</u>							
Information Technology – 1.7%											
63,000	CGI Group Inc., Class A		1,206,094	1,540,350							

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	25.0	12.1
Materials	3.9	6.9
Industrials	4.8	2.6
Consumer Discretionary	3.6	4.9
Health Care	2.4	1.9
Financials	25.8	17.4
Information Technologies	1.7	–
Telecommunication Services	1.3	2.7
Utilities	2.3	2.4
Foreign Equities	6.8	–
Fixed Income Funds	19.5	27.4

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

Scotia Canadian Dividend Income Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

As at June 30, 2012 and December 31, 2011, the Fund invested in underlying funds, which are exposed to interest rate risk. As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$256,554, or approximately 0.3% of the total Net Assets (December 31, 2011 – \$326,858, or approximately 0.4% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	6,157,063	6.9	–	–

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$615,706, or approximately 0.7% of total Net Assets (December 31, 2011 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 77.6% (December 31, 2011 – 50.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$6,904,646 (December 31, 2011 – \$4,033,579). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$200,944	\$1,876,143

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$69,057,570	\$ –	\$ –	\$69,057,570
Option (Written Put)	(10,100)	–	–	(10,100)
Mutual Funds	17,335,470	–	–	17,335,470
	86,382,940	–	–	86,382,940
Options (Written Call)	(1,010)	–	–	(1,010)
	\$86,381,930	\$ –	\$ –	\$86,381,930

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$40,335,785	\$ –	\$ –	\$40,335,785
Mutual Funds	21,722,990	–	–	21,722,990
	\$62,058,775	\$ –	\$ –	\$62,058,775

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Canadian Tactical Asset Allocation Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$560,671,670	\$534,043,736
Cash	1,353,604	1,238,746
Accrued investment income	2,165,660	1,922,784
Receivable for securities sold	7,084,638	748,006
Subscriptions receivable	343,459	491,011
Receivable for currency futures and bond futures contracts	183,316	105,782
Receivable for currency spot contracts	7,845	1,866
Receivable for currency forward contracts	315,702	2,120,646
	<u>572,125,894</u>	<u>540,672,577</u>
LIABILITIES		
Payable for securities purchased	12,262,415	729,088
Distributions payable	4,066	125
Redemptions payable	530,627	269,598
Accrued expenses	909,632	29,913
Payable for currency futures and bond futures contracts	41,255	925,700
Payable for currency spot contracts	4,605	758
Payable for currency forward contracts	367,677	2,011,264
	<u>14,120,277</u>	<u>3,966,446</u>
Net Assets	<u>\$558,005,617</u>	<u>\$536,706,131</u>
NET ASSETS PER SERIES		
Series A Units	\$556,296,354	\$534,848,530
Advisor Series Units	\$ 1,682,922	\$ 1,831,795
Series F Units	\$ 26,341	\$ 25,806
UNITS OUTSTANDING		
Series A Units	32,669,852	31,741,595
Advisor Series Units	100,238	110,525
Series F Units	1,532	1,514
NET ASSET PER UNIT		
Series A Units	\$ 17.03	\$ 16.85
Advisor Series Units	\$ 16.79	\$ 16.57
Series F Units	\$ 17.19	\$ 17.05

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 5,760,724	\$ 4,901,455
Interest	2,983,242	3,593,390
Capital gains distributions received	2,742	5,157
Securities lending	60,615	41,944
Foreign withholding taxes/tax reclaims	(274,158)	(291,881)
Other income	4,001	6,249
	<u>8,537,166</u>	<u>8,256,314</u>
EXPENSES		
Management fees (note 5)	4,847,932	4,831,778
Harmonized Sales Tax/Goods and Services Tax	560,298	560,854
Audit fees	7,444	10,868
Independent Review Committee fees	1,801	2,050
Custodian fees	111,463	119,324
Filing fees	24,478	23,150
Legal fees	2,431	5,977
Unitholder reporting	33,889	36,285
Unitholder administration and service fees	198,589	177,321
Overdraft charges	4,343	8,842
	<u>5,792,668</u>	<u>5,776,449</u>
Absorbed expenses	(4,958)	(6,351)
	<u>5,787,710</u>	<u>5,770,098</u>
Net investment income (loss)	<u>2,749,456</u>	<u>2,486,216</u>
Net realized gain (loss) on investments sold	6,485,887	19,745,270
Net realized gain (loss) on currency future and bond futures contracts	35,554	(12,360)
Net realized gain (loss) on currency forwards	125,477	463,730
Net gain (loss) foreign exchange	(29,245)	35,509
Transaction costs	(325,202)	(315,003)
Change in unrealized appreciation (depreciation) of investments	(1,319,661)	(19,083,804)
Change in unrealized appreciation (depreciation) of currency forwards	(161,357)	(287,497)
Change in unrealized appreciation (depreciation) of currency spot contracts	2,132	-
Change in unrealized appreciation (depreciation) of currency and bond futures	84,338	111,222
Net gain (loss) on investments and transaction costs	<u>4,897,923</u>	<u>657,067</u>
Increase (decrease) in Net Assets from operations	<u>\$ 7,647,379</u>	<u>\$ 3,143,283</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 7,622,898	\$ 3,133,734
Advisor Series Units	\$ 24,046	\$ 9,354
Series F Units	\$ 435	\$ 195
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.24	\$ 0.11
Advisor Series Units	\$ 0.22	\$ 0.11
Series F Units	\$ 0.29	\$ 0.14

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$534,848,530	\$525,506,042
Advisor Series Units	1,831,795	1,469,808
Series F Units	25,806	25,444
	<u>536,706,131</u>	<u>527,001,294</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	7,622,898	3,133,734
Advisor Series Units	24,046	9,354
Series F Units	435	195
	<u>7,647,379</u>	<u>3,143,283</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(2,501,560)	(2,205,430)
Advisor Series Units	(2,189)	(4,035)
Series F Units	(215)	(234)
	<u>(2,503,964)</u>	<u>(2,209,699)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	50,998,236	70,803,275
Advisor Series Units	69,150	294,060
Series F Units	275	2,186
Reinvested distributions		
Series A Units	2,494,907	2,199,491
Advisor Series Units	1,928	3,330
Series F Units	215	234
Payments on redemption		
Series A Units	(37,166,657)	(35,415,319)
Advisor Series Units	(241,808)	(259,705)
Series F Units	(175)	(816)
	<u>16,156,071</u>	<u>37,626,736</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	21,447,824	38,515,751
Advisor Series Units	(148,873)	43,004
Series F Units	535	1,565
	<u>21,299,486</u>	<u>38,560,320</u>
TOTAL NET ASSETS – END OF PERIOD		
Series A Units	556,296,354	564,021,793
Advisor Series Units	1,682,922	1,512,812
Series F Units	26,341	27,009
	<u>\$558,005,617</u>	<u>\$565,561,614</u>

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 71.3%							
CANADIAN EQUITIES – 47.5%							
Energy – 9.9%							
51,000	ARC Resources Ltd.	1,214,304	1,164,840	6,946	Franco-Nevada Corporation	297,379	318,821
22,500	Athabasca Oil Sands Corporation	233,751	251,550	120,700	Goldcorp, Inc.	5,682,951	4,619,188
50,600	Bellatrix Exploration Ltd.	172,740	160,402	20,500	International Forest Products Limited, Class A	99,470	104,345
145,062	BlackPearl Resources Inc.	631,580	435,186	8,000	Ivanhoe Mines Ltd.	131,214	79,600
61,629	BNK Petroleum, Inc.	153,728	41,291	8,000	Ivanhoe Mines Ltd. Rights Jul. 19, 2012	–	7,360
192,000	Calmena Energy Services, Inc.	131,847	34,560	25,400	Labrador Iron Mines Holdings, Ltd.	200,723	62,738
311,780	Canadian Natural Resources Ltd.	10,420,001	8,508,476	201,100	Lundin Mining Corporation	965,971	848,642
30,900	Canyon Services Group Inc	375,081	304,056	32,350	Major Drilling Group International Inc.	208,342	380,760
49,700	Celtic Exploration Ltd.	938,899	680,393	3,700	Methanex Corporation	99,798	104,525
166,900	Enovus Energy Inc.	5,053,902	5,400,884	55,800	New Gold Inc.	615,268	539,028
46,470	Crescent Point Energy Corp.	2,086,901	1,762,142	35,450	Osisko Mining Corporation	406,408	246,732
119,700	Crew Energy Inc.	1,756,586	688,275	23,611	Pan American Silver Corporation	615,043	404,929
89,600	Enbridge Inc.	2,832,216	3,635,968	189,250	Potash Corporation of Saskatchewan Inc.	8,126,737	8,404,591
48,800	EnCana Corporation	979,321	1,034,072	25,600	Rio Alto Mining Limited	82,327	104,448
54,900	Gibson Energy Inc.	1,033,381	1,129,842	33,800	SEMAFO Inc.	216,160	157,846
8,400	MEG Energy Corporation	348,347	304,752	476,320	Sheritt International Corporation	3,121,928	2,333,968
123,900	Nexen Inc.	2,772,047	2,129,841	89,250	Silver Wheaton Corporation	3,033,975	2,437,418
8,300	Parex Resources Inc.	64,660	39,093	68,000	Taseko Mines Ltd.	255,564	185,640
154,500	Penn West Petroleum Ltd.	3,417,026	2,107,380	134,200	Teck Resources Ltd., Class B	5,298,580	4,227,300
14,606	Peyto Exploration & Development Corporation	267,417	280,435	23,383	West Fraser Timber Co., Ltd.	1,043,370	1,200,249
249,300	Precision Drilling Corporation	2,247,608	1,720,170			56,849,814	52,449,441
4,900	Progress Energy Resources Corp.	49,386	98,294				
183,000	Raging River Exploration Inc.	451,963	325,740				
58,369	Secure Energy Services Inc.	385,237	445,355				
11,300	ShawCor Ltd. Class A	314,518	416,405				
136,495	Spartan Oil Corp.	522,304	472,273				
82,542	Storm Resources Ltd.	230,819	123,813				
21,100	Storm Resources Ltd. Restricted*	71,740	31,650				
381,836	Suncor Energy, Inc.	12,278,971	11,241,250				
84,200	Surge Energy, Inc.	550,011	619,712				
493,700	Talisman Energy Inc.	7,466,940	5,751,605				
4,900	Tourmaline Oil Corp.	126,234	131,467				
52,700	TransCanada Corporation	2,204,931	2,246,601				
45,150	Trican Well Service Ltd.	623,218	529,610				
92,100	Uranium One, Inc.	239,267	236,697				
256,900	Valeura Energy Inc. Warrants \$0.55 Feb. 28, 2016*	–	95,387				
26,080	Valeura Energy, Inc.	84,760	37,816				
506	Whitecap Resources Inc. Warrants \$8.33 Jun.25, 2015*	–	656				
110,162	Whitecap Resources, Inc.	943,507	740,289				
		63,675,149	55,358,228				
Materials – 9.4%							
85,700	Agrium Inc.	5,526,679	7,714,712				
35,700	Alamos Gold Inc.	539,044	566,202				
14,600	Argonaut Gold, Inc.	80,706	112,128				
172,039	AuRico Gold Inc.	1,645,611	1,396,957				
202,400	B2Gold Corporation	706,100	617,320				
68,300	Banro Corporation	325,049	253,393				
264,332	Barrick Gold Corporation	11,480,579	10,118,627				
20,771	Canam Group Inc., Class A	166,017	103,440				
29,800	Canfor Corporation	336,269	360,878				
364,800	Capstone Mining Corp.	1,096,244	802,560				
91,680	Cascades Inc.	639,144	380,472				
255,642	Cathay Forest Products Corporation*	230,160	–				
1,800	CCL Industries Inc., Class B	47,335	67,176				
96,600	Champion Minerals Inc.	198,250	88,872				
18,400	Copper Mountain Mining Corporation	54,602	61,456				
5,400	Domtar Corporation	392,170	419,850				
100,500	Eldorado Gold Corporation	1,388,464	1,258,260				
19,400	First Majestic Silver Corp.	331,542	284,404				
59,800	First Quantum Minerals Ltd.	1,164,641	1,074,606				
EQUITIES (cont'd)							
CANADIAN EQUITIES (cont'd)							
Materials (cont'd)							
				6,946	Franco-Nevada Corporation	297,379	318,821
				120,700	Goldcorp, Inc.	5,682,951	4,619,188
				20,500	International Forest Products Limited, Class A	99,470	104,345
				8,000	Ivanhoe Mines Ltd.	131,214	79,600
				8,000	Ivanhoe Mines Ltd. Rights Jul. 19, 2012	–	7,360
				25,400	Labrador Iron Mines Holdings, Ltd.	200,723	62,738
				201,100	Lundin Mining Corporation	965,971	848,642
				32,350	Major Drilling Group International Inc.	208,342	380,760
				3,700	Methanex Corporation	99,798	104,525
				55,800	New Gold Inc.	615,268	539,028
				35,450	Osisko Mining Corporation	406,408	246,732
				23,611	Pan American Silver Corporation	615,043	404,929
				189,250	Potash Corporation of Saskatchewan Inc.	8,126,737	8,404,591
				25,600	Rio Alto Mining Limited	82,327	104,448
				33,800	SEMAFO Inc.	216,160	157,846
				476,320	Sheritt International Corporation	3,121,928	2,333,968
				89,250	Silver Wheaton Corporation	3,033,975	2,437,418
				68,000	Taseko Mines Ltd.	255,564	185,640
				134,200	Teck Resources Ltd., Class B	5,298,580	4,227,300
				23,383	West Fraser Timber Co., Ltd.	1,043,370	1,200,249
						56,849,814	52,449,441
Industrials – 2.8%							
				45,200	Aecon Group Inc.	440,258	531,100
				51,200	ATS Automation Tooling Systems Inc.	393,206	477,184
				273,300	Bombardier Inc., Class B	1,250,774	1,095,933
				20,990	CAE, Inc.	252,216	206,752
				88,400	Canadian National Railway Company	5,561,147	7,586,486
				95,610	Finnish International Inc.	2,488,162	2,256,396
				8,400	Genivar, Inc.	206,081	187,320
				16,900	Heroux-Devtek Inc.	114,036	131,989
				35,918	IBI Group, Inc.	494,157	400,845
				5,700	Ritchie Bros. Auctioneers Incorporated	135,584	122,721
				11,600	Rocky Mountain Dealerships Inc.	116,467	122,960
				15,500	Russel Metals Inc.	387,121	387,500
				7,300	Toromont Industries Ltd.	144,631	160,162
				10,800	TransForce, Inc.	135,294	180,036
				19,781	Wajax Corporation	585,021	950,477
				12,900	WestJet Airlines Ltd.	196,494	206,271
				12,755	Westshore Terminals Investment Corp.	310,874	314,028
						13,211,523	15,318,160
Consumer Discretionary – 2.8%							
				41,200	Aimia Inc.	534,680	557,436
				36,800	Canadian Tire Corporation, Limited, Class A	2,292,384	2,530,000
				6,850	Cogeco Cable Inc.	286,516	317,292
				23,664	Corus Entertainment Inc., Class B	429,807	541,906
				145,400	Gildan Activewear Inc.	3,643,936	4,069,746
				15,000	Great Canadian Gaming Corporation	90,930	135,900
				25,700	IMAX Corporation	515,395	612,174
				28,877	Linamar Corporation	348,767	569,454
				102,900	Magna International Inc.	4,407,452	4,127,319
				26,131	Martinrea International Inc.	201,830	208,787
				12,700	Quebecor Inc., Class B	376,860	465,709
				87,400	RONA Inc.	1,183,756	936,928
				14,500	Thomson Reuters Corporation	528,694	419,340
				9,384	Zungui Haixi Corporation*	30,498	–
						14,871,505	15,491,991
Consumer Staples – 0.6%							
				16,900	Alimentation Couche-Tard Inc., Class B	552,028	751,036
				1,300	Empire Company Limited, Class A	69,605	69,745

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
CANADIAN EQUITIES (cont'd)				CANADIAN EQUITIES (cont'd)			
Consumer Staples (cont'd)				Telecommunication Services (cont'd)			
12,700	Loblaw Companies Limited	407,686	411,226	75,300	Rogers Communications, Inc., Class B	2,430,890	2,777,064
131,457	Maple Leaf Foods Inc.	1,485,966	1,531,474	136,500	TELUS Corporation Non-Voting, Class A	6,045,209	8,124,480
15,600	North West Company, Inc.	312,035	337,740			13,343,112	16,205,528
		<u>2,827,320</u>	<u>3,101,221</u>				
Health Care – 0.6%				Utilities – 1.0%			
93,600	CML Healthcare, Inc.	982,566	894,816	190,800	Algonquin Power & Utilities Corp.	959,920	1,255,464
55,500	Valeant Pharmaceuticals International, Inc.	2,583,535	2,529,690	62,500	Brookfield Infrastructure Partners LP	1,105,306	2,134,375
		<u>3,566,101</u>	<u>3,424,506</u>	73,414	Brookfield Renew Energy Partners LP	1,914,678	2,078,350
Financials – 16.6%				Index Units – 0.2%			
94,750	Altus Group Ltd.	823,083	708,730	61,900	iShares S&P/TSX 60 Index Fund	1,103,926	1,028,159
52,900	Bank of Montreal	3,065,449	2,972,980		TOTAL CANADIAN EQUITIES	267,089,719	264,689,265
312,511	Bank of Nova Scotia, The	15,573,314	16,459,954				
69,000	Brookfield Asset Management Inc., Class A	2,160,700	2,324,610	FOREIGN EQUITIES – 23.8%			
54,500	Brookfield Properties Corporation, Inc.	839,689	965,740	United States – 15.2%			
31,200	Calloway Real Estate Investment Trust	810,888	872,040	Energy – 0.6%			
25,400	Canaccord Financial Inc.	269,886	139,192	1,000	Anadarko Petroleum Corporation	63,218	67,398
41,600	Canadian Apartment Properties Real Estate Investment Trust	814,242	985,920	4,100	Chevron Corporation	422,508	440,171
101,990	Canadian Imperial Bank of Commerce	7,097,208	7,302,484	3,300	EOG Resources, Inc.	295,421	302,746
21,552	Canadian Real Estate Investment Trust	747,586	874,149	9,500	Exxon Mobil Corporation	792,508	827,630
20,200	Canadian Western Bank	497,688	532,472	17,400	Marathon Oil Corporation	457,385	452,972
208,750	Chartwell Seniors Housing Real Estate Investment Trust	1,309,412	2,016,525	20,600	Valero Energy Corporation	465,413	506,495
64,472	Cominar Real Estate Investment Trust	1,424,884	1,542,815	37,500	Western Refining, Inc.	690,412	850,242
53,848	Crombie Real Estate Investment Trust	706,954	787,258			<u>3,186,865</u>	<u>3,447,654</u>
675	E-I Financial Corporation Limited	318,625	276,750	Materials – 0.1%			
18,300	Genworth MI Canada Inc.	430,717	337,452	800	CF Industries Holdings, Inc.	156,615	157,798
5,134	Gluskin Sheff + Associates Inc.	75,042	67,615	10,600	Huntsman Corporation	138,116	139,647
19,900	Granite Real Estate Inc.	658,265	686,948	4,100	Newmont Mining Corporation	204,372	202,408
29,700	Great-West Lifeco Inc.	748,007	654,588			<u>499,103</u>	<u>499,853</u>
44,100	Guardian Capital Group Ltd., Class A	243,979	412,776	Industrials – 0.6%			
44,800	H&R Real Estate Investment Trust	1,007,532	1,094,912	1,000	Allegiant Travel Company	66,256	70,870
17,300	IGM Financial, Inc.	757,195	692,000	1,100	Ametek Inc.	55,530	55,850
93,900	InnVest Real Estate Investment Trust	458,992	440,391	600	Boeing Company, The	43,571	45,387
79,252	Intact Financial Corporation	4,360,485	5,006,349	15,000	Delta Air Lines, Inc.	164,701	167,223
2,000	Intact Financial Corporation Subscription Receipt*	125,500	126,360	4,800	Dun & Bradstreet Corporation, The	381,659	347,800
64,675	Killam Properties Inc.	596,040	841,422	300	DXP Enterprises Inc.	12,161	12,648
406,790	Manulife Financial Corporation	7,128,586	4,503,166	8,000	Equifax Inc.	380,864	379,467
74,700	Power Corporation of Canada	2,010,049	1,784,583	4,300	FedEx Corp.	389,508	400,966
18,700	Primaris Retail Real Estate Investment Trust	368,875	438,328	5,400	First Solar, Inc.	82,001	82,411
301,000	Royal Bank of Canada	14,695,773	15,676,080	13,900	General Electric Company	256,866	294,637
34,213	TMX Group Inc.	1,335,820	1,585,773	2,200	Honeywell International Inc.	123,874	125,072
248,580	Toronto-Dominion Bank, The	16,833,187	19,786,968	1,500	L-3 Communications Holdings, Inc.	111,369	113,025
		<u>88,293,652</u>	<u>92,897,330</u>	2,800	Northrop Grumman Corporation	181,357	181,845
Information Technology – 0.7%				4,000	Owens Corning Inc.	111,904	116,186
6,200	Avigilon Corporation	26,970	41,540	1,600	Republic Services, Inc.	42,436	43,086
77,600	Celestica Inc.	621,049	572,688	1,300	Towers Watson & Company, Class A	80,624	79,280
11,300	CGI Group Inc., Class A	220,290	276,285	8,000	United Continental Holdings Inc.	192,181	198,082
1,300	Constellation Software Inc.	31,773	119,535	9,500	Verisk Analytics, Inc.	455,381	476,441
16,932	Evertz Technologies Limited	295,742	224,688			<u>3,132,243</u>	<u>3,190,276</u>
24,850	EXFO, Inc.	160,939	124,250	Consumer Discretionary – 1.7%			
14,400	Nexl Systems Inc.	129,600	75,744	11,500	Apollo Group, Inc.	376,937	423,719
39,374	Open Text Corporation	1,908,215	1,995,474	3,100	Arctic Cat Inc.	123,011	115,388
35,400	Research In Motion Limited	1,645,936	265,854	200	AutoZone, Inc.	73,570	74,635
194,150	Sandvine Corporation	327,199	250,454	18,700	Best Buy Co., Inc.	392,388	399,047
		<u>5,367,713</u>	<u>3,946,512</u>	1,583	British American Tobacco	154,310	164,324
Telecommunication Services – 2.9%				7,700	Career Education Corporation	47,291	52,210
111,641	BCE Inc.	4,463,539	4,683,340	7,500	Carmike Cinemas, Inc.	112,466	111,788
2,200	Canadian Satellite Radio Holdings Inc.	8,140	7,700	13,100	Carnival Corporation	454,076	456,930
277,350	Peer 1 Network Enterprises, Inc.	395,334	612,944				

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United States (cont'd)				United States (cont'd)			
Consumer Discretionary (cont'd)				Financials – 2.4%			
2,300	Cinemark Holdings, Inc.	53,800	53,483	14,500	Allstate Corporation, The	501,279	518,015
8,100	Comcast Corporation, Class A	250,871	263,480	35,600	American Capital Agency Corporation	1,123,324	1,214,551
49,500	Corinthian Colleges, Inc.	162,547	145,141	1,700	American Capital Ltd.	11,407	17,429
4,400	Dillard's Inc. Class A	233,739	285,219	46,800	American International Group, Inc.	1,454,262	1,528,521
4,400	Fifth & Pacific Co. Inc.	52,854	48,022	40,700	BB&T Corporation	1,256,180	1,277,909
47,400	Gannett Co., Inc.	627,853	710,358	12,200	Berkshire Hathaway Inc., Class B	980,426	1,034,780
27,800	Home Depot Inc., The	1,425,378	1,499,505	9,900	Citizens Republic Bancorp, Inc.	162,536	172,455
1,100	Hot Topic, Inc.	10,516	10,841	22,900	CNO Financial Group, Inc.	137,864	181,620
2,000	IAC/InterActive Corporation	90,081	92,769	69,300	Fifth Third Bancorp	963,182	944,724
4,200	ITT Educational Services	265,103	259,769	11,500	Hartford Financial Services Group, Inc., The	199,791	206,298
4,600	LeapFrog Enterprises, Inc.	48,250	47,957	7,100	JPMorgan Chase & Co.	259,691	258,275
30,400	Lowe's Companies, Inc.	887,458	879,917	5,600	Lincoln National Corporation	120,395	124,689
14,500	McClatchy Company, The, Class A	64,814	32,330	23,800	MetLife, Inc.	762,607	747,521
11,200	Rent-A-Center, Inc.	388,705	384,728	2,600	PNC Financial Services Group, Inc., The	160,209	161,736
4,300	Scholastic Corporation	118,844	123,280	14,100	Protective Life Corporation	390,649	422,187
6,100	Time Warner Inc.	219,684	239,039	8,000	Regions Financial Corporation	53,742	54,896
25,600	Viacom Inc., Class B	1,196,911	1,223,677	1,200	Safety Insurance Group, Inc.	53,111	49,590
2,800	Vox International Corporation	33,114	26,483	17,700	Travelers Companies, Inc., The	1,097,551	1,150,242
8,200	Walt Disney Company, The	401,357	404,816	28,200	U.S. Bancorp	840,404	923,042
100	Washington Post Company, The, Class B	34,118	38,059	68,100	Wells Fargo & Company	2,026,671	2,317,793
16,500	Wyndham Worldwide Corporation	752,801	885,626				
		<u>9,052,847</u>	<u>9,452,540</u>			<u>12,555,281</u>	<u>13,306,273</u>
Consumer Staples – 0.8%				Information Technology – 3.0%			
14,600	Archer-Daniels-Midland Company	447,585	438,794	6,800	Advanced Micro Devices, Inc.	49,652	39,600
3,900	CVS Caremark Corporation	177,599	185,546	5,900	Alliance Data Systems Corporation	744,090	810,918
18,200	Kimberly-Clark Corporation	1,424,979	1,551,842	25,700	Amkor Technology, Inc.	210,281	127,686
2,100	Monster Beverage Corporation	151,150	152,205	8,100	AOL Inc.	172,125	231,565
300	Nature's Sunshine Products, Inc.	4,316	4,594	5,400	Apple Inc.	2,873,856	3,209,312
300	Orchids Paper Products Co.	5,350	5,351	74,200	Cisco Systems, Inc.	1,399,361	1,292,543
1,500	Philip Morris International Inc.	134,102	133,168	41,300	Computer Sciences Corporation	1,196,907	1,043,201
12,200	Procter & Gamble Company, The	785,199	760,777	3,500	Comtech Telecommunications Corp.	108,214	101,769
28,000	Safeway Inc.	548,059	517,399	6,400	eBay Inc.	273,077	273,666
500	Sally Beauty Holdings, Inc.	13,497	13,093	5,700	EMC Corporation	143,568	148,736
11,400	Wal-Mart Stores, Inc.	738,010	809,079	3,700	Fidelity National Information Service, Inc.	121,322	128,341
		<u>4,429,846</u>	<u>4,571,848</u>	38,300	Flextronics International Ltd.	214,538	241,369
Health Care – 1.3%				26,900	Global Cash Access Holdings, Inc.	188,968	197,186
24,700	Abbott Laboratories	1,523,094	1,620,732	500	Google Inc.	298,041	295,270
10,800	Amgen Inc.	729,938	802,891	5,700	GT Advanced Technologies Inc.	30,715	30,641
13,600	Arena Pharmaceuticals Inc.	130,998	137,216	68,000	Hewlett-Packard Company	1,597,529	1,390,849
27,000	Boston Scientific Corporation	178,465	155,861	49,500	Intel Corporation	1,350,153	1,340,535
5,600	Eli Lilly and Company	238,818	244,589	3,800	International Business Machines Corporation	759,757	756,232
25,000	Gentiva Health Services, Inc.	172,701	176,132	5,300	Jabil Circuit, Inc.	112,450	109,646
100	Gilead Sciences, Inc.	5,111	5,220	9,600	Kulicke & Soffa Industries Inc.	97,053	87,182
1,000	Intuitive Surgical, Inc.	549,791	563,489	9,000	Lender Processing Services, Inc.	221,801	231,639
7,200	Johnson & Johnson	478,543	495,237	8,300	Lexmark International, Inc.	280,826	224,523
8,300	MedAssets Inc.	103,068	113,571	400	MasterCard, Inc., Class A	166,669	175,150
5,200	Medivation Inc.	447,229	483,831	30,100	Microsoft Corporation	899,198	936,201
13,800	Merck & Co., Inc.	521,469	586,439	7,000	Monster Worldwide, Inc.	62,055	59,152
11,900	Momenta Pharmaceuticals, Inc.	172,302	163,316	20,100	Motorola Solutions, Inc.	990,243	984,106
44,600	PDL BioPharma Inc.	272,775	300,597	20,900	QUALCOMM, Inc.	1,205,049	1,174,351
48,600	Pfizer Inc.	1,028,304	1,137,045	13,800	TeleNav Inc.	177,202	85,985
100	Pharmacyclics, Inc.	2,619	5,558	900	Travelzoo Inc.	23,141	20,781
3,400	POZEN Inc.	21,887	21,600	3,300	Tyco Electronics Ltd.	104,426	107,142
4,700	SciClone Pharmaceuticals, Inc.	33,369	33,543	8,500	Unisys Corporation	168,796	169,183
3,625	Unilever PLC	121,748	124,411	29,400	United Online, Inc.	249,182	126,015
4,900	Vertex Pharmaceuticals Incorporated	297,622	277,172	1,000	Veeco Instruments Inc.	34,955	34,941
5,600	Warner Chilcott Limited	106,830	102,169	1,100	Visa Inc.	130,465	138,455
500	Watson Pharmaceuticals, Inc.	35,483	37,660	4,400	Western Digital Corporation	160,969	136,450
		<u>7,172,164</u>	<u>7,588,279</u>			<u>16,846,634</u>	<u>16,460,321</u>

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United States (cont'd)				Denmark – 0.3%			
Telecommunication Services – 0.5%				1,531 Coloplast AS			
48,500	AT&T Inc.	1,657,506	1,760,324	696	Novo Nordisk A/S	83,273	102,903
1,200	Iridium Communications, Inc.	10,974	10,934	9,195	Novo Nordisk AS, Class B	1,035,618	1,354,338
4,600	Premiere Global Services Inc.	40,736	39,246			<u>1,365,415</u>	<u>1,737,392</u>
7,200	USA Mobility, Inc.	93,359	94,121				
19,000	Verizon Communications Inc.	826,671	859,451				
		<u>2,629,246</u>	<u>2,764,076</u>				
Utilities – 0.5%				Finland – 0.0%			
12,500	American Water Works Co., Inc.	429,305	436,257	18,625	Nokia Corporation ADR	113,983	39,252
7,900	Cambrex Corporation	50,524	75,524	111,931	Nokia Oyj	858,564	234,766
1,300	Jarden Corporation	54,712	55,575			<u>972,547</u>	<u>274,018</u>
12,500	Net 1 UEPS Technologies Inc.	116,103	106,519				
1,729	NICE Systems Limited	64,309	64,409				
12,000	Onyx Pharmaceuticals Inc.	757,252	811,712				
44,200	Regal Entertainment Group Class A	626,999	618,751				
43,000	US Airways Group Inc.	516,349	583,128				
		<u>2,615,553</u>	<u>2,751,875</u>				
Index Units – 3.7%				France – 1.3%			
20,290	iShares iBoxx \$ High Yield Corporate Bond Fund ETF	1,866,950	1,885,804	58,197	AXA SA	1,017,961	793,054
46,580	SPDR Barclays Capital High Yield Bond ETF	1,905,666	1,871,319	28,963	BNP Paribas	1,248,402	1,138,368
415,825	Vanguard MSCI Emerging Markets ETF	16,169,284	16,904,453	352	Carrefour SA	6,262	6,622
		<u>19,941,900</u>	<u>20,661,576</u>	98	Christian Dior SA	14,673	13,741
		<u>82,061,682</u>	<u>84,694,571</u>	7,850	CNP Assurances	132,254	97,651
				43,755	Credit Agricole SA	369,890	196,648
				4,053	Danone	280,144	256,185
				4,273	Essilor International SA	370,249	404,138
				330	Eurazeo	12,068	12,953
				39,528	France Telecom SA	518,380	529,613
				1,865	Gecina SA	165,805	169,902
				806	ICADE	61,177	62,253
				1,360	Klepiere	43,397	45,628
				2,725	L'Oreal SA	328,324	325,007
				72,847	Natisis	386,729	200,704
				2,905	Pernod Ricard SA	296,303	316,405
				351	Pinault-Printemps-Redoute SA	57,957	51,032
				1,876	Remy Cointreau	194,248	209,261
				6,500	Renault SA	263,875	265,352
				14,524	Sanofi-Aventis	1,085,199	1,121,354
				7,895	SCOR SE	182,713	195,027
				20,051	Societe Generale	623,159	481,322
				735	Unibail-Rodamco	133,339	138,065
				6,682	Valeo SA	124,659	281,890
				5,253	Vivendi	88,369	99,428
						<u>8,005,536</u>	<u>7,411,603</u>
				Germany – 0.9%			
				9,895	Bayer AG	683,969	723,262
				1,829	Bayerische Motoren Werke, Preferred	98,100	91,868
				10,711	Bayerische Motoren Werke AG	938,653	789,748
				1,719	Beiersdorf AG	115,878	113,558
				4,287	Celesio AG	68,025	71,014
				4,499	Continental AG	384,728	379,818
				8,641	Daimler AG	505,791	395,671
				2,178	Fresenius Medical Care AG & Co. KGaA	152,386	156,960
				2,831	Fresenius SE & Co. KGaA	281,088	295,631
				1,167	Henkel AG & Co. KGaA	77,507	78,690
				35,043	Infineon Technologies AG	320,766	240,830
				2,454	Kabel Deutschland Holding AG	139,627	155,490
				2,639	Merck KGaA	272,591	268,129
				727	Metro AG	27,864	21,592
				236	Porsche Automobile Holdings SE	13,236	11,965
				10,248	SAP AG	669,214	616,161
				13	United Internet AG	237	228
				1,062	Volkswagen AG	178,317	162,873
				3,488	Volkswagen AG Non-voting	628,543	564,855
						<u>5,556,520</u>	<u>5,138,343</u>
				Greece – 0.0%			
				7,429	OPAP SA	121,665	47,598
Austria – 0.0%				Belgium – 0.4%			
3,741	Erste Group Bank AG	66,367	72,412	16,229	Anheuser-Busch InBev NV	1,167,466	1,284,579
				2,311	Anheuser-Busch InBev SPN ADR	165,261	187,168
				1,583	Colruyt SA	62,940	71,820
				2,012	Delhaize Group SA	94,656	75,029
				4,668	KBC Groep SA NV	106,457	100,894
				5,249	UCB SA	233,122	269,679
						<u>1,829,902</u>	<u>1,989,169</u>
				Bermuda – 0.0%			
3,700	Energy XXI (Bermuda) Ltd.	121,357	117,680				

For equities, all common shares unless otherwise noted.
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Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
FOREIGN EQUITIES (cont'd)				Mortgage-Backed Securities (cont'd)			
United Kingdom (cont'd)				Merrill Lynch Financial Assets Inc.*			
16,238	Compass Group PLC	132,607	173,445	418,000	4.68% due Aug. 12, 2015	153,363	159,523
36,929	Enterprise Inns PLC	127,182	38,612	487,000	5.26% due May 12, 2044	205,978	525,884
10,221	Fresnillo PLC	226,860	238,870		Real Estate Asset Liquidity Trust*		
64,623	GlaxoSmithKline PLC	1,407,487	1,492,230	788,000	5.20% due Mar. 12, 2046	370,136	411,018
15,471	Home Retail Group PLC	55,730	21,039			929,303	1,313,300
1,437	IMI PLC	6,675	19,099				
88,284	ITV PLC	116,198	108,523				
43,800	Kingfisher PLC	157,508	201,671				
5,548	NEXT PLC	172,101	283,294	2,459,000	4.76% due Mar. 8, 2018	2,483,649	2,599,970
3,737	Rolls-Royce Group PLC	41,271	51,339		Bank of America Corporation		
2,707,558	Rolls-Royce Holdings PLC*	4,374	4,318	771,000	3.88% due Mar. 22, 2017	765,475	797,351
25,431	Shire PLC	673,955	744,297	1,375,000	5.70% due Jan. 24, 2022	1,526,962	1,526,860
122,480	Vodafone Group PLC	340,795	350,429		Bank of Montreal		
20,302	Vodafone Group PLC ADR	561,033	582,053	2,516,000	2.96% due Aug. 2, 2016	2,566,057	2,574,060
2,017	Whitbread PLC	54,692	65,544	275,000	6.02% due May 2, 2018	325,633	324,977
		5,477,521	5,818,478	2,165,000	2.25% due May 8, 2015	2,164,935	2,175,270
	TOTAL FOREIGN EQUITIES	131,235,586	133,521,134	402,000	2.60% due Feb. 27, 2017	402,000	404,844
	TOTAL EQUITIES	398,325,305	398,210,399	2,790,000	2.74% due Dec. 1, 2016	2,794,883	2,828,649
BOND AND DEBT INSTRUMENTS – 24.4%				712,000			
Federal Bonds – 2.0%				bdlMC Realty Corporation			
Government of Canada				3.51% due Jun. 29, 2022			
4,319,000	1.50% due Nov. 1, 2013	4,348,916	4,346,599	2,103,000	3.35% due Jun. 18, 2019	2,107,342	2,110,041
1,261,000	2.75% due Jun. 1, 2022	1,380,976	1,376,427	163,000	6.55% due May 1, 2029	192,568	196,883
2,255,000	4.00% due Jun. 1, 2041	3,078,567	3,044,602	254,948	Brilliant Power Funding Corporation*	330,769	363,247
267,000	5.75% due Jun. 1, 2029	399,188	401,450		8.93% due May 31, 2026		
1,164,000	5.75% due Jun. 1, 2033	1,817,987	1,827,264	926,000	Brookfield Asset Management Inc.	851,776	1,000,919
		11,025,634	10,996,342	1,301,000	5.29% due Apr. 25, 2017	1,300,922	1,315,431
				714,000	3.95% due Apr. 9, 2019	638,362	697,267
					5.95% due Jun. 14, 2035		
Provincial Bonds – 6.8%				Brookfield Asset Management Inc.			
Province of Ontario				5.30% due Mar. 1, 2021			
4,071,000	3.15% due Jun. 2, 2022	4,154,247	4,204,312	4,000	3.99% due Mar. 1, 2021	3,998	4,347
204,000	4.60% due Jun. 2, 2039	202,411	244,506		Brookfield Power Corporation		
199,000	4.65% due Jun. 2, 2041	236,506	243,601	785,000	5.25% due Nov. 5, 2018	719,690	850,833
3,926,000	4.70% due Jun. 2, 2037	4,672,597	4,724,100	239,000	5.84% due Nov. 5, 2036	231,023	233,289
4,385,000	5.85% due Mar. 8, 2033	5,685,000	5,962,506		Cadillac Fairview Finance Trust		
4,600,000	6.50% due Mar. 8, 2029	6,231,758	6,506,865	1,420,000	4.31% due Jan. 25, 2021	1,474,828	1,580,170
67,000	7.60% due Jun. 2, 2027	93,090	101,989	340,000	Cameco Corporation	362,025	362,613
				1,967,000	4.70% due Sep. 16, 2015	2,098,034	2,248,672
					5.67% due Sep. 2, 2019		
4,493,000	3.50% due Dec. 1, 2022	4,679,417	4,728,573		Canadian Imperial Bank of Commerce		
657,000	4.25% due Dec. 1, 2043	719,569	745,493	3,556,000	2.65% due Nov. 8, 2016	3,554,486	3,591,931
1,615,000	5.00% due Dec. 1, 2038	1,989,961	2,001,296		Canadian Imperial Bank of Commerce (callable)		
876,000	5.75% due Dec. 1, 2036	1,178,115	1,181,108	3,530,000	4.11% due Apr. 30, 2020-(2015)	3,655,612	3,694,094
2,252,000	6.00% due Oct. 1, 2029	2,745,477	3,015,700		Canadian Tire Corporation, Limited		
880,000	6.25% due Jun. 1, 2032	1,113,778	1,223,632	117,000	5.61% due Sep. 4, 2035	115,794	122,006
					Capital City Link General Partnership		
285,000	8.25% due Jun. 22, 2026	413,492	447,131	155,000	4.39% due Mar. 31, 2046	155,006	158,209
					Capital Power LP.		
998,000	5.70% due Jun. 18, 2029	1,163,488	1,331,387	711,000	4.60% due Dec. 1, 2015	716,035	731,863
					CDP Financial Inc.		
605,000	4.80% due Jun. 3, 2041	725,811	740,854	1,040,000	4.60% due Jul. 15, 2020	1,064,647	1,178,609
					CIBC Capital Trust		
36,000	6.15% due Apr. 17, 2028	44,967	49,055	714,000	3.40% due Jan. 14, 2016	741,286	741,095
58,000	4.50% due Apr. 17, 2037	57,641	68,148		CIBC Capital Trust (callable)		
				336,000	9.98% due Jun. 30, 2108-(2019)	438,282	443,195
291,000	4.70% due Jun. 1, 2041	306,907	356,570	295,000	10.25% due Jun. 30, 2108-(2039)	394,884	410,980
		36,414,232	37,876,826	3,220,000	Citigroup Inc.	3,395,699	3,432,695
				230,000	4.45% due Jan. 10, 2017	245,979	242,631
					4.50% due Jan. 14, 2022		
					Data Centres Trust Series A*		
				660,000	5.07% due May. 15, 2044	62,258	56,661
		199,826	216,875	56,452	7.23% due Sep. 10, 2014		

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
434,000	General Electric Capital Corporation 3.55% due Jun. 11, 2019	433,015	436,501	281,321	Schooner Trust* 5.19% due Mar. 12, 2017	287,040	307,633
1,192,000	General Electric Company 6.38% due Nov. 15, 2017	1,063,972	1,249,985	1,228,000	SNC-Lavalin Group Inc. 6.19% due Jul. 3, 2019	1,315,843	1,407,565
110,000	Great-West Lifeco Inc. 4.65% due Oct. 17, 2021	111,631	123,767	579,000	Sun Life Financial Inc. 6.63% due Jun. 30, 2044	698,681	743,617
1,134,000	Hydro One Inc. 7.13% due Jun. 26, 2018	1,276,983	1,282,870	1,629,000	Sun Life Financial Inc. 4.38% due Mar. 2, 2017	1,628,534	1,656,426
150,000	ING Bank of Canada (callable) 4.39% due Sep. 26, 2041	158,225	163,007	3,250,000	Sun Life Financial Inc. (callable) 5.59% due Jan. 30, 2023	3,454,157	3,478,110
492,000	Intact Financial Corporation 1.99% due May 10, 2016 (Sep. 05, 2012)	454,225	448,952	416,000	TD Capital Trust IV (callable) 5.40% due May 29, 2042 (2037)	362,313	364,305
429,000	4.70% due Aug. 18, 2021	428,764	468,031	764,000	9.52% due Jun. 30, 2108 (2019)	1,003,140	1,033,184
414,000	5.16% due Jun. 16, 2042	413,624	416,351	228,000	10.00% due Jun. 30, 2108 (2039)	313,265	320,641
407,000	5.41% due Sep. 3, 2019	405,832	462,882	497,000	6.10% due Jun. 17, 2041	506,816	567,518
358,000	6.40% due Nov. 23, 2039	359,493	428,958	3,496,000	Toronto-Dominion Bank, The (callable) 5.76% due Dec. 18, 2106 (2017)	3,674,058	3,957,044
645,000	Loblaws Companies Limited 7.10% due Jun. 1, 2016	758,120	754,667			82,935,978	85,792,447
255,000	6.45% due Feb. 9, 2028	260,118	293,089			131,305,147	135,978,915
251,000	6.50% due Jan. 22, 2029	269,890	290,488		TOTAL BOND AND DEBT INSTRUMENTS		
72,000	6.85% due Mar. 1, 2032	77,073	86,806		MONEY MARKET INSTRUMENTS – 4.8%		
152,000	6.05% due Jun. 9, 2034	148,808	168,870	850,000	Government of Canada Treasury Bills 0.94% due Jul. 19, 2012	847,255	849,586
154,000	5.90% due Jan. 18, 2036	149,996	168,422	9,650,000	Bank of Montreal Bankers' Acceptances 1.01% to 1.11% due from Jul. 3, 2012 to Aug. 24, 2012	9,638,020	9,646,388
1,714,000	Manufacturers Life Insurance Company, The (callable) 4.21% due Nov. 18, 2021 (2016)	1,714,000	1,764,637	5,700,000	Canadian Imperial Bank of Commerce Bankers' Acceptances 1.10% to 1.12% due from Jul. 31, 2012 to Aug. 30, 2012	5,689,378	5,692,032
633,000	Manulife Financial Capital Trust II (callable) 7.41% due Dec. 31, 2108 (2019)	706,275	710,303	6,100,000	National Bank of Canada Bankers' Acceptances 1.11% to 1.12% due from Jul. 3, 2012 to Aug. 24, 2012	6,089,666	6,095,076
578,000	Manulife Financial Corporation 5.16% due Jun. 26, 2015	611,195	614,971	1,350,000	Royal Bank of Canada Bankers' Acceptances 1.09% to 1.12% due from Jul. 10, 2012 to Aug. 15, 2012	1,347,462	1,349,200
538,000	5.51% due Jun. 26, 2018	564,826	588,704	2,850,000	National Bank of Canada Term Deposits 0.95% due Jul. 3, 2012	2,850,000	2,850,074
2,130,000	7.77% due Apr. 8, 2019	2,539,569	2,608,550			26,461,781	26,482,356
1,598,000	Manulife Financial Corporation (callable) 4.17% due Jun. 1, 2022 (2017)	1,601,975	1,630,264		TOTAL INVESTMENT PORTFOLIO	556,092,233	560,671,670
261,000	Plenary Properties LTAP LP 6.29% due Jan. 31, 2044	303,450	332,721		Currency Spot Contracts – 0.0%		3,240
1,948,000	Reliance LP 7.30% due Apr. 3, 2013	1,943,636	1,993,371		Currency Forward Contracts – 0.0%		(51,975)
967,000	Rogers Communications Inc. 5.80% due May 26, 2016	1,084,035	1,076,887		Futures Contracts – 0.0%		142,061
450,000	6.68% due Nov. 4, 2039	534,390	533,035		OTHER ASSETS, LESS LIABILITIES – (0.5)%		(2,759,379)
651,000	6.56% due Mar. 22, 2041	756,724	763,712		NET ASSETS – 100.0%		558,005,617
578,000	Royal Bank of Canada 2.68% due Dec. 8, 2016	577,867	584,803				
117,000	2.98% due May 7, 2019	117,000	118,070				
2,063,000	4.35% due Jun. 15, 2020	2,082,865	2,164,638				
2,485,000	Royal Bank of Canada (callable) 3.18% due Nov. 2, 2020 (2015)	2,426,637	2,525,756				
6,725,000	Royal Bank of Canada Puttable 10yr GoC Linked Note, Series 1 1.18% due Dec. 11, 2012	6,765,197	6,989,091				

* This security is not actively traded and considered illiquid.

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(44)	U.S. 5 Year Note Futures - Sep. 2012	(5,521,854)	(5,553,364)	(31,509)
(16)	U.S. 10 Year Note Futures - Sep. 2012	(2,182,973)	(2,172,629)	10,344
(34)	Canadian 10 Year Bond Futures - Sep. 2012	(4,676,370)	(4,706,960)	(30,590)
				(51,755)

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO CURRENCY FUTURES CONTRACTS

Number of Contracts		Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(37)	Australian \$ against U.S.\$	Sep. 2012	(3,711,037)	(3,830,639)	(119,602)
51	British Pound against U.S.\$	Sep. 2012	5,050,180	5,087,499	37,320
(32)	Japanese Yen against U.S.\$	Sep. 2012	(5,128,586)	(5,104,763)	23,824
(28)	Swiss Franc against U.S.\$	Sep. 2012	(3,717,650)	(3,763,261)	(45,611)
(39)	Euro against U.S.\$	Sep. 2012	(6,209,270)	(6,287,441)	(78,171)
73	New Zealand \$ against U.S.\$	Sep. 2012	5,733,129	5,930,851	197,721
					<u>15,481</u>

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

With respect to the above future contracts, \$850,000 of the July 19, 2012 Government of Canada Treasury Bills is held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Sep. 19, 2012	Australian Dollar	1,121,920	U.S. Dollar	1,101,849	1,129,838	38,999
Sep. 19, 2012	Australian Dollar	300,841	U.S. Dollar	295,456	302,961	10,461
Sep. 19, 2012	British Pound	2,706,083	U.S. Dollar	4,205,523	4,281,621	34,163
Sep. 19, 2012	British Pound	372,385	U.S. Dollar	578,716	589,187	4,709
Sep. 19, 2012	British Pound	259,825	U.S. Dollar	407,024	414,389	(8)
Sep. 19, 2012	British Pound	118,313	U.S. Dollar	183,868	187,195	1,496
Sep. 19, 2012	British Pound	57,326	U.S. Dollar	89,168	90,781	645
Sep. 19, 2012	British Pound	28,436	U.S. Dollar	44,221	45,021	330
Sep. 19, 2012	British Pound	14,020	U.S. Dollar	21,540	21,930	430
Sep. 19, 2012	British Pound	13,633	U.S. Dollar	20,960	21,339	403
Sep. 19, 2012	Danish Krone	434,668	U.S. Dollar	73,767	74,938	389
Sep. 19, 2012	Danish Krone	264,398	U.S. Dollar	44,563	45,271	549
Sep. 19, 2012	Danish Krone	129,220	U.S. Dollar	21,728	22,073	321
Sep. 19, 2012	Danish Krone	30,045	U.S. Dollar	5,051	5,131	76
Sep. 19, 2012	European Euro	289,964	U.S. Dollar	361,556	367,857	5,750
Sep. 19, 2012	European Euro	54,383	U.S. Dollar	68,712	69,910	160
Sep. 19, 2012	European Euro	44,847	U.S. Dollar	56,098	57,076	708
Sep. 19, 2012	European Euro	17,950	U.S. Dollar	22,394	22,784	344
Sep. 19, 2012	Hong Kong Dollar	7,299,985	U.S. Dollar	941,125	957,936	63
Sep. 19, 2012	Hong Kong Dollar	1,158,226	U.S. Dollar	149,328	151,995	3
Sep. 19, 2012	Hong Kong Dollar	831,669	U.S. Dollar	107,197	109,112	31
Sep. 19, 2012	Hong Kong Dollar	428,706	U.S. Dollar	55,278	56,265	(5)
Sep. 19, 2012	Hong Kong Dollar	180,482	U.S. Dollar	23,271	23,687	(1)
Sep. 19, 2012	Israel Shekel	520,598	U.S. Dollar	133,538	136,235	(690)
Sep. 19, 2012	Israel Shekel	32,447	U.S. Dollar	8,326	8,494	(46)
Sep. 19, 2012	Japanese Yen	103,423,606	U.S. Dollar	1,302,466	1,324,190	(6,678)
Sep. 19, 2012	Japanese Yen	30,741,528	U.S. Dollar	387,134	393,591	(1,975)
Sep. 19, 2012	Japanese Yen	23,175,803	U.S. Dollar	295,023	299,943	(4,707)
Sep. 19, 2012	Japanese Yen	16,868,849	U.S. Dollar	214,532	218,110	(3,218)
Sep. 19, 2012	Japanese Yen	11,421,057	U.S. Dollar	146,171	148,609	(3,116)
Sep. 19, 2012	Japanese Yen	8,348,399	U.S. Dollar	105,931	107,698	(1,347)
Sep. 19, 2012	New Zealand Dollar	23,600	U.S. Dollar	18,159	18,585	644
Sep. 19, 2012	New Zealand Dollar	13,914	U.S. Dollar	10,707	10,959	378
Sep. 19, 2012	Norwegian Krone	2,880,530	U.S. Dollar	474,427	484,525	8,145
Sep. 19, 2012	Norwegian Krone	895,828	U.S. Dollar	146,595	149,715	3,502
Sep. 19, 2012	Norwegian Krone	169,786	U.S. Dollar	27,722	28,312	727
Sep. 19, 2012	Norwegian Krone	30,257	U.S. Dollar	5,053	5,161	14
Sep. 19, 2012	Singapore Dollar	5,259,076	U.S. Dollar	4,092,029	4,164,969	62,312
Sep. 19, 2012	Singapore Dollar	16,172	U.S. Dollar	12,666	12,892	107
Sep. 19, 2012	Singapore Dollar	15,608	U.S. Dollar	12,144	12,361	185
Sep. 19, 2012	Singapore Dollar	13,591	U.S. Dollar	10,685	10,876	49
Sep. 19, 2012	Singapore Dollar	13,512	U.S. Dollar	10,621	10,811	50
Sep. 19, 2012	Swedish Krona	1,016,671	U.S. Dollar	142,685	145,757	3,869
Sep. 19, 2012	Swedish Krona	297,036	U.S. Dollar	42,195	43,104	612
Sep. 19, 2012	Swedish Krona	296,527	U.S. Dollar	42,056	42,961	679
Sep. 19, 2012	Swedish Krona	37,739	U.S. Dollar	5,320	5,434	120
Sep. 19, 2012	Swiss Franc	3,660,274	U.S. Dollar	3,806,441	3,867,297	58,856
Sep. 19, 2012	Swiss Franc	61,275	U.S. Dollar	63,734	64,753	973
Sep. 19, 2012	U.S. Dollar	419,290	Australian Dollar	435,020	450,014	(23,134)
Sep. 19, 2012	U.S. Dollar	261,046	Australian Dollar	270,351	279,669	(13,898)
Sep. 19, 2012	U.S. Dollar	259,357	Australian Dollar	260,020	268,982	(4,930)
Sep. 19, 2012	U.S. Dollar	256,077	Australian Dollar	260,742	269,729	(9,016)
Sep. 19, 2012	U.S. Dollar	196,741	Australian Dollar	196,628	203,405	(3,103)
Sep. 19, 2012	U.S. Dollar	85,403	Australian Dollar	85,651	88,603	(1,654)
Sep. 19, 2012	U.S. Dollar	73,879	Australian Dollar	73,914	76,462	(1,245)
Sep. 19, 2012	U.S. Dollar	146,883	British Pound	93,933	149,811	(269)
Sep. 19, 2012	U.S. Dollar	8,493	Canadian Dollar	8,757	8,740	(94)
Sep. 19, 2012	U.S. Dollar	911,714	Danish Krone	5,428,253	942,729	(14,512)
Sep. 19, 2012	U.S. Dollar	245,765	Danish Krone	1,463,140	254,105	(3,891)

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Sep. 19, 2012	U.S. Dollar	39,272	Danish Krone	230,555	40,041	(57)
Sep. 19, 2012	U.S. Dollar	16,941	Danish Krone	100,237	17,408	(160)
Sep. 19, 2012	U.S. Dollar	14,830	Danish Krone	88,289	15,333	(235)
Sep. 19, 2012	U.S. Dollar	9,161,348	European Euro	7,347,889	9,473,690	(146,505)
Sep. 19, 2012	U.S. Dollar	375,461	European Euro	301,134	388,254	(5,996)
Sep. 19, 2012	U.S. Dollar	367,816	European Euro	292,198	376,733	(2,259)
Sep. 19, 2012	U.S. Dollar	341,532	European Euro	272,252	351,017	(3,302)
Sep. 19, 2012	U.S. Dollar	200,916	European Euro	161,142	207,762	(3,209)
Sep. 19, 2012	U.S. Dollar	126,106	Hong Kong Dollar	978,235	128,414	(26)
Sep. 19, 2012	U.S. Dollar	24,623	Hong Kong Dollar	190,992	25,072	(3)
Sep. 19, 2012	U.S. Dollar	8,030	Israel Shekel	31,115	8,076	99
Sep. 19, 2012	U.S. Dollar	191,094	Japanese Yen	15,211,820	193,971	582
Sep. 19, 2012	U.S. Dollar	54,004	Japanese Yen	4,288,381	54,683	299
Sep. 19, 2012	U.S. Dollar	53,625	Japanese Yen	4,312,215	54,987	(391)
Sep. 19, 2012	U.S. Dollar	227,684	New Zealand Dollar	295,882	239,807	(8,001)
Sep. 19, 2012	U.S. Dollar	441,375	Norwegian Krone	2,680,515	457,048	(7,683)
Sep. 19, 2012	U.S. Dollar	11,066	Norwegian Krone	66,121	11,274	(8)
Sep. 19, 2012	U.S. Dollar	7,434	Norwegian Krone	45,061	7,683	(115)
Sep. 19, 2012	U.S. Dollar	3,314,269	Singapore Dollar	4,259,068	3,423,874	(49,610)
Sep. 19, 2012	U.S. Dollar	12,436	Singapore Dollar	15,885	12,770	(109)
Sep. 19, 2012	U.S. Dollar	8,048	Singapore Dollar	10,347	8,318	(124)
Sep. 19, 2012	U.S. Dollar	142,721	Swedish Krona	1,016,671	149,119	(3,814)
Sep. 19, 2012	U.S. Dollar	65,993	Swedish Krona	470,219	68,969	(1,781)
Sep. 19, 2012	U.S. Dollar	33,495	Swedish Krona	242,271	35,535	(1,433)
Sep. 19, 2012	U.S. Dollar	27,890	Swedish Krona	195,607	28,690	(296)
Sep. 19, 2012	U.S. Dollar	1,707,628	Swiss Franc	1,641,747	1,764,658	(26,119)
Sep. 19, 2012	U.S. Dollar	338,489	Swiss Franc	325,796	350,187	(5,570)
Sep. 19, 2012	U.S. Dollar	202,115	Swiss Franc	191,837	206,199	(426)
Sep. 19, 2012	U.S. Dollar	159,096	Swiss Franc	151,563	162,910	(934)
Sep. 19, 2012	U.S. Dollar	73,962	Swiss Franc	71,092	76,414	(1,114)
Sep. 19, 2012	U.S. Dollar	64,144	Swiss Franc	61,469	66,071	(766)
Sep. 20, 2012	Canadian Dollar	3,707,028	U.S. Dollar	3,613,000	3,685,531	21,497
Sep. 20, 2012	Canadian Dollar	8,962,328	U.S. Dollar	8,735,000	8,910,356	51,973
Sep. 20, 2012	U.S. Dollar	1,328,000	Canadian Dollar	1,354,759	1,352,132	(93)
Sep. 20, 2012	U.S. Dollar	61,000	Canadian Dollar	62,226	62,105	(1)
						<u>(51,975)</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 2, 2012	Australian Dollar	47,704	U.S. Dollar	48,029	48,898	800
Jul. 2, 2012	Swiss Franc	58,374	U.S. Dollar	60,601	61,698	916
Jul. 2, 2012	European Euro	39,124	U.S. Dollar	48,617	49,497	912
Jul. 2, 2012	Japanese Yen	9,685,021	U.S. Dollar	121,541	123,766	(389)
Jul. 2, 2012	U.S. Dollar	135,200	British Pound	87,192	139,057	(1,411)
Jul. 2, 2012	U.S. Dollar	22,026	Swedish Krona	155,753	22,922	(498)
Jul. 2, 2012	U.S. Dollar	14,631	European Euro	11,780	15,178	(282)
Jul. 3, 2012	Australian Dollar	39,991	U.S. Dollar	40,087	40,812	851
Jul. 3, 2012	Swiss Franc	82,480	U.S. Dollar	85,334	86,878	1,592
Jul. 3, 2012	Swiss Franc	76,307	U.S. Dollar	78,904	80,333	1,517
Jul. 3, 2012	European Euro	49,260	U.S. Dollar	61,182	62,289	1,181
Jul. 3, 2012	Japanese Yen	5,957,091	U.S. Dollar	75,113	76,487	(600)
Jul. 3, 2012	U.S. Dollar	54,592	British Pound	35,248	56,215	(635)
Jul. 3, 2012	U.S. Dollar	1,974,271	Canadian Dollar	2,010,697	2,010,700	(691)
Jul. 3, 2012	U.S. Dollar	16,175	Hong Kong Dollar	125,505	16,470	(3)
Jul. 3, 2012	U.S. Dollar	7,513	European Euro	5,936	7,648	1
Jul. 5, 2012	Australian Dollar	26,784	U.S. Dollar	27,452	27,949	(45)
Jul. 5, 2012	Swiss Franc	76,841	U.S. Dollar	80,983	82,448	(26)
Jul. 5, 2012	European Euro	52,576	U.S. Dollar	66,546	67,751	(9)
Jul. 5, 2012	Japanese Yen	715,128	U.S. Dollar	8,963	9,127	(17)
Jul. 5, 2012	U.S. Dollar	52,872	British Pound	33,707	53,757	72
Jul. 5, 2012	U.S. Dollar	14,702	Hong Kong Dollar	114,043	14,966	2
						<u>3,240</u>

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	47.5	44.0
Foreign Equities	23.8	20.7
Bond and Debenture Instruments	24.4	32.7
Money Market Instruments	4.8	2.2
Currency Spot Contracts	0.0	0.0
Currency Forward Contracts	0.0	0.0
Futures Contracts	0.0	(0.2)

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

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 9,431,414	\$ 5,324,061
1-3 years	13,052,233	5,104,831
3-5 years	27,554,509	57,815,781
5-10 years	33,420,747	59,456,409
> 10 years	52,520,012	47,612,427
Total	\$135,978,915	\$175,313,509

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$2,821,357, or approximately 0.5% of total Net Assets (December 31, 2011 – \$3,068,133, or approximately 0.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	87,814,284	15.7	63,834,883	11.9
European Euro	11,480,017	2.1	8,574,744	1.6
Japanese Yen	10,616,434	1.9	2,265,868	0.4
British Pound	10,528,992	1.9	17,338,157	3.2
Swiss Franc	3,819,767	0.7	408,576	0.1
Australian Dollar	3,620,976	0.7	7,491,222	1.4
Swedish Krona	1,524,631	0.3	1,395,746	0.3
Hong Kong Dollar	1,344,202	0.2	1,103,310	0.2
Singapore Dollar	773,447	0.1	783,800	0.2
Danish Krone	535,443	0.1	544,971	0.1
Norwegian Krone	417,362	0.1	505,144	0.1
Israel Shekel	208,314	0.0	245,489	0.1
New Zealand Dollar	55,840	0.0	3,137,083	0.6
South African Rand	11,387	0.0	11,529	0.0
Thai Baht	8,840	0.0	8,847	0.0
Brazilian Real	1,049	0.0	1,132	0.0
Turkish Lira	182	0.0	175	0.0
Total	132,761,167	23.8	107,650,676	20.2

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$13,276,117, or approximately 2.4% of total Net Assets, (December 31, 2011 – \$10,765,068, or approximately 2.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 71.3% (December 31, 2011 – 64.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$39,821,040 (December 31, 2011 – \$34,704,677). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	11.3	2.8	35.6	11.6
AA	36.9	9.0	36.9	12.1
A	36.8	9.0	18.4	6.0
BBB	9.6	2.3	6.3	2.1
Unrated	5.4	1.3	2.8	0.9
Total	100.0	24.4	100.0	32.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$13,706,740	\$1,028,724
Payable for currency futures and bond futures contracts	41,255	925,700
Payable for currency spot contracts	4,605	758
Payable for currency forward contracts	367,677	2,011,264
Total	\$14,120,277	\$3,966,446

Scotia Canadian Tactical Asset Allocation Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$353,371,841	\$ 44,735,155	\$ -	\$398,106,996
Rights	-	7,360	-	7,360
Warrants	-	96,043	-	96,043
Bond and Debenture Instruments	-	135,978,915	-	135,978,915
Money Market Instruments	-	26,482,356	-	26,482,356
Currency Spot Contracts –Assets	7,845	-	-	7,845
Currency Forward Contracts –Assets	-	315,702	-	315,702
Bond and Currency Futures Contracts (Long)	235,041	-	-	235,041
	353,614,727	207,615,531	-	561,230,258
Currency Spot Contracts –Liabilities	(4,605)	-	-	(4,605)
Currency Forward Contracts – Liabilities	-	(367,677)	-	(367,677)
Bond and Currency Futures Contracts (Short)	(271,315)	-	-	(271,315)
	(275,920)	(367,677)	-	(643,597)
	\$353,338,807	\$207,247,854	\$ -	\$560,586,661

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$308,446,519	\$ 38,291,969	\$ -	\$346,738,488
Warrants	-	308,280	-	308,280
Bond and Debenture Instruments	-	175,313,509	-	175,313,509
Money Market Instruments	-	11,683,459	-	11,683,459
Currency Spot Contracts –Assets	1,866	-	-	1,866
Currency Forward Contracts –Assets	-	2,120,646	-	2,120,646
Bond and Currency Futures Contracts (Long)	175,251	-	-	175,251
	308,623,636	227,717,863	-	536,341,499
Currency Spot Contracts –Liabilities	(758)	-	-	(758)
Currency Forward Contracts – Liabilities	-	(2,011,264)	-	(2,011,264)
Bond and Currency Futures Contracts (Short)	(262,572)	-	-	(262,572)
	(263,330)	(2,011,264)	-	(2,274,594)
	\$308,360,306	\$225,706,599	\$ -	\$534,066,905

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Global Balanced Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$22,143,329	\$20,130,542
Cash	78,268	—
Accrued investment income	96	—
Receivable for securities sold	5,730	53,303
Subscriptions receivable	10,402	48,037
	<u>22,237,825</u>	<u>20,231,882</u>
LIABILITIES		
Bank indebtedness	—	42,135
Payable for securities purchased	19,981	6,836
Distributions payable	305	—
Redemptions payable	7,027	4,990
Accrued expenses	42,440	1,489
	<u>69,753</u>	<u>55,450</u>
Net Assets	<u>\$22,168,072</u>	<u>\$20,176,432</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$22,168,072</u>	<u>\$20,176,432</u>
UNITS OUTSTANDING		
Series A Units	<u>2,060,734</u>	<u>1,937,301</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.76</u>	<u>\$ 10.41</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$20,176,432	\$ 5,161,226
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>877,357</u>	<u>(390,712)</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	<u>(222,767)</u>	<u>(29,292)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	2,879,726	15,858,715
Reinvested distributions		
Series A Units	222,462	29,237
Payments on redemption		
Series A Units	<u>(1,765,138)</u>	<u>(894,157)</u>
	<u>1,337,050</u>	<u>14,993,795</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	1,991,640	14,573,791
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$22,168,072</u>	<u>\$19,735,017</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$515,549	\$ 198,358
Capital gains distributions received	246,262	329,672
Other income	263	392
	<u>762,074</u>	<u>528,422</u>
EXPENSES		
Management fees (note 5)	214,193	149,532
Harmonized Sales Tax/Goods and Services Tax	26,912	20,713
Audit fees	1,444	5,199
Independent Review Committee fees	96	57
Custodian fees	796	589
Filing fees	6,805	1,843
Legal fees	482	1,676
Unitholder reporting costs	4,704	4,200
Unitholder administration and service fees	13,727	23,738
Overdraft charges	130	202
	<u>269,289</u>	<u>207,749</u>
Absorbed expenses	<u>(95)</u>	<u>(4,654)</u>
	<u>269,194</u>	<u>203,095</u>
Net investment income (loss)	<u>492,880</u>	<u>325,327</u>
Net realized gain (loss) on investments sold	(13,853)	1,835
Change in unrealized appreciation (depreciation) of investments	398,330	(717,874)
Net gain (loss) on investments	<u>384,477</u>	<u>(716,039)</u>
Increase (decrease) in Net Assets from operations	<u>\$877,357</u>	<u>\$(390,712)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$877,357</u>	<u>\$(390,712)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.44</u>	<u>\$ (0.29)</u>

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

Scotia Global Balanced Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
INTERNATIONAL BALANCED FUND – 99.9%			
3,114,392	CI Signature Global Income & Growth Fund Series I	22,816,928	22,143,329
	TOTAL INVESTMENT PORTFOLIO	22,816,928	22,143,329
	OTHER ASSETS, LESS LIABILITIES – 0.1%		24,743
	NET ASSETS – 100.0%		22,168,072

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
International Balanced Fund	99.9	99.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.9% (December 31, 2011 – 99.8%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,214,333 (December 31, 2011 – \$2,013,054). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$69,753	\$55,450

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$22,143,329	\$ –	\$ –	\$22,143,329

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$20,130,542	\$ –	\$ –	\$20,130,542

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia U.S. \$ Balanced Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
	U.S. \$	U.S. \$
ASSETS		
Investments at fair value	\$11,991,143	\$7,339,022
Cash	1,921,769	760,403
Accrued investment income	41,527	14,676
Receivable for securities sold	—	69,859
Subscriptions receivable	17,955	28,921
	<u>13,972,394</u>	<u>8,212,881</u>
LIABILITIES		
Payable for securities purchased	—	317,148
Accrued expenses	25,640	518
	<u>25,640</u>	<u>317,666</u>
Net Assets	<u>\$13,946,754</u>	<u>\$7,895,215</u>
NET ASSETS PER SERIES		
Series A Units	\$13,946,754	\$7,895,215
UNITS OUTSTANDING		
Series A Units	1,391,714	817,689
NET ASSETS PER UNIT		
Series A Units	\$ 10.02	\$ 9.66

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30*,

	2012 U.S. \$
NET ASSETS – BEGINNING OF PERIOD	
Series A Units	\$ 7,895,215
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Units	<u>326,969</u>
UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	7,332,600
Payments on redemption	
Series A Units	<u>(1,608,030)</u>
	<u>5,724,570</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Units	<u>6,051,539</u>
NET ASSETS – END OF PERIOD	
Series A Units	<u>\$13,946,754</u>

* Fund's inception date was July 6, 2011. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30*,

	2012 U.S. \$
INVESTMENT INCOME	
Dividends	\$ 45,517
Interest	49,855
Foreign withholding taxes/tax reclaims	(6,592)
Other income	54
	<u>88,834</u>
EXPENSES	
Management fees (note 5)	98,911
Harmonized Sales Tax/Goods and Services Tax	12,242
Audit fees	1,227
Independent Review Committee fees	19
Custodian fees	873
Filing fees	6,929
Legal fees	407
Unitholder reporting costs	3,239
Unitholder administration and service fees	5,465
	<u>129,312</u>
Absorbed expenses	<u>(2,176)</u>
	<u>127,136</u>
Net investment income (loss)	<u>(38,302)</u>
Net realized gain (loss) on investments sold	(67,570)
Transaction costs	(2,004)
Change in unrealized appreciation (depreciation) of investments	434,845
Net gain (loss) on investments and transaction costs	<u>365,271</u>
Increase (decrease) in Net Assets from operations	<u>\$326,969</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Units	<u>\$326,969</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT	
Series A Units	<u>\$ 0.30</u>

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

Scotia U.S. \$ Balanced Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	
U.S. \$		U.S. \$	U.S. \$	U.S. \$		U.S. \$	U.S. \$	
EQUITIES – 46.4%				BOND AND DEBT INSTRUMENTS – 39.6%				
Index Units – 0.1%				Corporate Bonds – 13.3%				
15	S&P 500 Deposit Receipts, Put Option \$110.00 Jan. 18, 2013	20,310	3,135		Altria Group, Inc.			
(15)	S&P 500 Deposit Receipts, Written Put Option \$80.00 Jan. 18, 2013	(7,260)	(540)	83,000	9.70% due Nov. 10, 2018	112,839	114,737	
(57)	S&P 500 Deposit Receipts, Written Put Option \$90.00 Jan. 18, 2013	(32,279)	(3,762)	80,000	9.25% due Aug. 6, 2019	109,269	110,924	
57	S&P 500 Deposit Receipts, Put Option \$115.00 Jan. 18, 2013	75,065	15,447		Anheuser-Busch Companies, Inc.			
		55,836	14,280	150,000	1.50% due Jul. 14, 2014	152,414	152,454	
					B.A.T. International Finance p.l.c.			
Energy – 3.5%					75,000	9.50% due Nov. 15, 2018	103,403	102,632
2,800	Exxon Mobil Corporation	212,330	239,595		Ball Corporation (callable)			
1,900	Noble Energy, Inc.	185,116	161,082	119,000	7.38% due Sep. 1, 2019 -(2014)	132,090	132,388	
2,900	Spectra Energy Corporation	85,122	84,245		Boston Properties, Inc.			
		482,568	484,922	70,000	5.88% due Oct. 15, 2019	81,501	80,753	
					Comcast Corporation			
Industrials – 4.9%					99,000	6.50% due Jan. 15, 2017	117,658	118,122
2,100	Danaher Corporation	105,449	109,326		Pemod Ricard SA			
2,900	Norfolk Southern Corporation	209,144	208,075	100,000	5.75% due Apr. 7, 2021	113,392	112,972	
1,000	TransDigm Group Inc.	92,884	134,270		SABMiller PLC			
1,200	W.W. Grainger, Inc.	195,808	229,488	254,000	3.75% due Jan. 15, 2022	272,974	265,920	
		603,285	681,159		Simon Property Group LP (callable)			
Consumer Discretionary – 9.6%					29,000	6.10% due May 1, 2016 -(Feb. 1, 2016)	33,224	33,069
3,400	Bed Bath & Beyond Inc.	204,289	210,018	185,000	5.88% due Mar. 1, 2017 -(Dec. 1, 2016)	213,214	213,257	
5,000	Dollar Tree, Inc.	215,509	268,999		Thermo Fisher Scientific, Inc.			
2,000	McDonald's Corporation	186,192	177,020	75,000	3.20% due Mar. 1, 2016	78,875	80,423	
1,800	NIKE, Inc., Class B	174,740	157,932		Time Warner Cable Inc.			
2,600	O'Reilly Automotive, Inc.	193,148	217,776	176,000	3.50% due Feb. 1, 2015	185,872	185,932	
7,100	TJX Companies, Inc., The	229,589	304,661	144,000	WEA Finance LLC / WT Finance Australia			
		1,203,467	1,336,406		5.75% due Sep. 2, 2015	159,849	157,411	
						1,866,574	1,860,994	
Consumer Staples – 6.5%					United States Treasury Notes – 26.3%			
5,500	Altria Group, Inc.	147,308	190,025		United States Treasury Notes			
2,100	Coca-Cola Company, The	141,936	164,178	2,291,500	0.75% due Jun. 15, 2014	2,311,271	2,311,551	
2,300	Costco Wholesale Corporation	196,239	218,477	225,000	1.88% due Jun. 30, 2015	234,428	234,563	
2,400	Hershey Company, The	149,655	172,848	285,400	1.75% due May 31, 2016	294,447	298,377	
1,900	Philip Morris International Inc.	144,680	165,680	255,000	2.50% due Jun. 30, 2017	270,936	276,795	
		779,818	911,208	315,400	2.38% due May 31, 2018	331,436	341,716	
				200,000	2.00% due Feb. 15, 2022	195,047	206,860	
Health Care – 2.5%						3,637,565	3,669,862	
2,100	Allergan, Inc.	193,883	194,313		TOTAL BOND AND DEBT INSTRUMENTS			
2,200	Johnson & Johnson	141,599	148,632		TOTAL INVESTMENT PORTFOLIO			
		335,482	342,945		OTHER ASSETS, LESS LIABILITIES – 14.0%			
					NET ASSETS – 100.0%			
Financials – 3.7%						5,504,139	5,530,856	
1,300	Public Storage Real Estate Investment Trust	173,332	187,668		11,991,143			
2,100	Simon Property Group, Inc.	285,247	326,822					
		458,579	514,490					
Information Technology – 12.3%								
500	Apple Inc.	230,823	291,875					
300	Google Inc.	180,793	174,012					
7,700	Intel Corporation	204,049	204,820					
1,200	International Business Machines Corporation	213,788	234,564					
400	MasterCard, Inc., Class A	158,556	172,036					
10,600	Microsoft Corporation	299,969	323,830					
4,500	Oracle Corporation	135,801	133,605					
1,500	Visa Inc.	158,344	185,445					
		1,582,123	1,720,187					
Telecommunication Services – 2.4%								
4,700	American Tower Corporation	272,256	328,530					
Utilities – 0.9%								
1,700	Southern Company	69,208	78,676					
1,200	Wisconsin Energy Corporation	39,667	47,484					
		108,875	126,160					
	TOTAL EQUITIES	5,882,289	6,460,287					

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
EQUITIES		
Index Units	0.1	0.5
Energy	3.5	7.0
Materials	–	1.1
Industrials	4.9	6.0
Consumer Discretionary	9.6	11.2
Consumer Staples	6.5	7.3
Health Care	2.5	1.8
Financials	3.7	2.0
Information Technology	12.3	10.2
Telecommunication Services	2.4	2.5
Utilities	0.9	2.2
BOND AND DEBT INSTRUMENTS		
Corporate Bonds	13.3	8.7
United States Treasury Notes	26.3	32.4

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

Scotia U.S. \$ Balanced Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
	U.S. \$	U.S. \$
Less than 1 year	\$ –	\$1,184,547
1-3 years	2,649,937	313,705
3-5 years	1,135,222	906,704
5-10 years	1,745,697	842,798
Total	\$5,530,856	\$3,247,754

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$65,583, or approximately 0.5% of total Net Assets (December 31, 2011 – \$28,157, or approximately 0.4% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 46.4% (December 31, 2011 – 51.8%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$646,029 (December 31, 2011 – \$409,127). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	66.3	26.3	78.8	32.4
A	13.0	5.1	8.2	3.4
BBB	18.3	7.3	13.0	5.3
BB	2.4	0.9	–	–
Total	100.0	39.6	100.0	41.1

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months (U.S. \$)	Less than 3 months (U.S. \$)
Accounts payable and accrued liabilities	\$25,640	\$317,666

Fair value classification (note 2)

The tables below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1 (U.S. \$)	Level 2 (U.S. \$)	Level 3 (U.S. \$)	Total (U.S. \$)
Equities	\$6,446,007	\$ –	\$ –	\$ 6,446,007
Options (Written Put)	(4,302)	–	–	(4,302)
Bond and Debenture Instruments	–	5,530,856	–	5,530,856
	6,441,705	5,530,856	–	11,972,561
Options (Put)	18,582	–	–	18,582
	\$6,460,287	\$5,530,856	\$ –	\$11,991,143

December 31, 2011

	Level 1 (U.S. \$)	Level 2 (U.S. \$)	Level 3 (U.S. \$)	Total (U.S. \$)
Equities	\$4,049,292	\$ –	\$ –	\$ 4,049,292
Options (Written Put)	(23,712)	–	–	(23,712)
Bond and Debenture Instruments	–	3,247,754	–	3,247,754
	4,025,580	3,247,754	–	7,273,334
Options (Put)	65,688	–	–	65,688
	\$4,091,268	\$3,247,754	\$ –	\$7,339,022

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Preferred Share Pool (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$142,695,992	\$2,978,961
Cash	15,546,327	2,200,122
Accrued investment income	580,808	3,255
Subscriptions receivable	1,477,975	20,060
Receivable for securities sold	–	279,066
	<u>160,301,102</u>	<u>5,481,464</u>
LIABILITIES		
Payable for securities purchased	14,676,950	1,658,428
Distributions payable	24,848	–
Redemptions payable	183,098	–
Accrued expenses	9,157	20
	<u>14,894,053</u>	<u>1,658,448</u>
Net Assets	<u>\$145,407,049</u>	<u>\$3,823,016</u>
NET ASSETS PER SERIES		
Series I Units	\$ 56,324,580	\$ –
Series M Units	\$ 89,082,469	\$ 3,823,016
UNITS OUTSTANDING		
Series I Units	5,660,591	–
Series M Units	8,859,057	381,980
NET ASSETS PER UNIT		
Series I Units	\$ 9.95	\$ –
Series M Units	\$ 10.06	\$ 10.01

STATEMENT OF OPERATIONS

For the six month periods ended June 30*,

	2012
INVESTMENT INCOME	
Dividends	\$ 1,525,761
Interest	18,330
Securities lending	669
	<u>1,544,760</u>
EXPENSES	
Management fees (note 5)	13,732
Harmonized Sales Tax/Goods and Services Tax	2,317
Audit fees	1,880
Independent Review Committee fees	64
Custodian fees	308
Filing fees	7,958
Legal fees	627
Unitholder reporting costs	3,272
Unitholder administration and service fees	6,302
	<u>36,460</u>
Absorbed expenses	(181)
	<u>36,279</u>
Net investment income (loss)	1,508,481
Net realized gain (loss) on investments sold	71,360
Transaction costs	(239,219)
Change in unrealized appreciation (depreciation) of investments	(1,175,624)
Net gain (loss) on investments and transaction costs	<u>(1,343,483)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 164,998</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series I Units	\$ 22,455
Series M Units	\$ 142,543
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT	
Series I Units	\$ 0.00
Series M Units	\$ 0.04

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30*,

	2012
NET ASSETS – BEGINNING OF PERIOD	
Series M Units	\$ 3,823,016
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series I Units	22,455
Series M Units	142,543
	<u>164,998</u>
DISTRIBUTIONS TO UNITHOLDERS	
From net investment income	
Series I Units	(361,847)
Series M Units	(560,117)
	<u>(921,964)</u>
UNIT TRANSACTIONS	
Proceeds from issue	
Series I Units	56,302,125
Series M Units	88,406,124
Reinvested distributions	
Series I Units	361,847
Series M Units	533,380
Payments on redemption	
Series M Units	(3,262,477)
	<u>142,340,999</u>
INCREASE (DECREASE) IN NET ASSETS	
Series I Units	56,324,580
Series M Units	85,259,453
	<u>141,584,033</u>
NET ASSETS – END OF PERIOD	
Series I Units	56,324,580
Series M Units	89,082,469
	<u>\$145,407,049</u>

* Fund's inception date was November 25, 2011. Accordingly, there were no comparative figures shown.

Scotia Private Canadian Preferred Share Pool (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 98.1%			
Energy – 20.3%			
73,600	Enbridge Inc. 4.00% -Preferred, Series B	1,867,113	1,881,216
130,000	Enbridge Inc. 4.00% Preferred, Series F	3,310,016	3,308,500
162,000	Enbridge Inc., 4.00%, Preferred, Series D	4,125,401	4,134,240
288,200	Husky Energy Inc., 4.45%, Preferred, Series 1	7,463,185	7,386,566
347,000	TransCanada Corporation 4.00% Preferred, Series 3	8,816,926	8,706,230
102,500	TransCanada Corporation, 4.40%, Preferred, Series 5	2,652,075	2,608,625
29,000	TransCanada Pipelines Limited 5.60%, Preferred, Series Y	1,509,628	1,482,190
		<u>29,744,344</u>	<u>29,507,567</u>
Financials – 53.3%			
298,000	Bank of Montreal 5.20% Preferred, Series 16	7,675,095	7,610,920
222,000	Bank of Montreal, 4.50%, Preferred, Series 13	5,804,927	5,707,620
180,000	Bank of Nova Scotia, The 3.70% Preferred, Series 32	4,535,755	4,500,000
104,000	Bank of Nova Scotia, The 4.50% Preferred, Series 14	2,680,878	2,669,680
326,100	Canadian Imperial Bank of Commerce, 5.60%, Preferred, Series 27	8,444,945	8,449,251
187,000	HSBC Bank of Canada 5.00%, Preferred, Series D	4,810,861	4,751,670
192,600	HSBC Bank of Canada 5.10% Preferred, Series C	4,960,246	4,905,522
70,000	Intact Financial Corporation 4.20%, Preferred, Series 3	1,797,750	1,785,000
146,500	Intact Financial Corporation, 4.20%, Preferred, Series 1	3,733,802	3,709,380
65,000	Power Corporation of Canada, 5.80%, Preferred, Series C	1,647,987	1,651,650
160,000	Power Financial Corporation 5.50% Preferred, Series R	4,084,000	4,169,600
113,000	Power Financial Corporation, 6.00%, Preferred, Series 1	2,885,000	2,881,500
95,000	Royal Bank of Canada 4.45% Preferred, Series AF	2,444,750	2,432,950
251,200	Royal Bank of Canada 4.70% Preferred, Series B	6,511,859	6,468,400
150,800	Royal Bank of Canada, 6.25%, Preferred, Series AT	4,086,078	4,038,424
135,000	Toronto-Dominion Bank, The 5.10% Preferred, Series Y	3,496,446	3,457,350
321,400	Toronto-Dominion Bank, The, 4.85%, Preferred, Series O	8,369,110	8,292,120
		<u>77,969,489</u>	<u>77,481,037</u>
Telecommunication Services – 8.8%			
355,800	BCE Inc. 4.35% Preferred, Series 17	8,576,228	8,361,300
111,500	BCE Inc. 4.40%, Preferred, Series 16	2,695,266	2,614,675
88,900	BCE Inc., 4.50%, Preferred, Series T	1,886,899	1,868,678
		<u>13,158,393</u>	<u>12,844,653</u>
Utilities – 15.7%			
350,000	Canadian Utilities Limited 4.90%, Preferred, Series AA	8,765,889	8,855,000
141,100	Canadian Utilities Limited, 4.00%, Preferred, Series Y	3,631,433	3,640,380
271,500	Fortis Inc., 4.90%, Preferred, Series F	6,880,665	6,885,240
136,500	Westcoast Energy, 5.50%, Preferred, Series H	3,510,942	3,482,115
		<u>22,788,929</u>	<u>22,862,735</u>
	TOTAL INVESTMENT PORTFOLIO	<u>143,661,155</u>	<u>142,695,992</u>
	OTHER ASSETS, LESS LIABILITIES – 1.9%		<u>2,711,057</u>
	NET ASSETS – 100.0%		<u>145,407,049</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	20.3	14.9
Financials	53.3	48.0
Telecommunication Services	8.8	5.6
Utilities	15.7	9.5

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 98.1% (December 31, 2011 – 77.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$14,269,599 (December 31, 2011 – \$297,896). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

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

	June 30, 2012		December 31, 2011	
	Percentage of Total Preferred Shares Securities (%)	Percentage of Net Assets (%)	Percentage of Total Preferred Shares Securities (%)	Percentage of Net Assets (%)
AAA	39.6	38.8	53.1	41.4
AA	54.2	53.2	38.4	29.9
A	6.2	6.1	8.5	6.7
Total	100.0	98.1	100.0	78.0

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$14,894,053	\$1,658,448

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Equities	\$142,695,992	\$ –	\$ –	\$142,695,992

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	\$2,978,961	\$ –	\$ –	\$2,978,961

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Canadian Dividend Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$3,696,149,267	\$3,242,915,647
Cash*	520,288,582	771,018,391
Accrued investment income	14,166,817	12,637,290
Receivable for securities sold	—	714,681
Subscriptions receivable	3,866,055	2,356,916
Receivable for currency forward contracts	5,188,202	555,546
	<u>4,239,658,923</u>	<u>4,030,198,471</u>
LIABILITIES		
Payable for securities purchased	18,508,937	—
Distributions payable	712,799	585
Redemptions payable	3,383,131	1,887,185
Accrued expenses	3,766,778	125,519
Payable for currency forward contracts	—	309,598
	<u>26,371,645</u>	<u>2,322,887</u>
Net Assets	<u>\$4,213,287,278</u>	<u>\$4,027,875,584</u>
NET ASSETS PER SERIES		
Series A Units	\$2,708,036,501	\$2,631,306,329
Advisor Series Units	\$ 32,842,355	\$ 33,009,766
Series F Units	\$ 9,947,778	\$ 7,265,460
Series I Units	\$1,068,966,693	\$ 986,553,617
Series M Units	\$ 393,493,951	\$ 369,740,412
UNITS OUTSTANDING		
Series A Units	71,429,070	70,400,854
Advisor Series Units	870,285	888,395
Series F Units	263,904	195,197
Series I Units	28,421,037	26,474,217
Series M Units	10,691,637	10,155,167
NET ASSETS PER UNIT		
Series A Units	\$ 37.91	\$ 37.38
Advisor Series Units	\$ 37.74	\$ 37.16
Series F Units	\$ 37.69	\$ 37.22
Series I Units	\$ 37.61	\$ 37.26
Series M Units	\$ 36.80	\$ 36.41

* \$15,903,028 held by brokers as collateral for written options (December 31, 2011 – \$20,657,587).

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 62,030,442	\$ 54,126,021
Interest	2,847,990	1,292,424
Capital gains distributions received	17,142	100
Securities lending	62,179	192,415
Foreign withholding taxes/tax reclaims	(1,998,843)	(287,790)
Other income	21,501	21,745
	<u>62,980,411</u>	<u>55,344,915</u>
EXPENSES		
Management fees (note 5)	20,579,337	20,839,583
Harmonized Sales Tax/Goods and Services Tax	2,293,976	2,313,833
Audit fees	42,327	12,885
Independent Review Committee fees	6,940	6,111
Custodian fees	29,313	19,577
Filing fees	76,607	67,426
Legal fees	14,965	14,760
Unitholder reporting costs	107,324	105,343
Unitholder administration and service fees	704,300	499,412
Overdraft charges	13,669	54
	<u>23,868,758</u>	<u>23,878,984</u>
Net investment income (loss)	<u>39,111,653</u>	<u>31,465,931</u>
Net realized gain (loss) on investments sold	27,312,252	118,518,050
Net realized gain (loss) on currency forwards	(13,676,957)	6,964,806
Net gain (loss) foreign exchange	(796,938)	(3,739,465)
Transaction costs	(4,531,805)	(2,684,972)
Change in unrealized appreciation (depreciation) of investments	34,808,901	(52,813,246)
Change in unrealized appreciation (depreciation) of currency forwards	4,942,254	1,228,858
Net gain (loss) on investments and transaction costs	<u>48,057,707</u>	<u>67,474,031</u>
Increase (decrease) in Net Assets from operations	<u>\$ 87,169,360</u>	<u>\$ 98,939,962</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 51,816,833	\$ 58,869,045
Advisor Series Units	\$ 633,233	\$ 750,183
Series F Units	\$ 156,644	\$ 198,232
Series I Units	\$ 24,136,961	\$ 31,785,714
Series M Units	\$ 10,425,689	\$ 7,336,788
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.73	\$ 0.87
Advisor Series Units	\$ 0.71	\$ 0.90
Series F Units	\$ 0.64	\$ 1.14
Series I Units	\$ 0.89	\$ 1.21
Series M Units	\$ 0.94	\$ 1.10

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$2,631,306,329	\$2,532,599,404
Advisor Series Units	33,009,766	31,685,072
Series F Units	7,265,460	7,206,440
Series I Units	986,553,617	1,039,810,070
Series M Units	369,740,412	254,383,376
	<u>4,027,875,584</u>	<u>3,865,684,362</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	51,816,833	58,869,045
Advisor Series Units	633,233	750,183
Series F Units	156,644	198,232
Series I Units	24,136,961	31,785,714
Series M Units	10,425,689	7,336,788
	<u>87,169,360</u>	<u>98,939,962</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(14,661,498)	(6,167,374)
Advisor Series Units	(120,221)	(6,316)
Series F Units	(99,038)	(43,222)
Series I Units	(15,331,334)	(11,864,127)
Series M Units	(5,732,343)	(2,906,226)
	<u>(35,944,434)</u>	<u>(20,987,265)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	218,192,966	408,057,707
Advisor Series Units	2,265,653	4,446,232
Series F Units	3,715,245	1,377,897
Series I Units	116,933,258	127,338,434
Series M Units	147,901,117	90,681,133
Reinvested distributions		
Series A Units	14,421,977	6,062,150
Advisor Series Units	106,888	5,618
Series F Units	85,479	36,850
Series I Units	15,188,337	11,698,411
Series M Units	4,753,534	2,468,541
Payments on redemption		
Series A Units	(193,040,106)	(178,205,862)
Advisor Series Units	(3,052,964)	(3,636,878)
Series F Units	(1,176,012)	(1,736,673)
Series I Units	(58,514,146)	(190,328,758)
Series M Units	(133,594,458)	(64,503,819)
	<u>134,186,768</u>	<u>213,760,983</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	76,730,172	288,615,666
Advisor Series Units	(167,411)	1,558,839
Series F Units	2,682,318	(166,916)
Series I Units	82,413,076	(31,370,326)
Series M Units	23,753,539	33,076,417
	<u>185,411,694</u>	<u>291,713,680</u>
NET ASSETS – END OF PERIOD		
Series A Units	2,708,036,501	2,821,215,070
Advisor Series Units	32,842,355	33,243,911
Series F Units	9,947,778	7,039,524
Series I Units	1,068,966,693	1,008,439,744
Series M Units	393,493,951	287,459,793
	<u>\$4,213,287,278</u>	<u>\$4,157,398,042</u>

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

Scotia Canadian Dividend Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	19.4	24.0
Materials	3.4	3.1
Industrials	3.9	2.8
Consumer Discretionary	–	1.1
Consumer Staples	3.3	3.8
Financials	23.4	25.3
Telecommunication Services	5.6	5.7
Utilities	1.3	2.0
United States Equities		
Energy	1.6	3.1
Industrials	–	1.5
Consumer Discretionary	9.3	1.5
Financials	2.6	–
Information Technology	4.6	0.0
Telecommunication Services	2.3	2.0
Utilities	7.0	4.6
Currency Forward Contracts	0.1	0.0

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

Scotia Canadian Dividend Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	580,337,384	13.8	232,814,204	5.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$58,033,738 or approximately 1.4% of total Net Assets (December 31, 2011 – \$23,281,420, or approximately 0.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 87.7% (December 31, 2011 – 80.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$369,614,927 (December 31, 2011 – \$324,291,565). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$26,371,645	\$2,013,289
Payable for currency forward contracts	–	309,598
	\$26,371,645	\$2,322,887

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$3,699,296,511	\$ –	\$ –	\$3,699,296,511
Options (Written Put)	(3,158,706)	–	–	(3,158,706)
Currency Forward Contracts – Assets	–	5,188,202	–	5,188,202
	3,696,137,805	5,188,202	–	3,701,326,007
Options (Put)	11,462	–	–	11,462
	\$3,696,149,267	\$5,188,202	\$ –	\$3,701,337,469

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$3,243,232,186	\$ –	\$ –	\$3,243,232,186
Options (Written Put)	(418,901)	–	–	(418,901)
Currency Forward Contracts – Assets	–	555,546	–	555,546
	3,242,813,285	555,546	–	3,243,368,831
Options (Put)	102,362	–	–	102,362
Currency Forward Contracts – Liabilities	–	(309,598)	–	(309,598)
	102,362	(309,598)	–	(207,236)
	\$3,242,915,647	\$ 245,948	\$ –	\$3,243,161,595

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Canadian Blue Chip Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$232,969,853	\$229,123,496
Cash	22,210,834	38,544,337
Accrued investment income	645,692	691,269
Receivable for securities sold	–	5,506,069
Subscriptions receivable	14,422	31,377
Receivable for futures contracts	453,603	–
Receivable for currency forward contracts	70,254	13,362
	<u>256,364,658</u>	<u>273,909,910</u>
LIABILITIES		
Payable for securities purchased	283,327	8,606,547
Redemptions payable	222,530	155,599
Accrued expenses	425,128	15,050
Payable for currency forward contracts	–	31,328
	<u>930,985</u>	<u>8,808,524</u>
Net Assets	<u>\$255,433,673</u>	<u>\$265,101,386</u>
NET ASSETS PER SERIES		
Series A Units	\$247,016,818	\$256,269,201
Series F Units	\$ 57,054	\$ 2,886
Series I Units	\$ 8,359,801	\$ 8,829,299
UNITS OUTSTANDING		
Series A Units	10,700,162	11,273,731
Series F Units	2,449	126
Series I Units	315,571	342,050
NET ASSETS PER UNIT		
Series A Units	\$ 23.09	\$ 22.73
Series F Units	\$ 23.29	\$ 22.86
Series I Units	\$ 26.49	\$ 25.81

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 3,105,554	\$ 3,373,759
Interest	126,477	57,532
Securities lending	1,901	8,653
Foreign withholding taxes/tax reclaims	(20,003)	(3,309)
Other income	744	789
	<u>3,214,673</u>	<u>3,437,424</u>
EXPENSES		
Management fees (note 5)	2,356,644	2,914,502
Harmonized Sales Tax/Goods and Services Tax	276,062	345,062
Audit fees	4,501	8,845
Independent Review Committee fees	945	1,244
Custodian fees	3,635	4,210
Filing fees	13,251	13,715
Legal fees	1,372	4,238
Unitholder reporting costs	19,746	23,270
Unitholder administration and service fees	113,532	121,968
Overdraft charges	81	261
	<u>2,789,769</u>	<u>3,437,315</u>
Absorbed expenses	(1,426)	(743)
	<u>2,788,343</u>	<u>3,436,572</u>
Net investment income (loss)	426,330	852
Net realized gain (loss) on investments sold	10,841,503	6,612,002
Net realized gain (loss) on futures contracts	(59,973)	–
Net realized gain (loss) on currency forwards	(157,349)	64,828
Net gain (loss) foreign exchange	(40,692)	76,854
Transaction costs	(155,693)	(153,376)
Change in unrealized appreciation (depreciation) of investments	(6,495,914)	(11,814,613)
Change in unrealized appreciation (depreciation) of currency forwards	88,220	111,603
Net gain (loss) on investments and transaction costs	4,020,102	(5,102,702)
Increase (decrease) in Net Assets from operations	<u>\$ 4,446,432</u>	<u>\$ (5,101,850)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 4,200,648	\$ (5,078,279)
Series F Units	\$ (1,661)	\$ (63)
Series I Units	\$ 247,445	\$ (23,508)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.38	\$ (0.42)
Series F Units	\$ (0.41)	\$ (0.50)
Series I Units	\$ 0.76	\$ (0.07)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$256,269,201	\$319,082,524
Series F Units	2,886	–
Series I Units	8,829,299	10,713,024
	<u>265,101,386</u>	<u>329,795,548</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	4,200,648	(5,078,279)
Series F Units	(1,661)	(63)
Series I Units	247,445	(23,508)
	<u>4,446,432</u>	<u>(5,101,850)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	5,111,873	10,113,858
Series F Units	105,829	3,296
Series I Units	–	4,115
Reinvested distributions		
Series A Units	–	(35)
Payments on redemption		
Series A Units	(18,564,904)	(21,073,180)
Series F Units	(50,000)	–
Series I Units	(716,943)	(1,069,330)
	<u>(14,114,145)</u>	<u>(12,021,276)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(9,252,383)	(16,037,636)
Series F Units	54,168	3,233
Series I Units	(469,498)	(1,088,723)
	<u>(9,667,713)</u>	<u>(17,123,126)</u>
NET ASSETS – END OF PERIOD		
Series A Units	247,016,818	303,044,888
Series F Units	57,054	3,233
Series I Units	8,359,801	9,624,301
	<u>\$255,433,673</u>	<u>\$312,672,422</u>

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

Scotia Canadian Blue Chip Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/Ounces	Issuer	Average Cost (\$)	Fair Value (\$)		
EQUITIES – 89.7%				EQUITIES (cont'd)					
CANADIAN EQUITIES – 69.4%				UNITED STATE EQUITIES – 20.3%					
Energy – 13.5%				Consumer Discretionary – 5.6%					
320,000	Cenovus Energy Inc.	10,717,525	10,355,200	80,000	Bed Bath & Beyond Inc.	5,087,811	5,031,052		
270,000	Crescent Point Energy Corp.	11,747,232	10,238,400	122,700	Starwood Hotels & Resorts Worldwide, Inc.	6,543,350	6,623,317		
103,000	MEG Energy Corporation	3,789,076	3,736,840	59,000	TXJ Companies, Inc., The	2,301,560	2,577,518		
239,750	TransCanada Corporation	8,453,538	10,220,543			13,932,721	14,231,887		
		<u>34,707,371</u>	<u>34,550,983</u>						
Materials – 7.7%				Consumer Staples – 2.1%					
207,000	Allied Nevada Gold Corporation	7,391,783	5,957,460	56,000	Costco Wholesale Corporation	5,066,755	5,415,732		
230,000	Barrick Gold Corporation	8,388,966	8,804,400						
110,709	Potash Corporation of Saskatchewan Inc.	3,204,117	4,916,587			803,355	863,939		
		<u>18,984,866</u>	<u>19,678,447</u>						
Industrials – 4.8%				Information Technology – 12.2%					
143,820	Canadian National Railway Company	5,691,270	12,342,632	7,000	Apple Inc.	2,893,578	4,160,219		
				11,000	Google Inc.	6,941,053	6,495,938		
Consumer Discretionary – 2.0%						6,000	MasterCard, Inc., Class A	2,269,567	2,627,253
83,000	Dollarama Inc.	4,846,464	5,075,450	206,000	Microsoft Corporation	5,488,469	6,407,220		
				286,700	Oracle Corporation	7,719,350	8,666,208		
Consumer Staples – 7.0%						23,000	Visa Inc.	1,747,063	2,894,962
114,800	Alimentation Couche-Tard Inc., Class B	5,172,215	5,101,712			27,059,080	31,251,800		
78,000	Lululemon Athletica Inc.	4,768,436	4,729,920						
195,000	Shoppers Drug Mart Corporation	7,926,253	7,987,200						
		<u>17,866,904</u>	<u>17,818,832</u>						
Financials – 26.0%				TOTAL UNITED STATES EQUITIES					
250,000	Bank of Nova Scotia, The	12,336,560	13,167,500			46,861,911	51,763,358		
319,960	Brookfield Asset Management Inc., Class A	9,551,492	10,779,452						
210,000	Dundee Real Estate Investment Trust	7,598,151	8,011,500						
300,000	Royal Bank of Canada	12,897,937	15,624,000						
235,648	Toronto-Dominion Bank, The	12,403,334	18,757,580						
		<u>54,787,474</u>	<u>66,340,032</u>						
Information Technology – 2.4%				COMMODITIES – 1.5%					
254,972	CGI Group Inc., Class A	4,443,827	6,234,065	2,416 Ounces	Gold Bullion	3,934,896	3,927,966		
Telecommunication Services – 6.0%									
240,000	BCE Inc.	8,227,988	10,068,000			205,423,622	232,969,853		
84,700	TELUS Corporation	5,070,651	5,170,088						
		<u>13,298,639</u>	<u>15,238,088</u>						
TOTAL CANADIAN EQUITIES									
		<u>154,626,815</u>	<u>177,278,529</u>						

INDEX FUTURES CONTRACTS

Note: As at June 30, 2012, the Scotia Canadian Blue Chip Fund held 197 futures contracts to purchase the S&P 500 Index (“S&P 500 Index”) E-Mini futures contracts for settlement in September 2012. These futures contracts are financial agreements to purchase the S&P 500 Index at a contracted price on a specific future date.

However, the Fund does not intend to purchase the S&P 500 Index on settlement.

Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(197)	S&P 500 Composite Stock Index E-Mini Futures Contracts - Sept. 2012	(13,298,032)	(13,602,391)	(304,359)

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	8,200,294	U.S. Dollar	7,975,000	8,130,040	70,254
						<u>70,254</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

For equities, all common shares unless otherwise noted.

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

Scotia Canadian Blue Chip Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	13.5	19.3
Materials	7.7	15.5
Industrials	4.8	4.3
Consumer Discretionary	2.0	2.1
Consumer Staples	7.0	6.5
Financials	26.0	21.5
Information Technology	2.4	1.5
Telecommunication Services	6.0	5.4
Utilities	–	1.8
United States Equities		
Consumer Discretionary	5.6	2.9
Consumer Staples	2.1	0.7
Industrials	0.4	–
Information Technology	12.2	4.3
Commodities	1.5	0.7
Currency Forward Contracts	0.0	0.0
Future contract	0.2	–

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	48,014,886	18.8	19,653,604	7.4

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$4,801,489, or approximately 1.9% of total Net Assets (December 31, 2011 – \$1,965,360, or approximately 0.7% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 91.2% (December 31, 2011 – 86.4%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$23,296,985 (December 31, 2011 – \$22,912,350). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$930,985	\$8,777,196
Payable for currency forward contracts	–	31,328
	\$930,985	\$8,808,524

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$229,041,887	\$ –	\$ –	\$229,041,887
Currency Forward Contracts – Assets	–	70,254	–	70,254
	\$229,041,887	70,254	–	229,112,141
Future Contracts (Short)	(304,359)	–	–	(304,359)
	\$228,737,528	\$70,254	\$ –	\$228,807,782

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$229,123,496	\$ –	\$ –	\$229,123,496
Currency Forward Contracts – Assets	–	13,362	–	13,362
	229,123,496	13,362	–	229,136,858
Currency Forward Contracts – Liabilities	–	(31,328)	–	(31,328)
	\$229,123,496	\$(17,966)	\$ –	\$229,105,530

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Equity Pool (Unaudited)

(formerly, Scotia Canadian Equity Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$465,626,677	\$509,118,253
Cash	14,924,059	12,410,044
Accrued investment income	1,394,142	1,157,422
Subscriptions receivable	867,921	2,760,387
	<u>482,812,799</u>	<u>525,446,106</u>
LIABILITIES		
Redemptions payable	336,363	–
Accrued expenses	32,264	1,262
	<u>368,627</u>	<u>1,262</u>
Net Assets	<u>\$482,444,172</u>	<u>\$525,444,844</u>
NET ASSETS PER SERIES		
Series I Units	\$206,458,643	\$200,471,389
Series M Units	\$275,985,529	\$324,973,455
UNITS OUTSTANDING		
Series I Units	19,726,744	19,119,430
Series M Units	26,383,078	31,256,677
NET ASSETS PER UNIT		
Series I Units	\$ 10.47	\$ 10.49
Series M Units	\$ 10.46	\$ 10.40

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 7,014,980	\$ 5,290,439
Interest	63,671	73,495
Securities lending	17,415	15,678
	<u>7,096,066</u>	<u>5,379,612</u>
EXPENSES		
Management fees (note 5)	154,592	161,609
Harmonized Sales Tax/Goods and Services Tax	20,355	22,123
Audit fees	6,689	11,189
Independent Review Committee fees	259	–
Custodian fees	6,893	8,244
Filing fees	9,030	7,835
Legal fees	2,447	1,554
Unitholder reporting costs	3,602	3,294
Unitholder administration and service fees	21,357	19,717
	<u>225,224</u>	<u>235,565</u>
Net investment income (loss)	6,870,842	5,144,047
Net realized gain (loss) on investments sold	(6,777,367)	6,730,141
Net gain (loss) foreign exchange	(68)	(35)
Transaction costs	(346,559)	(392,940)
Change in unrealized appreciation (depreciation) of investments	4,391,393	(13,396,222)
Net gain (loss) on investments and transaction costs	<u>(2,732,601)</u>	<u>(7,059,056)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 4,138,241</u>	<u>\$ (1,915,009)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	\$ 1,037,702	\$ (1,200,984)
Series M Units	\$ 3,100,539	\$ (714,025)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series I Units	\$ 0.06	\$ (0.09)
Series M Units	\$ 0.11	\$ (0.03)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series I Units	\$ 200,471,389	\$ 127,077,955
Series M Units	324,973,455	323,649,353
	<u>525,444,844</u>	<u>450,727,308</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	1,037,702	(1,200,984)
Series M Units	3,100,539	(714,025)
	<u>4,138,241</u>	<u>(1,915,009)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	37,874,761	63,532,838
Series M Units	60,380,985	79,210,458
Payments on redemption		
Series I Units	(32,925,209)	–
Series M Units	(112,469,450)	(96,471,926)
	<u>(47,138,913)</u>	<u>46,271,370</u>
INCREASE (DECREASE) IN NET ASSETS		
Series I Units	5,987,254	62,331,854
Series M Units	(48,987,926)	(17,975,493)
	<u>(43,000,672)</u>	<u>44,356,361</u>
NET ASSETS – END OF PERIOD		
Series I Units	206,458,643	189,409,809
Series M Units	275,985,529	305,673,860
	<u>\$ 482,444,172</u>	<u>\$ 495,083,669</u>

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

Scotia Private Canadian Equity Pool (Unaudited – Continued)

(formerly, Scotia Canadian Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.5% (December 31, 2011 – 95.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$46,562,668 (December 31, 2011 – \$50,076,775). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$368,627	\$1,262

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$465,561,382	\$ –	\$ –	\$465,561,382
Options (Put)	65,295	–	–	65,295
	\$465,626,677	\$ –	\$ –	\$465,626,677

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$500,767,751	\$ –	\$ –	\$500,767,751
Money Market Instruments	–	8,350,502	–	8,350,502
	\$500,767,751	\$8,350,502	\$ –	\$509,118,253

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Canadian Growth Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$412,165,366	\$396,229,628
Cash	10,324,763	17,009,095
Accrued investment income	936,690	772,760
Receivable for securities sold	1,151,706	13,695,046
Subscriptions receivable	39,121	57,420
Receivable for currency forward contracts	432,597	25,216
	<u>425,050,243</u>	<u>427,789,165</u>
LIABILITIES		
Payable for securities purchased	11,551,016	–
Redemptions payable	180,730	202,502
Accrued expenses	532,282	18,749
Payable for currency forward contracts	173,035	25,150
	<u>12,437,063</u>	<u>246,401</u>
Net Assets	<u>\$412,613,180</u>	<u>\$427,542,764</u>
NET ASSETS PER SERIES		
Series A Units	\$310,295,213	\$326,890,133
Advisor Series Units	\$ 426,800	\$ 431,552
Series F Units	\$ 58,121	\$ 151,255
Series I Units	\$101,833,046	\$100,069,824
UNITS OUTSTANDING		
Series A Units	6,719,152	7,086,132
Advisor Series Units	9,340	9,432
Series F Units	1,194	3,121
Series I Units	<u>1,861,338</u>	<u>1,850,699</u>
NET ASSETS PER UNIT		
Series A Units	\$ 46.18	\$ 46.13
Advisor Series Units	\$ 45.70	\$ 45.75
Series F Units	\$ 48.67	\$ 48.46
Series I Units	\$ 54.71	\$ 54.07

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 4,568,218	\$ 4,789,416
Interest	15,844	93,095
Securities lending	8,906	69,679
Foreign withholding taxes/tax reclaims	(103,894)	(142,242)
Other income	1,280	1,425
	<u>4,490,354</u>	<u>4,811,373</u>
EXPENSES		
Management fees (note 5)	2,980,213	3,839,668
Harmonized Sales Tax/Goods and Services Tax	338,741	437,718
Audit fees	6,042	11,189
Independent Review Committee fees	1,416	1,875
Custodian fees	7,653	14,498
Filing fees	20,600	22,111
Legal fees	2,022	5,598
Unitholder reporting costs	27,931	33,427
Unitholder administration and service fees	165,732	167,619
Overdraft charges	9,760	17,436
	<u>3,560,110</u>	<u>4,551,139</u>
Absorbed expenses	(6,852)	(6,791)
	<u>3,553,258</u>	<u>4,544,348</u>
Net investment income (loss)	<u>937,096</u>	<u>267,025</u>
Net realized gain (loss) on investments sold	7,007,392	11,683,523
Net realized gain (loss) on futures contracts	(992,770)	(62,601)
Net realized gain (loss) on currency forwards	(1,732,234)	322,327
Net gain (loss) foreign exchange	(108,220)	(65,865)
Transaction costs	(779,936)	(2,518,233)
Change in unrealized appreciation (depreciation) of investments	(2,679,811)	(41,708,450)
Change in unrealized appreciation (depreciation) of currency forwards	259,496	365,576
Net gain (loss) on investments and transaction costs	<u>973,917</u>	<u>(31,983,723)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 1,911,013</u>	<u>\$(31,716,698)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 709,907	\$(25,730,571)
Advisor Series Units	\$ (540)	\$(31,550)
Series F Units	\$ (1,573)	\$(2,353)
Series I Units	\$ 1,203,219	\$(5,952,224)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.10	\$(3.37)
Advisor Series Units	\$ (0.06)	\$(3.60)
Series F Units	\$ (0.40)	\$(0.55)
Series I Units	\$ 0.65	\$(3.17)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$326,890,133	\$430,437,998
Advisor Series Units	431,552	469,157
Series F Units	151,255	325,824
Series I Units	<u>100,069,824</u>	<u>123,116,339</u>
	<u>427,542,764</u>	<u>554,349,318</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	709,907	(25,730,571)
Advisor Series Units	(540)	(31,550)
Series F Units	(1,573)	(2,353)
Series I Units	<u>1,203,219</u>	<u>(5,952,224)</u>
	<u>1,911,013</u>	<u>(31,716,698)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	7,112,134	12,797,928
Advisor Series Units	–	20,047
Series F Units	93,179	20,000
Series I Units	<u>1,100,028</u>	<u>8,720,020</u>
Reinvested distributions		
Series A Units	–	1,457
Payments on redemption		
Series A Units	(24,416,961)	(32,642,526)
Advisor Series Units	(4,212)	(1,415)
Series F Units	(184,740)	(307,028)
Series I Units	<u>(540,025)</u>	<u>(17,542,642)</u>
	<u>(16,840,597)</u>	<u>(28,934,159)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(16,594,920)	(45,573,712)
Advisor Series Units	(4,752)	(12,918)
Series F Units	(93,134)	(289,381)
Series I Units	<u>1,763,222</u>	<u>(14,774,846)</u>
	<u>(14,929,584)</u>	<u>(60,650,857)</u>
NET ASSETS – END OF PERIOD		
Series A Units	310,295,213	384,864,286
Advisor Series Units	426,800	456,239
Series F Units	58,121	36,443
Series I Units	<u>101,833,046</u>	<u>108,341,493</u>
	<u>\$412,613,180</u>	<u>\$493,698,461</u>

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

Scotia Canadian Growth Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 99.9%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 72.9%				CANADIAN EQUITIES (cont'd)			
Energy – 21.7%				Information Technology – 4.7%			
1,500,200	Athabasca Oil Sands Corporation	24,678,750	16,772,236	605,200	CGI Group Inc., Class A	12,014,578	14,797,140
475,500	Canadian Natural Resources Ltd.	17,292,737	12,976,395	935,400	WI-LAN Inc.	5,850,710	4,686,354
454,400	Celtic Exploration Ltd.	10,225,702	6,220,736			17,865,288	19,483,494
347,800	Cenovus Energy Inc.	11,673,738	11,254,808				
140,000	Cequence Energy Ltd.	539,000	133,000	Telecommunication Services – 3.6%			
284,350	Griffiths Energy International Inc. Restricted*	1,915,227	1,777,188	200,500	BCE Inc.	7,932,791	8,410,975
467,500	Paramount Resources Ltd.	15,282,398	11,425,700	102,600	TELUS Corporation	5,214,910	6,262,704
580,800	Peyto Exploration & Development Corporation	10,733,795	11,151,360			13,147,701	14,673,679
540,000	Secure Energy Services Inc.	4,472,458	4,120,200	TOTAL CANADIAN EQUITIES			
367,800	ShawCor Ltd. Class A	11,442,005	13,553,430	322,178,775		300,548,804	
		108,255,810	89,385,053	FOREIGN EQUITIES – 27.0%			
Materials – 10.6%				United States – 27.0%			
145,700	Agrium Inc.	12,233,912	13,115,914	Industrials – 8.1%			
2,433,300	Aurora Oil And Gas Limited	8,670,757	7,835,226	288,200	Air Lease Corporation	7,709,836	5,689,355
507,300	Continental Gold Ltd.	3,985,866	3,338,034	175,900	C.H. Robinson Worldwide, Inc.	11,259,765	10,480,002
895	Franco-Nevada Corp	–	4,923	71,300	Cummins Inc.	7,056,885	7,033,309
294,000	Potash Corporation of Saskatchewan Inc.	14,716,366	13,056,540	217,700	Emerson Electric Co.	11,072,857	10,324,027
199,700	Teck Resources Ltd., Class B	6,862,054	6,290,550			37,099,343	33,526,693
		46,468,955	43,641,187	Consumer Staples – 1.5%			
Industrials – 4.1%				98,000	Procter & Gamble Company, The	6,008,178	6,111,156
177,200	Finning International Inc.	4,146,009	4,181,920	Health Care – 7.9%			
444,600	Stantec Inc.	13,546,920	12,862,278	266,400	Express Scripts, Inc.	13,888,369	15,131,494
		17,692,929	17,044,198	506,300	Pfizer Inc.	11,240,021	11,845,385
Consumer Discretionary – 5.7%				126,800	Valeant Pharmaceuticals International, Inc.	5,841,360	5,782,179
180,400	Canadian Tire Corporation, Limited, Class A	11,783,018	12,402,500			30,969,750	32,759,058
489,200	Corus Entertainment Inc., Class B	11,528,903	11,202,680	Information Technology – 9.5%			
		23,311,921	23,605,180	292,300	eBay Inc.	11,000,844	12,498,829
Consumer Staples – 2.5%				508,500	EMC Corporation	12,391,580	13,268,774
246,500	Shoppers Drug Mart Corporation	10,131,685	10,096,640	432,500	Microsoft Corporation	12,743,981	13,452,052
						36,136,405	39,219,655
Health Care – 0.9%				TOTAL FOREIGN EQUITIES			
82,400	Valeant Pharmaceuticals International, Inc.	3,203,693	3,755,792	110,213,676		111,616,562	
Financials – 19.1%				TOTAL INVESTMENT PORTFOLIO			
191,400	Bank of Montreal	11,949,678	10,756,680	432,392,451		412,165,366	
248,100	Bank of Nova Scotia, The	14,593,460	13,067,427	Currency Forward Contracts – 0.1%			
502,700	Power Financial Corporation	14,815,156	12,743,445	OTHER ASSETS, LESS LIABILITIES – 0.0%			
240,300	Royal Bank of Canada	12,698,230	12,514,824				
314,500	Sun Life Financial Inc.	6,726,454	6,959,885				
286,700	Toronto-Dominion Bank, The	21,317,815	22,821,320	NET ASSETS – 100.0%			
		82,100,793	78,863,581				

* This security is not actively traded and considered illiquid

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	49,289,164	U.S. Dollar	47,935,000	48,866,892	422,272
Aug. 23, 2012	U.S. Dollar	13,250,000	Canadian Dollar	13,663,135	13,645,066	(155,217)
Aug. 23, 2012	U.S. Dollar	11,650,000	Canadian Dollar	11,868,554	11,852,859	8,028
Aug. 23, 2012	U.S. Dollar	9,584,000	Canadian Dollar	9,768,109	9,755,191	2,297
Aug. 23, 2012	U.S. Dollar	2,200,000	Canadian Dollar	2,260,632	2,257,642	(17,818)
						259,562

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Canadian Growth Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	21.7	28.0
Materials	10.6	15.1
Industrials	4.1	3.9
Consumer Discretionary	5.7	–
Consumer Staples	2.5	–
Health Care	0.9	1.1
Financials	19.1	14.9
Information Technology	4.7	0.8
Telecommunication Services	3.6	2.7
Foreign Equities	27.0	26.1
Currency Forward Contracts	0.1	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	107,647,150	26.1	61,817,619	14.5
Swedish Krona	–	–	1,407,328	0.3
Total	107,647,150	26.1	63,224,947	14.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$10,764,715 or approximately 2.6% of total Net Assets (December 31, 2011 – \$6,322,495, or approximately 1.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.9% (December 31, 2011 – 92.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$41,216,537 (December 31, 2011 – \$39,622,963). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$12,264,028	\$221,251
Payable for currency forward contracts	173,035	25,150
	\$12,437,063	\$246,401

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$410,388,178	\$ –	\$1,777,188	\$412,165,366
Currency Forward				
Contracts – Assets	–	432,597	–	432,597
	410,388,178	432,597	1,777,188	412,597,963
Currency Forward				
Contracts – Liabilities	–	(173,035)	–	(173,035)
	\$410,388,178	\$ 259,562	\$1,777,188	\$412,424,928

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$392,948,175	\$1,407,328	\$1,874,125	\$396,229,628
Currency Forward				
Contracts – Assets	–	25,216	–	25,216
	392,948,175	1,432,544	1,874,125	396,254,844
Currency Forward				
Contracts – Liabilities	–	(25,150)	–	(25,150)
	\$392,948,175	\$1,407,394	\$1,874,125	\$396,229,694

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Reconciliation of Level 3 Financial Instruments

The following table presents the movements in the Fund's Level 3 financial instruments for the period ended June 30, 2012.

	Equities/Total
Beginning of period	\$1,874,125
Purchases	170,352
Sales	–
Transfers into Level 3	–
Transfers out of Level 3	–
Net realized gains (losses) on investments sold	–
Net change in unrealized appreciation (depreciation) of investments	(267,289)
End of period	\$1,777,188

* Net change in unrealized appreciation (depreciation) for Level 3 financial instruments held as at June 30, 2012 was \$(267,289) (December 31, 2011 – \$129,250).

Using a range of reasonable alternative assumptions for observable inputs would not have material impact to the fair value of the Fund's Level 3 financial instruments

Scotia Canadian Small Cap Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$67,463,189	\$61,811,548
Cash	8,582,157	1,754,364
Accrued investment income	88,944	189,957
Receivable for securities sold	177,025	—
Subscriptions receivable	101,470	83,127
Receivable for currency forward contracts	10,696	17,780
	<u>76,423,481</u>	<u>63,856,776</u>
LIABILITIES		
Payable for securities purchased	4,849,168	—
Redemptions payable	70,789	45,682
Accrued expenses	93,797	3,333
Payable for currency forward contracts	3,397	5,484
	<u>5,017,151</u>	<u>54,499</u>
Net Assets	<u>\$71,406,330</u>	<u>\$63,802,277</u>
NET ASSETS PER SERIES		
Series A Units	\$44,641,310	\$50,680,543
Series F Units	\$ 24,520	\$ —
Series I Units	\$10,940,179	\$12,253,013
Series M Units	\$15,800,321	\$ 868,721
UNITS OUTSTANDING		
Series A Units	2,462,521	2,577,743
Series F Units	1,352	—
Series I Units	521,028	544,448
Series M Units	849,596	43,517
NET ASSETS PER UNIT		
Series A Units	\$ 18.13	\$ 19.66
Series F Units	\$ 18.14	\$ —
Series I Units	\$ 21.00	\$ 22.51
Series M Units	\$ 18.60	\$ 19.96

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 240,538	\$ 490,946
Interest	11,096	51,146
Securities lending	7,961	25,511
Other income	2,929	2,086
	<u>262,524</u>	<u>569,689</u>
EXPENSES		
Management fees (note 5)	513,182	655,662
Harmonized Sales Tax/Goods and Services Tax	62,219	79,395
Audit fees	1,904	8,845
Independent Review Committee fees	316	427
Custodian fees	3,157	1,695
Filing fees	17,806	15,305
Legal fees	1,051	2,474
Unitholder reporting costs	9,034	10,138
Unitholder administration and service fees	42,497	56,323
Overdraft charges	108	1,025
	<u>651,274</u>	<u>831,289</u>
Absorbed expenses	(6,858)	—
	<u>644,416</u>	<u>831,289</u>
Net investment income (loss)	(381,892)	(261,600)
Net realized gain (loss) on investments sold	(2,609,924)	17,847,571
Net realized gain (loss) on currency forwards	(30,000)	(29,704)
Net gain (loss) foreign exchange	(3,887)	(9,569)
Transaction costs	(127,279)	(537,986)
Change in unrealized appreciation (depreciation) of investments	(1,595,638)	(26,005,146)
Change in unrealized appreciation (depreciation) of currency forwards	(4,997)	11,769
Net gain (loss) on investments and transaction costs	(4,371,725)	(8,723,065)
Increase (decrease) in Net Assets from operations	<u>\$(4,753,617)</u>	<u>\$ (8,984,665)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$(3,745,189)	\$(7,002,209)
Series F Units	\$(736)	—
Series I Units	\$(648,912)	\$(1,215,029)
Series M Units	\$(358,780)	\$(767,427)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ (1.48)	\$ (2.56)
Series F Units	\$ (0.54)	\$ —
Series I Units	\$ (1.28)	\$ (2.36)
Series M Units	\$ (2.51)	\$ (1.74)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$50,680,543	\$ 65,390,378
Series F Units	—	—
Series I Units	12,253,013	14,884,774
Series M Units	868,721	14,312,197
	<u>63,802,277</u>	<u>94,587,349</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	(3,745,189)	(7,002,209)
Series F Units	(736)	—
Series I Units	(648,912)	(1,215,029)
Series M Units	(358,780)	(767,427)
	<u>(4,753,617)</u>	<u>(8,984,665)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	2,305,850	6,273,794
Series F Units	25,256	—
Series I Units	765,038	1,280,030
Series M Units	15,743,905	1,804,654
Payments on redemption		
Series A Units	(4,599,894)	(6,272,721)
Series I Units	(1,428,960)	(1,841,186)
Series M Units	(453,525)	(14,831,619)
	<u>12,357,670</u>	<u>(13,587,048)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(6,039,233)	(7,001,136)
Series F Units	24,520	—
Series I Units	(1,312,834)	(1,776,185)
Series M Units	14,931,600	(13,794,392)
	<u>7,604,053</u>	<u>(22,571,713)</u>
NET ASSETS – END OF PERIOD		
Series A Units	44,641,310	58,389,242
Series F Units	24,520	—
Series I Units	10,940,179	13,108,589
Series M Units	15,800,321	517,805
	<u>\$71,406,330</u>	<u>\$ 72,015,636</u>

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

Scotia Canadian Small Cap Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 94.5%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 89.4%				CANADIAN EQUITIES (cont'd)			
Energy – 16.2%				Information Technology – 24.8%			
1,108,800	Cequence Energy Ltd.	3,310,426	1,053,360	675,200	Absolute Software Corporation	3,196,922	3,666,336
114,100	Legacy Oil & Gas Inc.	1,302,149	638,960	359,100	Descartes Systems Group Inc., The	2,571,541	3,106,215
93,100	Paramount Resources Ltd.	3,013,877	2,275,364	281,800	EXFO, Inc.	1,952,409	1,409,000
173,000	PHX Energy Services Corp.	2,200,786	1,361,510	218,900	Nex Systems Inc.	1,961,849	1,151,414
814,400	Pincrest Energy Inc.	1,574,341	1,441,488	533,000	Pure Technologies Ltd.	2,283,167	2,361,190
262,500	Savanna Energy Services Corp.	2,412,219	1,989,750	247,400	Softchoice Corporation	2,717,325	3,033,124
366,200	Secure Energy Services Inc.	2,938,930	2,794,106	601,000	Wi-LAN Inc.	3,237,959	3,011,010
		<u>16,752,728</u>	<u>11,554,538</u>			<u>17,921,172</u>	<u>17,738,289</u>
Materials – 14.5%				Utilities – 2.1%			
1,062,400	Augusta Resource Corporation	4,613,607	1,784,832	3,448,940	Alterra Power Corporation	3,295,538	1,534,778
97,200	Canfor Corporation	1,152,749	1,177,092				
270,300	Continental Gold Ltd.	2,263,409	1,778,574		TOTAL CANADIAN EQUITIES	<u>75,755,113</u>	<u>63,920,399</u>
253,900	Kamalyte Resources Inc.	2,836,621	1,777,300	FOREIGN EQUITIES – 5.0%			
200	Labrador Iron Ore Royalty Income Fund	7,486	6,460	United States – 5.0%			
104,400	Major Drilling Group International Inc.	1,218,701	1,228,788	Energy – 2.4%			
975,500	Perseus Mining Limited	2,692,403	2,565,565	343,200	Gran Tierra Energy, Inc.	2,331,352	1,708,627
		<u>14,784,976</u>	<u>10,318,611</u>	Information Technology – 2.6%			
Industrials – 13.4%				79,000	Finisar Corporation	2,348,600	1,201,625
32,800	Bird Construction, Inc.	428,315	464,120	28,100	QLIK Technologies Inc.	810,735	632,538
105,400	Census Equipment Corp.	1,544,874	1,886,660			<u>3,159,335</u>	<u>1,834,163</u>
231,800	Contrans Group, Inc., Class A	2,084,684	1,972,618	TOTAL FOREIGN EQUITIES			
32,900	Genivar, Inc.	955,436	733,670	TOTAL INVESTMENT PORTFOLIO			
61,400	Richelieu Hardware Ltd.	1,878,864	2,011,464	<u>81,245,800</u>			
85,700	Stantec Inc.	2,597,343	2,479,301	Currency Forward Contracts – 0.0%			
		<u>9,489,516</u>	<u>9,547,833</u>	OTHER ASSETS, LESS LIABILITIES – 5.5%			
Consumer Discretionary – 5.6%				NET ASSETS – 100.0%			
104,200	BVMT Group, Inc., Class A	1,892,351	1,850,592	<u>7,299</u>			
173,900	Glentel, Inc.	2,978,038	2,165,055	<u>3,935,842</u>			
		<u>4,870,389</u>	<u>4,015,647</u>	<u>71,406,330</u>			
Health Care – 4.1%							
572,700	IMRIS, Inc.	1,524,579	1,775,370				
356,700	Oncolytics Biotech Inc.	1,480,272	1,187,811				
		<u>3,004,851</u>	<u>2,963,181</u>				
Financials – 8.7%							
429,400	Element Financial Corp.	1,874,427	2,288,702				
293,000	Fiera Sceptre Inc.	2,412,132	2,364,510				
122,545	NorthWest Healthcare Properties Real Estate Investment Trust	1,349,384	1,594,310				
		<u>5,635,943</u>	<u>6,247,522</u>				

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	1,218,476	U.S. Dollar	1,185,000	1,208,037	10,439
Aug. 23, 2012	U.S. Dollar	327,000	Canadian Dollar	333,282	332,841	78
Aug. 23, 2012	U.S. Dollar	290,000	Canadian Dollar	299,042	298,647	(3,397)
Aug. 23, 2012	U.S. Dollar	260,000	Canadian Dollar	264,878	264,527	179
						<u>7,299</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Canadian Small Cap Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	16.2	21.3
Materials	14.5	22.2
Industrials	13.4	13.1
Consumer Discretionary	5.6	4.1
Health Care	4.1	–
Financials	8.7	5.7
Information Technology	24.8	19.3
Utilities	2.1	1.7
Foreign Equities	5.0	9.4
Currency Forward Contracts	0.0	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	3,230,767.72	4.5	807,788	1.3
Swiss Franc	–	–	100,603	0.2
Total	3,230,767.72	4.5	908,391	1.5

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$323,077 or approximately 0.5% of total Net Assets (December 31, 2011 – \$90,839, or approximately 0.2% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 94.5% (December 31, 2011 – 96.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$6,746,319 (December 31, 2011 – \$6,181,155). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$5,013,754	\$49,015
Payable for currency forward contracts	3,397	5,484
	\$5,017,151	\$54,499

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Equities	\$67,463,189	\$ –	\$ –	\$67,463,189
Currency Forward Contracts – Assets	–	10,696	–	10,696
	67,463,189	10,696	–	67,473,885
Currency Forward Contracts – Liabilities	–	(3,397)	–	(3,397)
	\$67,463,189	\$ 7,299	\$ –	\$67,470,488

December 31, 2011

	Level 1	Level 2	Level 3	Total
	Equities	\$60,881,258	\$930,290	\$ –
Rights	–	–	–	–
Currency Forward Contracts – Assets	–	17,780	–	17,780
	60,881,258	948,070	–	61,829,328
Currency Forward Contracts – Liabilities	–	(5,484)	–	(5,484)
	\$60,881,258	\$942,586	\$ –	\$61,823,844

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Resource Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$174,221,273	\$206,452,818
Cash*	20,448,141	13,682,203
Accrued investment income	338,136	350,450
Receivable for securities sold	819,527	5,158
Subscriptions receivable	86,883	135,835
Receivable for currency spot contracts	1,334	–
Receivable for currency forward contracts	95,766	8,319
	<u>196,011,060</u>	<u>220,634,783</u>
LIABILITIES		
Payable for securities purchased	2,287,361	–
Redemptions payable	42,726	94,889
Accrued expenses	260,898	10,147
Payable for currency forward contracts	–	11,141
	<u>2,590,985</u>	<u>116,177</u>
Net Assets	<u>\$193,420,075</u>	<u>\$220,518,606</u>
NET ASSETS PER SERIES		
Series A Units	\$133,666,160	\$159,025,515
Series F Units	\$ 459,144	\$ 345,665
Series I Units	\$ 59,294,771	\$ 61,147,426
UNITS OUTSTANDING		
Series A Units	7,812,346	7,789,751
Series F Units	26,529	16,788
Series I Units	3,258,833	2,849,010
NET ASSETS PER UNIT		
Series A Units	\$ 17.11	\$ 20.41
Series F Units	\$ 17.31	\$ 20.59
Series I Units	\$ 18.20	\$ 21.46

* \$513,400 held by brokers as collateral for written put and put options (December 31, 2011 – \$1,284,352).

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,809,011	\$ 1,350,880
Interest	63,531	171,655
Securities lending	28,821	62,391
Foreign withholding taxes/tax reclaims	(12,925)	(40,486)
Other income	1,822	4,959
	<u>1,890,260</u>	<u>1,549,399</u>
EXPENSES		
Management fees (note 5)	1,536,792	1,913,645
Harmonized Sales Tax/Goods and Services Tax	168,636	208,737
Audit fees	4,024	8,845
Independent Review Committee fees	673	732
Custodian fees	4,056	2,556
Filing fees	12,165	11,376
Legal fees	1,205	3,135
Unitholder reporting costs	14,926	15,059
Unitholder administration and service fees	80,843	82,542
Overdraft charges	111	–
	<u>1,823,431</u>	<u>2,246,627</u>
Absorbed expenses	(188)	(1,106)
	<u>1,823,243</u>	<u>2,245,521</u>
Net investment income (loss)	67,017	(696,122)
Net realized gain (loss) on investments sold	(15,540,915)	25,956,062
Net realized gain (loss) on currency forwards	(86,802)	64,745
Net gain (loss) foreign exchange	(322,804)	(131,163)
Transaction costs	(340,241)	(656,522)
Change in unrealized appreciation (depreciation) of investments	(19,849,439)	(36,148,155)
Change in unrealized appreciation (depreciation) of currency spots	1,334	–
Change in unrealized appreciation (depreciation) of currency forwards	98,588	155,819
Net gain (loss) on investments and transaction costs	<u>(36,040,279)</u>	<u>(10,759,214)</u>
Increase (decrease) in Net Assets from operations	<u>\$(35,973,262)</u>	<u>\$(11,455,336)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$(26,197,920)	\$(9,738,225)
Series F Units	\$(92,683)	\$(6,774)
Series I Units	\$(9,682,659)	\$(1,710,337)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ (3.34)	\$ (1.29)
Series F Units	\$ (3.71)	\$ (1.39)
Series I Units	\$ (3.25)	\$ (0.74)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$159,025,515	\$177,767,462
Series F Units	345,665	3,866
Series I Units	61,147,426	60,848,410
	<u>220,518,606</u>	<u>238,619,738</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	(26,197,920)	(9,738,225)
Series F Units	(92,683)	(6,774)
Series I Units	(9,682,659)	(1,710,337)
	<u>(35,973,262)</u>	<u>(11,455,336)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	13,085,028	39,772,780
Series F Units	217,367	174,700
Series I Units	8,149,994	12,345,112
Payments on redemption		
Series A Units	(12,246,463)	(17,148,343)
Series F Units	(11,205)	–
Series I Units	(319,990)	(4,020,466)
	<u>8,874,731</u>	<u>31,123,783</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(25,359,355)	12,886,212
Series F Units	113,479	167,926
Series I Units	(1,852,655)	6,614,309
	<u>(27,098,531)</u>	<u>19,668,447</u>
NET ASSETS – END OF PERIOD		
Series A Units	133,666,160	190,653,674
Series F Units	459,144	171,792
Series I Units	59,294,771	67,462,719
	<u>\$193,420,075</u>	<u>\$258,288,185</u>

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

Scotia Resource Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts/ Ounces	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 85.0%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 78.3%				CANADIAN EQUITIES (cont'd)			
Energy – 36.9%				Materials (cont'd)			
339,200	Athabasca Oil Sands Corporation	3,642,462	3,792,256	250,000	Goldcorp, Inc.	10,689,861	9,567,500
100,801	Baytex Energy Corporation	5,098,955	4,319,323	495,400	Imperial Metals Corporation	5,439,337	4,597,312
70,600	Canadian Natural Resources Ltd.	2,025,179	1,926,674	600,000	Kinross Gold Corporation	9,788,486	4,974,000
123,700	Cenovus Energy Inc.	4,304,214	4,002,932	250,000	New Gold Inc.	2,355,409	2,415,000
161,808	Crescent Point Energy Corp.	7,031,189	6,135,759	4,425,000	Northland Resources S.A. Restricted*	5,000,250	3,540,000
172,800	Enbridge Inc.	5,516,192	7,012,224	850,000	Osisko Mining Corporation	11,526,901	5,916,000
239,561	Gibson Energy Inc.	4,360,328	4,930,165	3,700,000	Perseus Mining Limited	11,403,506	9,730,999
232,247	Inter Pipeline Fund, Class A	4,583,289	4,459,142	2,400,000	San Gold Corporation	6,575,897	2,136,000
1,100	Keyera Corp.	44,161	46,387			106,752,006	76,064,159
201,857	Pembina Pipeline Corporation	5,389,321	5,252,319				
98,763	PetroBakken Energy Ltd.	1,301,133	1,209,847				
298,800	Poseidon Concepts Corp.	4,029,819	3,711,096				
1,023,900	Raging River Exploration Inc.	2,047,800	1,822,542				
488,000	Secure Energy Services Inc.	3,589,978	3,723,440				
167,600	Suncor Energy, Inc.	5,421,976	4,934,144				
27	Suncor Energy, Inc., Put Option \$26.00 Jul. 21, 2012	1,554	357				
(111)	Suncor Energy, Inc., Written Put Option \$31.00 Jul. 21, 2012	(35,314)	(24,975)				
285,800	Surge Energy, Inc.	2,612,975	2,103,488				
128,435	TransCanada Corporation	4,835,653	5,475,184				
479	TransCanada Corporation, Put Option \$37.00 Jul. 21, 2012	2,395	2,874				
(479)	TransCanada Corporation, Written Put Option \$41.00 Jul. 21, 2012	(26,345)	(2,874)				
298,916	Veresen Inc.	3,993,869	3,607,916				
13,300	Vermilion Energy, Inc.	571,788	607,411				
353,000	Whitecap Resources, Inc.	3,565,300	2,372,160				
		<u>73,907,871</u>	<u>71,419,791</u>				
Materials – 39.3%				FOREIGN EQUITIES – 6.7%			
250,000	Alamos Gold Inc.	4,320,348	3,965,000	United States – 3.6%			
350,000	Allied Nevada Gold Corporation	12,793,503	10,073,000	58,100	Anadarko Petroleum Corporation	4,746,366	3,915,844
1,917,600	Augusta Resource Corporation	7,848,160	3,221,568	108,000	Williams Companies Inc., The	2,845,681	3,167,804
400,000	Aurizon Mines Ltd.	2,310,326	1,824,000	(151)	Williams Companies, Inc., The, Written Put Options \$32.00 Jul. 21, 2012	(45,189)	(49,195)
200,000	Barrick Gold Corporation	8,164,295	7,656,000			7,546,858	7,034,453
234,500	Canexus Corp.	1,890,548	1,868,965				
2,000,000	Capstone Mining Corp.	6,249,177	4,400,000				
198,001	CuOro Resources Corporation	396,002	176,221				
99,000	CuOro Resources Corporation Warrants \$2.50 Dec. 31, 2013*	–	2,594				
				Australia – 3.1%			
				1,200,000	Atlas Iron Ltd.	2,484,865	2,571,214
				1,158,250	Silver Lake Resources Ltd.	3,241,260	3,406,034
						5,726,125	5,977,248
				COMMODITIES – 5.1%			
				6,031 Ounces	Gold Bullion	9,639,417	9,804,583
				TOTAL INVESTMENT PORTFOLIO			
						<u>205,896,845</u>	<u>174,221,273</u>
				Currency Spot Contracts – 0.0%			
				Currency Forward Contracts – 0.0%			
				OTHER ASSETS, LESS LIABILITIES – 9.9%			
				NET ASSETS – 100.0%			
						<u>193,420,075</u>	<u>193,420,075</u>

* This security is not actively traded and considered illiquid.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 3, 2012	Australian Dollar	389,964	Canadian Dollar	404,939	404,938	1,334

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	9,578,480	U.S. Dollar	9,306,000	9,486,915	91,564
Aug. 23, 2012	Canadian Dollar	490,475	U.S. Dollar	477,000	486,273	4,202
						<u>95,766</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Resource Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	36.9	43.8
Materials	39.3	39.2
Industrials	2.0	2.4
Foreign Equities	6.7	8.3
Commodities	5.1	–
Currency Forward Contracts	0.0	0.0
Currency Spot Contracts	0.0	–

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	9,853,311	5.1	3,979,380	1.8
Australian Dollar	6,382,186	3.3	6,985,595	3.2
Total	16,235,497	8.4	10,964,975	5.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$1,623,550, or approximately 0.8% of total Net Assets (December 31, 2011 – \$1,096,498, or approximately 0.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 90.1% (December 31, 2011 – 93.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$17,422,127 (December 31, 2011 – \$20,645,282). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$2,590,985	\$105,036
Currency forward contracts	–	11,141
	\$2,590,985	\$116,177

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$158,510,661	\$5,977,248	\$ –	\$164,487,909
Warrants	–	2,594	–	2,594
Options (Written Put)	(77,044)	–	–	(77,044)
Currency Spot Contracts – Assets	1,334	–	–	1,334
Currency Forward Contracts – Assets	–	95,766	–	95,766
	158,434,951	6,075,608	–	164,510,559
Options (Put)	3,231	–	–	3,231
	\$158,438,182	\$6,075,608	\$ –	\$164,513,790

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$199,462,295	\$6,985,595	\$ –	\$206,447,890
Warrants	–	20,790	–	20,790
Options (Written Put)	(15,862)	–	–	(15,862)
Currency Forward Contracts – Assets	–	8,319	–	8,319
	199,446,433	7,014,704	–	206,461,137
Currency Forward Contracts – Liabilities	–	(11,141)	–	(11,141)
	\$199,446,433	\$7,003,563	\$ –	\$206,449,996

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2 due to fair valuing of securities on an exchange that was closed on the reporting date.

Scotia Private North American Equity Pool (Unaudited)

(formerly, Scotia North American Equity Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$72,539,219	\$107,501,146
Cash	2,229,592	8,683,885
Accrued investment income	178,182	214,283
Subscriptions receivable	3,357	—
	<u>74,950,350</u>	<u>116,399,314</u>
LIABILITIES		
Redemptions payable	47,972	—
Accrued expenses	10,049	397
	<u>58,021</u>	<u>397</u>
Net Assets	<u>\$74,892,329</u>	<u>\$116,398,917</u>
NET ASSETS PER SERIES		
Series M Units	\$74,892,329	\$116,398,917
UNITS OUTSTANDING		
Series M Units	8,264,002	13,180,755
NET ASSETS PER UNIT		
Series M Units	\$ 9.06	\$ 8.83

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series M Units	\$116,398,917	\$270,663,805
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	3,135,071	916,436
UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	4,276,978	97,429
Payments on redemption		
Series M Units	(48,918,637)	(114,755,565)
	<u>(44,641,659)</u>	<u>(114,658,136)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series M Units	(41,506,588)	(113,741,700)
NET ASSETS – END OF PERIOD		
Series M Units	\$ 74,892,329	\$ 156,922,105

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$1,169,231	\$2,070,532
Interest	7,542	3,517
Securities lending	1,006	4,606
Foreign withholding taxes/tax reclaims	(56,969)	(97,086)
	<u>1,120,810</u>	<u>1,981,569</u>
EXPENSES		
Management fees (note 5)	46,965	102,862
Harmonized Sales Tax/Goods and Services Tax	6,897	13,952
Audit fees	2,819	8,845
Independent Review Committee fees	43	—
Custodian fees	5,512	5,343
Filing fees	7,071	7,245
Legal fees	1,043	1,555
Unitholder reporting costs	3,108	3,294
Unitholder administration and service fees	7,129	19,488
Overdraft charges	3	169
	<u>80,590</u>	<u>162,753</u>
Net investment income (loss)	<u>1,040,220</u>	<u>1,818,816</u>
Net realized gain (loss) on investments sold	3,184,315	6,140,607
Net realized gain (loss) on currency forwards	—	(237,768)
Net gain (loss) foreign exchange	(91,248)	(68,860)
Transaction costs	(53,026)	(211,608)
Change in unrealized appreciation (depreciation) of investments	(945,190)	(6,928,090)
Change in unrealized appreciation (depreciation) of currency spots	—	403,339
Net gain (loss) on investments and transaction costs	<u>2,094,851</u>	<u>(902,380)</u>
Increase (decrease) in Net Assets from operations	<u>\$3,135,071</u>	<u>\$ 916,436</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	\$3,135,071	\$ 916,436
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series M Units	\$ 0.30	\$ 0.04

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

Scotia Private North American Equity Pool (Unaudited – Continued)

(formerly, Scotia North American Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.9%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 58.2%				UNITED STATES EQUITIES (cont'd)			
Energy – 15.4%				Materials – 1.4%			
24,770	Cameco Corporation	797,048	552,619	5,420	PPG Industries, Inc.	431,673	585,582
62,880	Canadian Natural Resources Ltd.	2,039,986	1,715,995	4,070	Praxair, Inc.	406,179	450,500
41,200	Cenovus Energy Inc.	1,389,004	1,333,232			837,852	1,036,082
10,700	Crescent Point Energy Corp.	442,189	405,744				
46,820	EnCana Corporation	1,420,475	992,116				
25,160	Imperial Oil Ltd.	1,071,466	1,070,810				
80,340	Suncor Energy, Inc.	3,554,059	2,365,210				
69,880	Talisman Energy Inc.	1,354,592	814,102				
52,500	TransCanada Corporation	1,789,293	2,238,075				
		<u>13,858,112</u>	<u>11,487,903</u>				
Materials – 10.2%				Industrials – 3.1%			
17,050	Agnico-Eagle Mines Limited	1,178,967	702,290	4,840	Boeing Company, The	296,483	366,122
49,960	Barrick Gold Corporation	2,064,167	1,912,469	41,240	General Electric Company	606,915	874,159
35,440	Goldcorp, Inc.	1,830,097	1,356,289	7,490	Honeywell International Inc.	371,014	425,813
50,910	Potash Corporation of Saskatchewan Inc.	2,310,456	2,260,913	5,100	Union Pacific Corporation	577,178	619,444
44,670	Teck Resources Ltd., Class B	1,424,061	1,407,105			1,851,590	2,285,538
		<u>8,807,748</u>	<u>7,639,066</u>				
Industrials – 2.8%				Consumer Discretionary – 6.4%			
24,370	Canadian National Railway Company	1,217,341	2,091,433	32,560	Comcast Corporation, Class A	933,083	1,059,123
Consumer Discretionary – 2.9%				7,950	Family Dollar Stores, Inc.	383,973	537,678
7,520	Canadian Tire Corporation, Limited, Class A	450,109	517,000	15,150	Home Depot Inc., The	582,650	817,176
20,800	Magna International Inc.	759,587	834,288	6,430	McDonald's Corporation	551,122	579,421
29,310	Thomson Reuters Corporation	924,989	847,645	5,600	Target Corporation	334,393	331,763
		<u>2,134,685</u>	<u>2,198,933</u>	2,600	VF Corporation	366,244	353,251
Consumer Staples – 3.1%				10,830	Viacom Inc., Class B	492,353	517,673
30,400	Loblaws Companies Limited	1,293,957	984,352	12,740	Walt Disney Company, The	436,618	628,945
32,130	Saputo Inc.	945,676	1,357,814			4,080,436	4,825,030
		<u>2,239,633</u>	<u>2,342,166</u>				
Financials – 18.9%				Consumer Staples – 6.3%			
23,420	Canadian Imperial Bank of Commerce	1,655,847	1,676,872	19,880	CVS Caremark Corporation	761,991	945,809
25,030	Great-West Lifeco Inc.	665,258	551,661	6,700	Kimberly-Clark Corporation	551,745	571,282
29,090	Intact Financial Corporation	1,080,370	1,837,615	13,900	Kraft Foods Inc.	541,998	546,394
63,580	Manulife Financial Corporation	1,227,605	703,831	15,500	PepsiCo, Inc.	1,030,058	1,114,898
16,600	National Bank of Canada	996,234	1,205,160	4,150	Philip Morris International Inc.	329,310	368,431
54,360	Power Corporation of Canada	1,567,879	1,298,660	12,135	Procter & Gamble Company, The	757,155	756,723
60,220	Royal Bank of Canada	2,577,680	3,136,258	5,520	Wal-Mart Stores, Inc.	334,420	391,765
16,310	Sun Life Financial Inc.	484,143	360,940			4,306,677	4,695,302
42,860	Toronto-Dominion Bank, The	2,505,928	3,411,656				
		<u>12,760,944</u>	<u>14,182,653</u>				
Telecommunication Services – 4.2%				Health Care – 3.1%			
43,320	BCE Inc.	1,373,941	1,817,274	13,300	Cardinal Health, Inc.	567,014	568,576
36,580	Rogers Communications, Inc., Class B	1,276,988	1,349,070	7,680	Express Scripts, Inc.	352,004	436,223
		<u>2,650,929</u>	<u>3,166,344</u>	8,710	Johnson & Johnson	550,156	599,100
Utilities – 0.7%				29,980	Pfizer Inc.	664,827	701,412
15,590	Fortis, Inc.	461,398	502,933			2,134,001	2,305,311
Index Units – 0.0%				Financials – 4.4%			
675	iShares S&P/TSX 60 Index Fund, Put Option \$16.00 Jul. 17, 2012	29,700	6,075	15,600	Aflac, Inc.	675,741	676,272
	TOTAL CANADIAN EQUITIES	<u>44,160,490</u>	<u>43,617,506</u>	8,100	Chubb Corporation, The	600,226	600,354
UNITED STATES EQUITIES – 38.7%				32,370	U.S. Bancorp	757,906	1,059,534
Energy – 3.4%				28,320	Wells Fargo & Company	751,264	963,875
4,320	Apache Corporation	516,200	386,558			2,785,137	3,300,035
15,700	Exxon Mobil Corporation	1,353,352	1,367,768				
8,820	Occidental Petroleum Corporation	808,308	770,096				
		<u>2,677,860</u>	<u>2,524,422</u>				
TOTAL INVESTMENT PORTFOLIO				Information Technology – 8.7%			
				13,830	Agilent Technologies, Inc.	479,777	552,231
				2,115	Apple Inc.	693,254	1,256,980
				18,590	Automatic Data Processing, Inc.	1,021,759	1,052,882
				1,735	Google Inc.	1,017,948	1,024,587
				7,080	International Business Machines Corporation	1,180,773	1,408,979
				40,100	Microsoft Corporation	1,053,905	1,247,231
						5,447,416	6,542,890
				Telecommunication Services – 1.3%			
				21,900	Verizon Communications Inc.	796,066	990,630
				Utilities – 0.6%			
				19,800	CentrePoint Energy, Inc.	408,961	416,473
				TOTAL UNITED STATES EQUITIES			
				25,325,996			
				28,921,713			
				TOTAL INVESTMENT PORTFOLIO			
				69,486,486			
				72,539,219			
				OTHER ASSETS, LESS LIABILITIES – 3.1%			
				2,353,110			
				NET ASSETS – 100.0%			
				74,892,329			

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

Scotia Private North American Equity Pool (Unaudited – Continued) (formerly, Scotia North American Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	15.4	12.5
Materials	10.2	8.1
Industrials	2.8	3.1
Consumer Discretionary	2.9	2.0
Consumer Staples	3.1	2.8
Financials	18.9	16.4
Telecommunication Services	4.2	4.1
Utilities	0.7	0.5
Index Units	0.0	–
United States Equities		
Energy	3.4	3.7
Materials	1.4	1.5
Industrials	3.1	4.6
Consumer Discretionary	6.4	4.2
Consumer Staples	6.3	5.8
Health Care	3.1	4.5
Financials	4.4	6.1
Information Technology	8.7	9.7
Telecommunication Services	1.3	2.1
Utilities	0.6	–
Money Market Instruments	–	0.7

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

Scotia Private North American Equity Pool (Unaudited – Continued) (formerly, Scotia North American Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	30,007,989	40.1	51,972,107	44.6

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$3,000,799, or approximately 4.0% of total Net Assets (December 31, 2011 – \$5,197,211, or approximately 4.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.9% (December 31, 2011 – 91.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$7,253,922 (December 31, 2011 – \$10,672,687). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$58,021	\$397

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$72,533,144	\$ –	\$ –	\$72,533,144
Options (Put)	6,075	–	–	6,075
	\$72,539,219	\$ –	\$ –	\$72,539,219

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$106,726,871	\$ –	\$ –	\$106,726,871
Money Market Instruments	–	774,275	–	774,275
	\$106,726,871	\$774,275	\$ –	\$107,501,146

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Cyclical Opportunities Pool (Unaudited)

(formerly, Scotia Cyclical Opportunities Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$23,353,092	\$50,258,807
Cash	1,865,476	1,231,273
Accrued investment income	42,130	70,486
Receivable for securities sold	61,777	–
Receivable for currency forward contracts	31,702	–
	<u>25,354,177</u>	<u>51,560,566</u>
LIABILITIES		
Payable for securities purchased	253,123	–
Redemptions payable	4,209	–
Accrued expenses	5,302	188
Payable for currency forward contracts	14,377	18,407
	<u>277,011</u>	<u>18,595</u>
Net Assets	<u>\$25,077,166</u>	<u>\$51,541,971</u>
NET ASSETS PER SERIES		
Series M Units	<u>\$25,077,166</u>	<u>\$51,541,971</u>
UNITS OUTSTANDING		
Series M Units	<u>2,657,978</u>	<u>5,601,184</u>
NET ASSETS PER UNIT		
Series M Units	<u>\$ 9.43</u>	<u>\$ 9.20</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series M Units	\$ 51,541,971	\$ 102,974,744
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	1,846,434	(3,957,121)
UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	258,336	18,379,265
Payments on redemption		
Series M Units	(28,569,575)	(31,447,783)
	<u>(28,311,239)</u>	<u>(13,068,518)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series M Units	<u>(26,464,805)</u>	<u>(17,025,639)</u>
NET ASSETS – END OF PERIOD		
Series M Units	<u>\$ 25,077,166</u>	<u>\$ 85,949,105</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 319,577	\$ 671,548
Interest	6,539	30,115
Securities lending	1,806	11,707
Foreign withholding taxes/tax reclaims	(11,816)	(39,899)
	<u>316,106</u>	<u>673,471</u>
EXPENSES		
Management fees (note 5)	18,804	48,247
Harmonized Sales Tax/Goods and Services Tax	3,443	7,626
Audit fees	1,716	8,845
Independent Review Committee fees	15	–
Custodian fees	7,310	11,028
Filing fees	7,015	7,049
Legal fees	860	1,555
Unitholder reporting costs	3,065	3,294
Unitholder administration and service fees	4,959	19,826
Overdraft charges	2,950	593
	<u>50,137</u>	<u>108,063</u>
Net investment income (loss)	<u>265,969</u>	<u>565,408</u>
Net realized gain (loss) on investments sold	3,307,691	(928,324)
Net realized gain (loss) on futures contracts	(72,898)	(57,275)
Net realized gain (loss) on currency forwards	10,706	(63,883)
Net gain (loss) foreign exchange	(98,682)	(115,743)
Transaction costs	(163,580)	(985,716)
Change in unrealized appreciation (depreciation) of investments	(1,438,504)	(2,477,603)
Change in unrealized appreciation (depreciation) of currency forwards	35,732	106,015
Net gain (loss) on investments and transaction costs	<u>1,580,465</u>	<u>(4,522,529)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 1,846,434</u>	<u>\$(3,957,121)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	<u>\$ 1,846,434</u>	<u>\$(3,957,121)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series M Units	<u>\$ 0.47</u>	<u>\$ (0.44)</u>

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

Scotia Private Cyclical Opportunities Pool (Unaudited – Continued) (formerly, Scotia Cyclical Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 93.1%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 66.2%				UNITED STATES EQUITIES – 27.0%			
Energy – 19.9%				Industrials – 7.5%			
36,900	Athabasca Oil Sands Corporation	401,275	412,542	10,800	C.H. Robinson Worldwide, Inc.	676,910	643,457
38,900	Canadian Natural Resources Ltd.	1,488,080	1,061,581	5,800	Cummins Inc.	564,543	572,135
23,500	Genovus Energy Inc.	859,201	760,460	13,700	Emerson Electric Co.	693,677	649,698
28,400	Paramount Resources Ltd.	915,189	694,096			1,935,130	1,865,290
46,800	Payto Exploration & Development Corporation	856,587	898,560				
31,700	ShawCor Ltd. Class A	1,034,434	1,168,145				
		5,554,766	4,995,384				
Materials – 10.7%				Health Care – 5.1%			
9,400	Agrium Inc.	776,717	846,188	22,500	Express Scripts, Inc.	1,154,857	1,277,998
167,400	Aurora Oil And Gas Limited	569,175	539,028				
17,900	Potash Corporation of Saskatchewan Inc.	797,124	794,939				
16,300	Teck Resources Ltd., Class B	657,440	513,450				
		2,800,456	2,693,605				
Industrials – 4.5%				Information Technology – 14.4%			
10,800	Finning International Inc.	252,691	254,880	28,900	eBay Inc.	1,067,653	1,235,772
29,700	Stantec Inc.	881,651	859,221	25,500	EMC Corporation	698,740	665,396
		1,134,342	1,114,101	27,100	Microsoft Corporation	713,819	842,892
				38,900	QLIK Technologies Inc.	1,122,672	875,648
						3,602,884	3,619,708
Consumer Discretionary – 8.1%				TOTAL UNITED STATES EQUITIES			
14,100	Canadian Tire Corporation, Limited, Class A	878,323	969,375			6,692,871	6,762,996
46,800	Corus Entertainment Inc., Class B	1,115,236	1,071,720				
		1,993,559	2,041,095				
Consumer Staples – 2.6%				TOTAL INVESTMENT PORTFOLIO			
15,800	Shoppers Drug Mart Corporation	662,810	647,168			23,720,681	23,353,092
Health Care – 2.8%				Currency Forward Contracts – 0.1%			
15,600	Valeant Pharmaceuticals International, Inc.	783,796	711,048				17,325
Financials – 11.2%				OTHER ASSETS, LESS LIABILITIES – 6.8%			
42,900	Power Corporation of Canada	952,104	1,024,880				1,706,749
12,600	Royal Bank of Canada	640,270	656,208				
20,100	Sun Life Financial Inc.	430,079	444,813				
8,500	Toronto-Dominion Bank, The	677,377	676,600				
		2,699,830	2,802,501				
Information Technology – 4.0%				NET ASSETS – 100.0%			
41,500	CGI Group Inc., Class A	851,255	1,014,674				25,077,166
Telecommunication Services – 2.3%							
13,600	BCE Inc.	546,996	570,520				
	TOTAL CANADIAN EQUITIES	17,027,810	16,590,096				

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	3,624,581	U.S. Dollar	3,525,000	3,593,529	31,052
Aug. 23, 2012	U.S. Dollar	835,000	Canadian Dollar	858,013	856,878	(6,763)
Aug. 23, 2012	U.S. Dollar	740,000	Canadian Dollar	753,882	752,885	510
Aug. 23, 2012	U.S. Dollar	650,000	Canadian Dollar	670,267	669,381	(7,614)
Aug. 23, 2012	U.S. Dollar	583,000	Canadian Dollar	594,199	593,414	140
						17,325

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Private Cyclical Opportunities Pool (Unaudited – Continued)

(formerly, Scotia Cyclical Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	19.9	18.0
Materials	10.7	5.7
Industrial	4.5	12.3
Consumer Discretionary	8.1	2.6
Consumer Staples	2.6	5.8
Health Care	2.8	2.2
Financials	11.2	2.0
Information Technology	4.0	1.2
Telecommunication Services	2.3	–
Utilities	–	1.9
Foreign Equities	27.0	45.8
Currency Forwards Contracts	0.1	0.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	6,816,586	27.2	17,368,650	33.7

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$681,659 or approximately 2.7% of total Net Assets (December 31, 2011 – by \$1,736,865, or approximately 3.4% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 93.1% (December 31, 2011 – 97.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,335,309 (December 31, 2011 – \$5,025,881). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$262,634	\$ 188
Payable for currency forward contracts	14,377	18,407
	\$277,011	\$18,595

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$23,353,092	\$ –	\$ –	\$23,353,092
Currency Forward Contracts – Assets	–	31,702	–	31,702
	23,353,092	31,702	–	23,384,794
Currency Forward Contracts – Liabilities	–	(14,377)	–	(14,377)
	\$23,353,092	\$ 17,325	\$ –	\$23,370,417

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$50,298,052	\$ –	\$ –	\$50,298,052
Options (Call)	7,335	–	–	7,335
	50,305,387	–	–	50,305,387
Options (Written Call)	(46,580)	–	–	(46,580)
Currency Forward Contracts – Liabilities	–	(18,407)	–	(18,407)
	\$50,258,807	\$ (18,407)	\$ –	\$50,240,400

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Dividend Pool (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$157,994,789	\$21,028,534
Cash	11,726,558	1,265,256
Accrued investment income	260,907	395
Subscriptions receivable	1,152,571	1,468,483
Receivable for currency forward contracts	489,267	–
	<u>171,624,092</u>	<u>23,762,668</u>
LIABILITIES		
Distributions payable	16,555	–
Redemptions payable	212,511	2,115
Accrued expenses	18,015	162
	<u>247,081</u>	<u>2,277</u>
Net Assets	<u>\$171,377,011</u>	<u>\$23,760,391</u>
NET ASSETS PER SERIES		
Series I Units	\$ 155,777	\$ –
Series M Units	<u>\$171,221,234</u>	<u>\$23,760,391</u>
UNITS OUTSTANDING		
Series I Units	15,328	–
Series M Units	<u>15,753,263</u>	<u>2,353,487</u>
NET ASSETS PER UNIT		
Series I Units	\$ 10.16	\$ –
Series M Units	<u>\$ 10.87</u>	<u>\$ 10.10</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$1,481,473
Interest	1,946
Securities lending	43
Foreign withholding taxes/tax reclaims	<u>(217,625)</u>
	<u>1,265,837</u>
EXPENSES	
Management fees (note 5)	56,541
Harmonized Sales Tax/Goods and Services Tax	6,773
Audit fees	2,345
Independent Review Committee fees	80
Custodian fees	2,065
Filing fees	7,958
Legal fees	801
Unitholder reporting costs	3,172
Unitholder administration and service fees	8,156
Overdraft charges	255
	<u>88,146</u>
Net investment income (loss)	<u>1,177,691</u>
Net realized gain (loss) on investments sold	433,925
Net realized gain (loss) on currency forwards	(802,324)
Net gain (loss) foreign exchange	(45,834)
Transaction costs	(146,530)
Change in unrealized appreciation (depreciation) of investments	8,221,312
Change in unrealized appreciation (depreciation) of currency forwards	489,267
Net gain (loss) on investments and transaction costs	<u>8,149,816</u>
Increase (decrease) in Net Assets from operations	<u>\$9,327,507</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series I Units**	\$ 3,127
Series M Units	<u>\$9,324,380</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT	
Series I Units**	\$ 0.21
Series M Units	<u>\$ 0.85</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series I Units**	\$ –
Series M Units	<u>23,760,391</u>
	<u>23,760,391</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series I Units**	3,127
Series M Units	<u>9,324,380</u>
	<u>9,327,507</u>
DISTRIBUTIONS TO UNITHOLDERS	
From net investment income	
Series I Units**	(664)
Series M Units	<u>(915,450)</u>
	<u>(916,114)</u>
UNIT TRANSACTIONS	
Proceeds from issue	
Series I Units**	152,650
Series M Units	<u>166,893,725</u>
Reinvested distributions	
Series I Units**	664
Series M Units	<u>895,948</u>
Payments on redemption	
Series M Units	<u>(28,737,760)</u>
	<u>139,205,227</u>
INCREASE (DECREASE) IN NET ASSETS	
Series I Units**	155,777
Series M Units	<u>147,460,843</u>
	<u>147,616,620</u>
NET ASSETS – END OF PERIOD	
Series I Units**	155,777
Series M Units	<u>171,221,234</u>
	<u>\$171,377,011</u>

* Fund's inception date was November 25, 2011. Accordingly, there were no comparative figures shown.

** Start date June 27, 2012.

Scotia Private U.S. Dividend Pool (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 92.2%				EQUITIES (cont'd)			
Energy – 4.3%				Consumer Staples (cont'd)			
48,300	Exxon Mobil Corporation	4,144,475	4,207,847	50,790	Philip Morris International Inc.	4,021,853	4,509,059
36,710	Occidental Petroleum Corporation	3,555,108	3,205,239	68,810	Procter & Gamble Company, The	4,515,763	4,290,905
		7,699,583	7,413,086	73,330	Wal-Mart Stores, Inc.	4,472,554	5,204,368
Materials – 6.8%							
43,510	PPG Industries, Inc.	3,986,310	4,700,863				
25,070	Shenwin-Williams Company, The	2,485,813	3,376,290				
47,400	Sigma-Aldrich Corporation	3,524,983	3,567,716				
		9,997,106	11,644,869				
Industrials – 11.9%				Health Care – 11.9%			
64,040	Danaher Corporation	3,391,866	3,394,273	32,930	Becton, Dickinson and Company	2,537,407	2,505,070
45,600	Dover Corporation	2,744,516	2,488,404	65,400	Cardinal Health, Inc.	2,799,612	2,795,856
224,200	General Electric Company	4,326,554	4,752,341	80,970	Johnson & Johnson	5,292,552	5,569,356
83,240	Honeywell International Inc.	4,818,899	4,732,261	95,000	Medtronic, Inc.	3,689,959	3,744,986
41,350	Union Pacific Corporation	4,627,400	5,022,352	249,800	Pfizer Inc.	5,472,196	5,844,316
		19,909,235	20,389,631				
Consumer Discretionary – 17.0%				Financials – 9.1%			
90,310	Comcast Corporation, Class A	2,613,254	2,937,636	76,000	Aflac, Inc.	3,257,706	3,294,659
46,960	Family Dollar Stores, Inc.	2,643,938	3,176,022	54,460	Chubb Corporation, The	3,820,986	4,036,456
75,290	Home Depot Inc., The	3,347,947	4,061,070	114,400	U.S. Bancorp	3,666,429	3,744,538
56,690	McDonald's Corporation	5,591,159	5,108,460	132,000	Wells Fargo & Company	4,186,238	4,492,639
79,880	Target Corporation	4,225,139	4,732,359				
24,800	VF Corporation	3,614,205	3,369,469				
72,500	Viacom Inc., Class B	3,441,171	3,465,491				
47,380	Walt Disney Company, The	1,855,372	2,339,044				
		27,332,185	29,189,551				
Consumer Staples – 19.1%				Information Technology – 8.0%			
72,660	CVS Caremark Corporation	3,209,113	3,456,865	81,440	Automatic Data Processing, Inc.	4,529,185	4,612,518
37,100	Kimberly-Clark Corporation	2,783,637	3,163,370	23,000	International Business Machines Corporation	4,462,200	4,577,192
78,300	Kraft Foods Inc.	3,015,246	3,077,888	145,290	Microsoft Corporation	4,313,296	4,518,957
52,200	McCormick & Company, Inc.	3,058,854	3,222,176				
79,970	PepsiCo, Inc.	5,303,584	5,752,153				
				Telecommunication Services – 2.7%			
				102,090 Verizon Communications Inc.			
				4,027,778			
				4,617,966			
				Utilities – 1.4%			
				110,600 CentrePoint Energy, Inc.			
				2,287,317			
				2,326,359			
				TOTAL INVESTMENT PORTFOLIO			
				149,661,574			
				157,994,789			
				Currency Forward Contracts – 0.3%			
				489,267			
				OTHER ASSETS, LESS LIABILITIES – 7.5%			
				12,892,955			
				NET ASSETS – 100.0%			
				171,377,011			

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 29, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	61,920,766	U.S. Dollar	60,260,000	61,431,499	489,267

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
United States Equities		
Energy	4.3	9.0
Materials	6.8	6.3
Industrials	11.9	7.0
Consumer Discretionary	17.0	18.2
Consumer Staples	19.1	17.3
Health Care	11.9	9.7
Financials	9.1	6.6
Information Technology	8.0	10.4
Telecommunication Services	2.7	4.0
Utilities	1.4	–
Currency Forward Contracts	0.3	–

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

Scotia Private U.S. Dividend Pool (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	108,032,734	63.0	21,051,930	88.6

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$10,803,273, or approximately 6.3% of total Net Assets (December 31, 2011 – \$2,105,193, or approximately 8.9% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 92.2% (December 31, 2011 – 88.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$15,799,479 (December 31, 2011 – \$2,102,853). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$247,081	\$2,277

Fair value classification (note 2)

The tables below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$157,994,789	\$ –	\$ –	\$157,994,789
Currency Forward Contracts – Assets	–	489,267	–	489,267
	\$157,994,789	\$489,267	\$ –	\$158,484,056

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$21,028,534	\$ –	\$ –	\$21,028,534

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Equity Pool (Unaudited)

(formerly, Scotia U.S. Equity Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$502,152,799	\$578,960,415
Cash	19,279,704	38,331,235
Accrued investment income	388,328	366,540
Receivable for securities sold	–	14,209,904
Subscriptions receivable	636,345	–
	<u>522,457,176</u>	<u>631,868,094</u>
LIABILITIES		
Redemptions payable	416,496	–
Accrued expenses	48,866	2,255
	<u>465,362</u>	<u>2,255</u>
Net Assets	<u>\$521,991,814</u>	<u>\$631,865,839</u>
NET ASSETS PER SERIES		
Series I Units	\$ 65,060,104	\$ 74,249,930
Series M Units	\$456,931,710	\$557,615,909
UNITS OUTSTANDING		
Series I Units	7,803,796	9,728,357
Series M Units	54,817,011	73,032,988
NET ASSETS PER UNIT		
Series I Units	\$ 8.34	\$ 7.63
Series M Units	\$ 8.34	\$ 7.64

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series I Units	\$ 74,249,930	\$ 45,294,873
Series M Units	557,615,909	570,542,264
	<u>631,865,839</u>	<u>615,837,137</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	5,463,362	(325,430)
Series M Units	46,424,789	586,236
	<u>51,888,151</u>	<u>260,806</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	4,694,391	23,415,676
Series M Units	73,270,478	96,706,727
Payments on redemption		
Series I Units	(19,347,579)	–
Series M Units	(220,379,466)	(142,221,672)
	<u>(161,762,176)</u>	<u>(22,099,269)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series I Units	(9,189,826)	23,090,246
Series M Units	(100,684,199)	(44,928,709)
	<u>(109,874,025)</u>	<u>(21,838,463)</u>
NET ASSETS – END OF PERIOD		
Series I Units	65,060,104	68,385,119
Series M Units	456,931,710	525,613,555
	<u>\$ 521,991,814</u>	<u>\$ 593,998,674</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 4,791,731	\$ 5,000,176
Interest	21,538	(45,718)
Securities lending	1,617	7,937
Foreign withholding taxes/tax reclaims	(681,601)	(743,389)
	<u>4,133,285</u>	<u>4,219,006</u>
EXPENSES		
Management fees (note 5)	256,829	274,572
Harmonized Sales Tax/Goods and Services Tax	32,243	34,058
Audit fees	7,838	11,189
Independent Review Committee fees	294	–
Custodian fees	7,045	6,066
Filing fees	7,977	7,993
Legal fees	2,691	1,554
Unitholder reporting costs	3,656	3,294
Unitholder administration and service fees	24,208	19,719
Overdraft charges	1,503	154
	<u>344,284</u>	<u>358,599</u>
Net investment income (loss)	<u>3,789,001</u>	<u>3,860,407</u>
Net realized gain (loss) on investments sold	12,552,066	(9,313,921)
Net realized gain (loss) on currency forwards	–	(1,612,042)
Net gain (loss) foreign exchange	(403,434)	(982,753)
Transaction costs	(211,135)	(779,301)
Change in unrealized appreciation (depreciation) of investments	36,161,653	5,411,538
Change in unrealized appreciation (depreciation) of currency forwards	–	3,676,878
Net gain (loss) on investments and transaction costs	<u>48,099,150</u>	<u>(3,599,601)</u>
Increase (decrease) in Net Assets from operations	<u>\$51,888,151</u>	<u>\$ 260,806</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series I Units	\$ 5,463,362	\$ (325,430)
Series M Units	\$46,424,789	\$ 586,236
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series I Units	\$ 0.69	\$ (0.04)
Series M Units	\$ 0.72	\$ 0.01

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

Scotia Private U.S. Equity Pool (Unaudited – Continued)

(formerly, Scotia U.S. Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.2%				EQUITIES – (cont'd)			
Energy – 11.0%				Health Care – 4.7%			
91,600	Chevron Corporation	9,863,431	9,834,070	148,700	Allergan, Inc.	13,969,807	14,008,278
244,400	Exxon Mobil Corporation	19,267,970	21,291,878	153,700	Johnson & Johnson	9,869,518	10,571,941
187,000	Noble Energy, Inc.	18,521,491	16,140,844			<u>23,839,325</u>	<u>24,580,219</u>
333,200	Spectra Energy Corporation	9,901,283	9,854,676				
		<u>57,554,175</u>	<u>57,121,468</u>	Financials – 7.3%			
Industrials – 12.1%				91,800	Public Storage Real Estate Investment Trust	12,573,248	13,492,138
204,500	Danaher Corporation	10,364,599	10,838,987	154,600	Simon Property Group, Inc.	19,785,561	24,495,936
155,000	Norfolk Southern Corporation	11,013,457	11,322,565			<u>32,358,809</u>	<u>37,988,074</u>
107,300	TransDigm Group Inc.	9,908,321	14,667,967	Information Technology – 24.8%			
134,200	W.W. Grainger, Inc.	23,232,074	26,128,981	35,200	Apple Inc.	12,072,929	20,919,957
		<u>54,518,451</u>	<u>62,958,500</u>	22,400	Google Inc.	14,129,799	13,228,091
Consumer Discretionary – 17.9%				559,800	Intel Corporation	14,866,725	15,160,229
238,400	Bed Bath & Beyond Inc.	14,832,599	14,992,535	108,300	International Business Machines Corporation	18,806,095	21,552,606
357,200	Dollar Tree, Inc.	14,656,262	19,565,230	29,100	MasterCard, Inc., Class A	10,683,799	12,742,175
125,800	McDonald's Corporation	11,394,603	11,336,114	733,800	Microsoft Corporation	19,852,421	22,823,390
107,300	NIKE, Inc., Class B	10,282,875	9,584,922	319,300	Oracle Corporation	9,624,523	9,651,625
187,900	O'Reilly Automotive, Inc.	13,748,679	16,023,400	106,300	Visa Inc.	10,155,107	13,379,761
505,200	TIJ Companies, Inc., The	15,348,714	22,070,546			<u>110,191,398</u>	<u>129,457,834</u>
		<u>80,263,732</u>	<u>93,572,747</u>	Telecommunication Services – 4.6%			
Consumer Staples – 12.8%				340,600	American Tower Corporation	19,180,597	24,238,908
356,300	Altria Group, Inc.	9,834,500	12,533,002	Utilities – 1.0%			
144,400	Coca-Cola Company, The	9,848,571	11,493,547	112,000	Southern Company	4,916,148	5,277,188
180,500	Costco Wholesale Corporation	15,327,151	17,456,064			<u>438,560,237</u>	<u>502,152,799</u>
174,900	Hershey Company, The	10,610,238	12,824,314	TOTAL INVESTMENT PORTFOLIO			
142,500	Philip Morris International Inc.	10,117,142	12,650,934				
		<u>55,737,602</u>	<u>66,957,861</u>	OTHER ASSETS, LESS LIABILITIES – 3.8%			
				NET ASSETS – 100.0%			
							<u>521,991,814</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	11.0	12.7
Materials	–	2.0
Industrials	12.1	11.7
Consumer Discretionary	17.9	19.5
Consumer Staples	12.8	11.8
Health Care	4.7	2.0
Financials	7.3	3.9
Information Technology	24.8	19.8
Telecommunication Services	4.6	5.1
Utilities	1.0	3.1

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

Scotia Private U.S. Equity Pool (Unaudited – Continued)

(formerly, Scotia U.S. Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	521,247,508	99.9	616,298,755	97.5

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$52,124,751, or approximately 10.0% of total Net Assets (December 31, 2011 – \$61,629,876, or approximately 9.8% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.2% (December 31, 2011 – 91.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$50,215,280 (December 31, 2011 – \$57,896,042). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$465,362	\$2,255

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$502,152,799	\$ –	\$ –	\$502,152,799

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$578,960,415	\$ –	\$ –	\$578,960,415

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia U.S. Blue Chip Fund (Unaudited)

(formerly, Scotia U.S. Growth Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$21,734,671	\$21,757,931
Cash	4,541,779	4,270,404
Accrued investment income	16,516	13,318
Receivable for securities sold	97,583	—
Subscriptions receivable	12,242	5,474
Receivable for currency forward contracts	1,043	7,349
	<u>26,403,834</u>	<u>26,054,476</u>
LIABILITIES		
Redemptions payable	40,553	15,204
Accrued expenses	57,198	1,955
Payable for currency forward contracts	268	—
	<u>98,019</u>	<u>17,159</u>
Net Assets	<u>\$26,305,815</u>	<u>\$26,037,317</u>
NET ASSETS PER SERIES		
Series A Units	\$26,298,242	\$26,030,037
Series F Units	\$ 7,573	\$ 7,280
UNITS OUTSTANDING		
Series A Units	4,117,088	4,216,417
Series F Units	1,128	1,128
NET ASSETS PER UNIT		
Series A Units	\$ 6.39	\$ 6.17
Series F Units	\$ 6.71	\$ 6.45

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$26,030,037	\$29,043,507
Series F Units	7,280	7,649
	<u>26,037,317</u>	<u>29,051,156</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	898,168	320,529
Series F Units	293	127
	<u>898,461</u>	<u>320,656</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,394,934	1,838,780
Payments on redemption		
Series A Units	(2,024,897)	(2,542,238)
	<u>(629,963)</u>	<u>(703,458)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	268,205	(382,929)
Series F Units	293	127
	<u>268,498</u>	<u>(382,802)</u>
NET ASSETS – END OF PERIOD		
Series A Units	26,298,242	28,660,578
Series F Units	7,573	7,776
	<u>\$26,305,815</u>	<u>\$28,668,354</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 182,163	\$ 246,582
Interest	706	(271)
Securities lending	87	22
Foreign withholding taxes/tax reclaims	(25,181)	(34,986)
Other income	165	259
	<u>157,940</u>	<u>211,606</u>
EXPENSES		
Management fees (note 5)	264,982	291,498
Harmonized Sales Tax/Goods and Services Tax	36,328	41,109
Audit fees	1,521	5,199
Independent Review Committee fees	419	637
Custodian fees	1,580	2,318
Filing fees	8,609	8,737
Legal fees	538	2,929
Unitholder reporting costs	10,929	13,530
Unitholder administration and service fees	56,659	74,477
Overdraft charges	1	130
	<u>381,566</u>	<u>440,564</u>
Absorbed expenses	(14,178)	(35,806)
	<u>367,388</u>	<u>404,758</u>
Net investment income (loss)	<u>(209,448)</u>	<u>(193,152)</u>
Net realized gain (loss) on investments sold	(560,734)	2,169,271
Net realized gain (loss) on currency forwards	144,657	31,156
Net gain (loss) foreign exchange	(51,947)	(42,047)
Transaction costs	(18,629)	(73,893)
Change in unrealized appreciation (depreciation) of investments	1,601,136	(1,664,660)
Change in unrealized appreciation (depreciation) of currency forwards	(6,574)	93,981
Net gain (loss) on investments and transaction costs	<u>1,107,909</u>	<u>513,808</u>
Increase (decrease) in Net Assets from operations	<u>\$ 898,461</u>	<u>\$ 320,656</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 898,168	\$ 320,529
Series F Units	\$ 293	\$ 127
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.22	\$ 0.07
Series F Units	\$ 0.26	\$ 0.11

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

Scotia U.S. Blue Chip Fund (Unaudited – Continued)

(formerly, Scotia U.S. Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/Ounces	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 80.0%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 5.3%				Consumer Staples (cont'd)			
Energy – 2.4%				4,300	Hershey Company, The	265,537	315,292
19,700	Cenovus Energy Inc.	702,935	637,492	5,100	Mead Johnson Nutrition Company	408,982	417,982
Index Units – 2.9%							
20,000	Utilities Select Sector SPDR Fund	723,376	753,192				
TOTAL CANADIAN EQUITIES							
		1,426,311	1,390,684				
UNITED STATES – 72.9%				Health Care – 6.4%			
Energy – 4.2%				6,600	Laboratory Corporation of America Holdings	587,471	622,290
6,600	Chevron Corporation	545,591	708,568	23,800	Pfizer Inc.	510,892	556,824
3,200	Exxon Mobil Corporation	263,117	278,781	8,100	Varian Medical Systems, Inc.	540,486	501,147
1,500	Occidental Petroleum Corporation	129,057	130,969				
				1,638,849			
				1,680,261			
				Financials – 3.0%			
				54,000			
				Financial Select Sector SPDR Fund, The			
				789,389			
				804,596			
				Information Technology – 21.9%			
				3,400			
				Amphenol Corporation			
				193,479			
				1,343			
				Apple Inc.			
				300,184			
				798,168			
				37,400			
				Corning Incorporated			
				513,864			
				492,336			
				12,200			
				Fiserv, Inc.			
				708,047			
				897,033			
				900			
				Google Inc.			
				517,979			
				531,486			
				600			
				MasterCard, Inc., Class A			
				228,014			
				262,725			
				31,800			
				Microsoft Corporation			
				831,328			
				989,076			
				14,980			
				Oracle Corporation			
				405,371			
				452,807			
				9,200			
				Visa Inc.			
				658,068			
				1,157,985			
				4,356,334			
				5,771,724			
				TOTAL UNITED STATES			
				16,467,795			
				19,188,060			
				Switzerland – 1.8%			
				8,600			
				Compagnie Financiere Richemont SA			
				505,540			
				480,513			
				TOTAL EQUITIES			
				18,399,646			
				21,059,257			
				COMMODITIES – 2.6%			
				415 Ounces			
				Gold Bullion			
				701,612			
				675,414			
				TOTAL INVESTMENT PORTFOLIO			
				19,101,258			
				21,734,671			
				Consumer Discretionary – 11.2%			
				9,000			
				Comcast Corporation, Class A			
				268,188			
				292,755			
				22,500			
				Gentex Corporation			
				639,960			
				477,846			
				5,300			
				Home Depot Inc., The			
				283,014			
				285,877			
				6,200			
				McDonald's Corporation			
				457,196			
				558,696			
				1,800			
				Polo Ralph Lauren Corporation			
				265,694			
				256,580			
				4,600			
				Starbucks Corporation			
				255,157			
				248,728			
				15,100			
				Starwood Hotels & Resorts Worldwide, Inc.			
				743,580			
				815,094			
				2,912,789			
				2,935,576			
				Consumer Staples – 10.0%			
				13,700			
				Coca-Cola Company, The			
				855,992			
				1,090,455			
				1,500			
				Costco Wholesale Corporation			
				128,566			
				145,064			
				11,900			
				Estee Lauder Companies Inc., The			
				691,820			
				655,686			
				Currency Forward Contracts – 0.0%			
				775			
				OTHER ASSETS, LESS LIABILITIES – 17.4%			
				4,570,369			
				NET ASSETS – 100.0%			
				26,305,815			

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	Canadian Dollar	228,399	Swiss Franc	212,500	228,561	(162)
Aug. 23, 2012	Canadian Dollar	194,648	Swiss Franc	180,000	193,605	1,043
Aug. 23, 2012	Swiss Franc	30,000	Canadian Dollar	32,373	32,285	(106)
						775

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	2.4	2.2
Materials	–	5.7
Index units	2.9	–
United States Equities		
Energy	4.2	8.6
Materials	4.8	9.9
Industrials	11.4	13.1
Consumer Discretionary	11.2	10.7
Consumer Staples	10.0	9.2
Health Care	6.4	1.0
Financials	3.0	3.1
Information Technology	21.9	19.2
Switzerland Equities	1.8	0.9

For equities, all common shares unless otherwise noted.

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

Scotia U.S. Blue Chip Fund (Unaudited – Continued)

(formerly, Scotia U.S. Growth Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	24,932,966	94.8	12,537,354	48.2
Swiss Franc	90,632	0.3	77,868	0.3
Total	25,023,598	95.1	12,615,222	48.5

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$2,502,360, or approximately 9.5% of total Net Assets (December 31, 2011 – \$1,261,522, or approximately 4.8% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 82.6% (December 31, 2011 – 83.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,173,467 (December 31, 2011 – \$2,175,793). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$97,751	\$17,159
Payable for currency forward contracts	268	–
	\$98,019	\$17,159

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$20,578,744	\$480,513	\$ –	\$21,059,257
Currency Forward Contracts – Assets	–	1,043	–	1,043
	20,578,744	481,556	–	21,060,300
Currency Forward Contracts – Liabilities	–	(268)	–	(268)
	\$20,578,744	\$481,288	\$ –	\$21,060,032

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$21,516,812	\$241,119	\$ –	\$21,757,931
Currency Forward Contracts – Assets	–	7,349	–	7,349
	\$21,516,812	\$248,468	\$ –	\$21,765,280

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia U.S. Value Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$92,359,759	\$89,172,039
Cash	3,822,580	2,643,807
Accrued investment income	73,060	55,069
Receivable for securities sold	—	2,233,684
Subscriptions receivable	2,840	10,474
	<u>96,258,239</u>	<u>94,115,073</u>
LIABILITIES		
Redemptions payable	262,168	11,345
Accrued expenses	38,366	1,262
	<u>300,534</u>	<u>12,607</u>
Net Assets	<u>\$95,957,705</u>	<u>\$94,102,466</u>
NET ASSETS PER SERIES		
Series A Units	\$17,620,608	\$16,312,077
Series I Units	\$78,337,097	\$77,790,389
UNITS OUTSTANDING		
Series A Units	2,304,836	2,286,225
Series I Units	9,075,730	9,781,749
NET ASSETS PER UNIT		
Series A Units	\$ 7.65	\$ 7.13
Series I Units	\$ 8.63	\$ 7.95

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 811,941	\$ 592,263
Interest	791	1,266
Securities lending	234	—
Foreign withholding taxes/tax reclaims	(115,964)	(82,408)
Other income	749	616
	<u>697,751</u>	<u>511,737</u>
EXPENSES		
Management fees (note 5)	169,972	170,259
Harmonized Sales Tax/Goods and Services Tax	21,020	23,605
Audit fees	2,289	8,845
Independent Review Committee fees	227	270
Custodian fees	1,623	1,229
Filing fees	8,065	8,117
Legal fees	1,119	2,386
Unitholder reporting costs	6,864	7,629
Unitholder administration and service fees	30,459	44,885
Overdraft charges	—	31
	<u>241,638</u>	<u>267,256</u>
Net investment income (loss)	456,113	244,481
Net realized gain (loss) on investments sold	154,076	(714,624)
Net realized gain (loss) on currency forwards	—	2,405,081
Net gain (loss) foreign exchange	(69,483)	(144,112)
Transaction costs	(20,563)	(162,592)
Change in unrealized appreciation (depreciation) of investments	7,107,434	5,999,943
Change in unrealized appreciation (depreciation) of currency forwards	—	245,306
Net gain (loss) on investments and transaction costs	<u>7,171,464</u>	<u>7,629,002</u>
Increase (decrease) in Net Assets from operations	<u>\$7,627,577</u>	<u>\$7,873,483</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$1,175,489	\$1,225,327
Series I Units	\$6,452,088	\$6,648,156
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.51	\$ 0.53
Series I Units	\$ 0.68	\$ 0.69

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$16,312,077	\$ 16,414,959
Series I Units	77,790,389	73,420,652
	<u>94,102,466</u>	<u>89,835,611</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	1,175,489	1,225,327
Series I Units	6,452,088	6,648,156
	<u>7,627,577</u>	<u>7,873,483</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,696,015	1,858,304
Series I Units	300,004	7,356,009
Payments on redemption		
Series A Units	(1,562,973)	(1,950,758)
Series I Units	(6,205,384)	(3,362,909)
	<u>(5,772,338)</u>	<u>3,900,646</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	1,308,531	1,132,873
Series I Units	546,708	10,641,256
	<u>1,855,239</u>	<u>11,774,129</u>
NET ASSETS – END OF PERIOD		
Series A Units	17,620,608	17,547,832
Series I Units	78,337,097	84,061,908
	<u>\$95,957,705</u>	<u>\$101,609,740</u>

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

Scotia U.S. Value Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.3%				EQUITIES (cont'd)			
Energy – 9.1%				Financials – 7.4%			
45,600	Exxon Mobil Corporation	3,584,626	3,972,625	16,600	Public Storage Real Estate Investment Trust	2,273,589	2,439,755
33,600	Noble Energy, Inc.	3,326,845	2,900,173	29,200	Simon Property Group, Inc.	3,735,550	4,626,658
62,800	Spectra Energy Corporation	1,863,736	1,857,364			6,009,139	7,066,413
		8,775,207	8,730,162	Information Technology – 25.3%			
Industrials – 12.3%				6,600	Apple Inc.	2,022,793	3,922,492
38,500	Danaher Corporation	1,951,278	2,040,592	4,000	Google Inc.	2,525,957	2,362,159
29,000	Norfolk Southern Corporation	2,062,373	2,118,415	104,000	Intel Corporation	2,760,035	2,816,477
20,200	TransDigm Group Inc.	1,833,674	2,761,351	20,400	International Business Machines Corporation	3,254,647	4,059,771
25,300	W.W. Grainger, Inc.	3,913,670	4,925,955	5,600	MasterCard, Inc., Class A	2,055,632	2,452,102
		9,760,995	11,846,313	138,500	Microsoft Corporation	3,736,878	4,307,767
Consumer Discretionary – 18.3%				60,200	Oracle Corporation	1,669,098	1,819,692
45,000	Bed Bath & Beyond Inc.	2,582,381	2,829,967	20,000	Visa Inc.	1,907,386	2,517,359
67,400	Dollar Tree, Inc.	2,441,398	3,691,759			19,932,426	24,257,819
22,500	McDonald's Corporation	2,019,454	2,027,524	Telecommunication Services – 4.8%			
20,000	NIKE, Inc., Class B	1,735,642	1,786,565	64,300	American Tower Corporation	3,457,317	4,575,930
35,400	O'Reilly Automotive, Inc.	2,351,364	3,018,778	Utilities – 1.0%			
95,200	TXJ Companies, Inc., The	2,637,194	4,158,979	21,200	Southern Company	871,200	998,896
		13,767,433	17,513,572	Index Units – 0.3%			
Consumer Staples – 13.1%				506	S&P 500 Deposit Receipts, Put Option \$110.00 Jan. 18, 2013	678,291	107,668
67,200	Altria Group, Inc.	1,786,436	2,363,788	(506)	S&P 500 Deposit Receipts, Written Put Option \$80.00 Jan. 18, 2013	(242,576)	(18,546)
27,100	Coca-Cola Company, The	1,877,066	2,157,030	(900)	S&P 500 Deposit Receipts, Written Put Option \$90.00 Jan. 18, 2013	(487,634)	(60,475)
34,000	Costco Wholesale Corporation	2,944,751	3,288,123	900	S&P 500 Deposit Receipts, Put Option \$115.00 Jan. 18, 2013	1,136,658	248,315
32,900	Hershey Company, The	2,021,046	2,412,350			1,084,739	276,962
26,900	Philip Morris International Inc.	1,895,746	2,388,141	TOTAL INVESTMENT PORTFOLIO			
		10,525,045	12,609,432	88,614,130			
Health Care – 4.7%				OTHER ASSETS, LESS LIABILITIES – 3.7%			
26,500	Allergan, Inc.	2,489,601	2,496,432	3,597,946			
28,900	Johnson & Johnson	1,941,028	1,987,828	NET ASSETS – 100.0%			
		4,430,629	4,484,260	95,957,705			

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	9.1	13.3
Material	–	2.0
Industrials	12.3	12.0
Consumer Discretionary	18.3	20.7
Consumer Staples	13.1	11.8
Health Care	4.7	2.1
Financials	7.4	4.1
Information Technology	25.3	20.5
Telecommunication Services	4.8	4.2
Utilities	1.0	3.2
Index Units	0.3	0.9

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

Scotia U.S. Value Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	96,154,102	100.2	91,426,257	97.2

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$9,615,410, or approximately 10.0% of total Net Assets (December 31, 2011 – \$9,142,626, or approximately 9.7% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.3% (December 31, 2011 – 94.8%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$9,235,976 (December 31, 2011 – \$8,917,204). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$300,534	\$12,607

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$92,082,797	\$ –	\$ –	\$92,082,797
Options (Written Put)	(79,021)	–	–	(79,021)
	92,003,776	–	–	92,003,776
Options (Put)	355,983	–	–	355,983
	\$92,359,759	\$ –	\$ –	\$92,359,759

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$88,342,143	\$ –	\$ –	\$88,342,143
Options (Written Put)	(443,959)	–	–	(443,959)
	87,898,184	–	–	87,898,184
Options (Put)	1,273,855	–	–	1,273,855
	\$89,172,039	\$ –	\$ –	\$89,172,039

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private International Core Equity Pool (Unaudited)

(formerly, Scotia International Equity Fund)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$35,401,529	\$63,490,696
Cash	308,438	161,283
Accrued investment income	146,522	47,287
Receivable for securities sold	77,169	2,254,282
Subscriptions receivable	–	95,298
Receivable for currency spot contracts	–	1,476
	<u>35,933,658</u>	<u>66,050,322</u>
LIABILITIES		
Payable for securities purchased	162,953	–
Redemptions payable	105,108	56,939
Accrued expenses	18,740	77
Payable for currency spot contracts	–	5,243
	<u>286,801</u>	<u>62,259</u>
Net Assets	<u>\$35,646,857</u>	<u>\$65,988,063</u>
NET ASSETS PER SERIES		
Series M Units	<u>\$35,646,857</u>	<u>\$65,988,063</u>
UNITS OUTSTANDING		
Series M Units	<u>4,837,658</u>	<u>9,462,218</u>
NET ASSETS PER UNIT		
Series M Units	<u>\$ 7.37</u>	<u>\$ 6.97</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series M Units	\$ 65,988,063	\$ 108,372,168
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	3,242,880	2,188,349
UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	5,336,299	10,266,824
Payments on redemption		
Series M Units	(38,920,385)	(40,380,129)
	<u>(33,584,086)</u>	<u>(30,113,305)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series M Units	<u>(30,341,206)</u>	<u>(27,924,956)</u>
NET ASSETS – END OF PERIOD		
Series M Units	<u>\$ 35,646,857</u>	<u>\$ 80,447,212</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$1,164,078	\$ 1,551,707
Interest	10,587	11,467
Securities lending	20,851	–
Foreign withholding taxes/tax reclaims	(150,829)	(225,755)
	<u>1,044,687</u>	<u>1,337,419</u>
EXPENSES		
Management fees (note 5)	89,303	138,601
Harmonized Sales Tax/Goods and Services Tax	14,842	25,804
Audit fees	1,796	8,845
Independent Review Committee fees	28	–
Custodian fees	19,804	56,775
Filing fees	7,124	7,226
Legal fees	6,941	7,142
Unitholder reporting costs	3,085	3,294
Unitholder administration and service fees	5,998	19,599
Overdraft charges	825	3,668
	<u>149,746</u>	<u>270,954</u>
Net investment income (loss)	<u>894,941</u>	<u>1,066,465</u>
Net realized gain (loss) on investments sold	564,965	3,422,276
Net gain (loss) foreign exchange	(17,550)	(31,847)
Transaction costs	(20,801)	(34,831)
Change in unrealized appreciation (depreciation) of investments	1,817,558	(2,235,510)
Change in unrealized appreciation (depreciation) of currency spots	3,767	1,796
Net gain (loss) on investments and transaction costs	<u>2,347,939</u>	<u>1,121,884</u>
Increase (decrease) in Net Assets from operations	<u>\$3,242,880</u>	<u>\$ 2,188,349</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series M Units	<u>\$3,242,880</u>	<u>\$ 2,188,349</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series M Units	<u>\$ 0.40</u>	<u>\$ 0.19</u>

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

Scotia Private International Core Equity Pool (Unaudited – Continued) (formerly, Scotia International Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES – 99.3%				FOREIGN EQUITIES (cont'd)			
Australia – 0.7%				Mexico – 1.0%			
7,398	BHP Billiton Limited	259,059	245,465	132,920	Wal-Mart de Mexico SAB de CV, Series V	309,850	361,164
Brazil – 3.3%				Netherlands – 0.7%			
46,900	BM&F BOVESPA SA	355,581	241,661	13,500	Yandex NV	406,961	261,418
8,300	Empresa Brasileira De Aeronautica SA ADR	245,673	224,185	South Korea – 0.8%			
19,800	Itau Unibanco Holding SA ADR	412,874	280,404	1,296	Hyundai Motor Company	177,518	271,639
17,800	Natura Cosmeticos SA	463,738	419,809	Sweden – 5.3%			
		1,477,866	1,166,059	23,750	Assa Abloy AB Series B	586,037	676,111
China – 1.0%				22,870	Hennes & Mauritz AB, Class B	760,024	837,087
624,400	Industrial and Commercial Bank of China Ltd., Class H	476,358	355,468	11,500	Svenska Handelsbanken AB	311,856	385,933
Denmark – 3.1%				Switzerland – 8.9%			
7,572	Novo Nordisk AS, Class B	671,127	1,115,286	11,240	Julius Baer Group Ltd.	492,116	414,323
France – 9.3%				14,590	Nestle SA	783,230	886,063
8,360	Air Liquide SA	870,146	973,827	12,665	Novartis AG	696,367	719,237
6,350	Compagnie Generale des Etablissements Michelin, Class B	458,255	422,855	1,300	Swatch Group AG, Class B	521,975	523,666
5,030	Dassault Systemes SA	342,442	481,102	1,850	Syngenta AG	622,599	642,987
5,580	LVMH Moet Hennessy Louis Vuitton SA	708,794	865,925			3,116,287	3,186,276
11,929	Publicis Groupe	555,354	555,430	United Kingdom – 23.8%			
		2,934,991	3,299,139	44,266	ARM Holdings PLC	272,406	358,967
Germany – 12.0%				36,590	BG Group PLC	668,057	762,639
11,860	Adidas-Salomon AG	789,544	866,066	18,090	British American Tobacco PLC	644,470	937,620
5,300	Allianz SE	732,066	541,856	16,310	Carnival PLC	541,500	568,358
11,630	Fresenius Medical Care AG & Co. KGaA	691,621	838,126	227,220	Kingfisher PLC	776,858	1,046,202
14,320	SAP AG	659,943	860,990	29,510	Pearson PLC	463,893	596,840
7,500	Siemens AG	920,692	641,871	16,540	Reckitt Benkiser Group PLC	863,652	888,331
3,203	Volkswagen AG Non-voting	334,335	518,702	33,000	Rolls-Royce Group PLC	308,874	453,357
		4,128,201	4,267,611	5,088,000	Rolls-Royce Holdings PLC*	8,221	8,115
Hong Kong – 7.4%				13,024	SABMiller PLC	389,670	532,724
222,700	CNOOC Limited	433,964	457,382	39,786	Standard Chartered PLC	1,012,330	883,260
140,534	Hang Lung Properties Limited	611,584	487,041	131,870	Tesco PLC	931,366	652,746
38,911	Hong Kong Exchanges & Clearing Limited	654,145	568,280	271,940	Vodafone Group PLC	768,191	778,051
91,490	HSBC Holdings PLC Ord	810,292	835,053			7,649,488	8,467,210
10,175	Tencent Holdings Limited	238,982	305,911	United States – 9.2%			
		2,748,967	2,653,667	3,729	Baidu, Inc.	479,317	435,649
Israel – 2.4%				3,870	Accenture PLC, Class A	227,217	236,679
21,710	Teva Pharmaceutical Industries Ltd. ADR	1,108,752	871,742	14,506	Check Point Software Technologies Ltd.	789,615	731,636
Japan – 10.4%				9,560	Covidien PLC	401,346	520,620
8,812	Canon Inc.	397,901	359,311	12,250	Schlumberger Limited	760,982	809,541
207	Dai-ichi Life Insurance Company Ltd., The	267,541	244,174	8,200	Yum! Brands, Inc.	541,140	537,806
3,180	FANUC Corp.	388,983	532,022			3,199,617	3,271,931
86	KDDI Corporation	552,491	564,876	TOTAL INVESTMENT PORTFOLIO			
21,740	Komatsu Ltd.	492,029	530,594			33,866,707	35,401,529
123,400	Mitsubishi UFJ Financial Group, Inc.	639,838	601,369	OTHER ASSETS, LESS LIABILITIES – 0.7%			
21,343	Toyota Motor Corporation	804,965	875,977				245,328
		3,543,748	3,708,323	NET ASSETS – 100.0%			
							35,646,857

* This security is not actively traded and considered illiquid.

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

Scotia Private International Core Equity Pool (Unaudited – Continued)

(formerly, Scotia International Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	0.7	1.7
Brazil	3.3	2.1
China	1.0	0.9
Denmark	3.1	2.9
France	9.3	8.7
Germany	12.0	13.1
Hong Kong	7.4	6.3
Israel	2.4	2.5
Japan	10.4	11.3
Mexico	1.0	1.2
Netherlands	0.7	0.6
South Korea	0.8	0.9
Sweden	5.3	4.9
Switzerland	8.9	8.7
United Kingdom	23.8	25.0
United States	9.2	5.4

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
British Pound	8,508,551	23.9	15,766,306	23.9
U.S. Dollar	4,909,680	13.8	6,020,503	9.1
Japanese Yen	3,744,674	10.5	7,174,023	10.9
Swiss Franc	3,207,923	9.0	5,708,033	8.7
Hong Kong Dollar	3,019,586	8.5	4,641,212	7.0
European Euro	2,021,563	5.7	13,748,459	20.8
Swedish Krona	1,899,132	5.3	2,994,498	4.5
Danish Krone	1,115,286	3.1	1,915,353	2.9
Brazilian Real	661,470	1.9	1,009,445	1.5
Mexican Peso	361,164	1.0	798,969	1.2
South Korean Won	271,639	0.8	591,662	0.9
Australian Dollar	245,465	0.7	904,620	1.4
Total	29,966,133	84.2	61,273,083	92.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$2,996,613 or approximately 8.4% of total Net Assets (December 31, 2011 – \$6,127,308, or approximately 9.3% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.3% (December 31, 2011 – 96.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$3,540,153 (December 31, 2011 – \$6,349,070). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$286,801	\$57,016
Payable for currency spot contracts	–	5,243
	\$286,801	\$62,259

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$5,940,429	\$29,461,100	\$ –	\$35,401,529

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$7,828,915	\$55,661,781	\$ –	\$63,490,696
Currency Spot Contracts – Assets	1,476	–	–	1,476
	7,830,391	55,661,781	–	63,492,172
Currency Spot Contracts – Liabilities	(5,243)	–	–	(5,243)
	\$7,825,148	\$55,661,781	\$ –	\$63,486,929

During the periods ended June 30, 2012, there were no transfers (December 31, 2011 – \$1,009,445) between Level 1 and Level 2 due to fair valuing of securities on an exchange that was closed on the reporting date.

Scotia International Value Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$110,783,536	\$104,540,725
Cash	7,211,879	12,277,922
Accrued investment income	324,981	67,397
Receivable for securities sold	327,295	229,848
Subscriptions receivable	420	642
Receivable for currency spot contracts	—	22
Receivable for currency forward contracts	308,038	593,831
	<u>118,956,149</u>	<u>117,710,387</u>
LIABILITIES		
Payable for securities purchased	—	33,213
Redemptions payable	5,518	5,983
Accrued expenses	24,047	966
Payable for currency forward contracts	11,407	75,583
	<u>40,972</u>	<u>115,745</u>
Net Assets	<u>\$118,915,177</u>	<u>\$117,594,642</u>
NET ASSETS PER SERIES		
Series A Units	\$ 8,469,079	\$ 8,349,835
Advisor Series Units	\$ 9,897	\$ 9,383
Series I Units	\$110,436,201	\$109,235,424
UNITS OUTSTANDING		
Series A Units	1,600,841	1,665,087
Advisor Series Units	1,927	1,927
Series I Units	20,287,819	21,459,849
NET ASSETS PER UNIT		
Series A Units	\$ 5.29	\$ 5.01
Advisor Series Units	\$ 5.14	\$ 4.87
Series I Units	\$ 5.44	\$ 5.09

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 2,365,536	\$ 1,451,606
Interest	1,853	8,214
Securities lending	10,558	—
Foreign withholding taxes/tax reclaims	(185,734)	(132,724)
Other income	16	8
	<u>2,192,229</u>	<u>1,327,104</u>
EXPENSES		
Management fees (note 5)	95,106	124,069
Harmonized Sales Tax/Goods and Services Tax	16,509	19,154
Audit fees	2,565	8,845
Independent Review Committee fees	212	227
Custodian fees	21,312	11,721
Filing fees	13,523	13,355
Legal fees	971	2,046
Unitholder reporting costs	6,599	6,952
Unitholder administration and service fees	31,806	40,833
Overdraft charges	362	334
	<u>188,965</u>	<u>227,536</u>
Absorbed expenses	(25,593)	(20,811)
	<u>163,372</u>	<u>206,725</u>
Net investment income (loss)	<u>2,028,857</u>	<u>1,120,379</u>
Net realized gain (loss) on investments sold	(2,330,068)	(3,277,030)
Net realized gain (loss) on currency forwards	900,181	(486,582)
Net gain (loss) foreign exchange	(141,508)	(158,770)
Transaction costs	(75,688)	(178,110)
Change in unrealized appreciation (depreciation) of investments	8,256,006	3,573,706
Change in unrealized appreciation (depreciation) of currency spots	(22)	(974)
Change in unrealized appreciation (depreciation) of currency forwards	(221,617)	487,297
Net gain (loss) on investments and transaction costs	<u>6,387,284</u>	<u>(40,463)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 8,416,141</u>	<u>\$ 1,079,916</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 462,551	\$ 163,115
Advisor Series Units	\$ 514	\$ 2,134
Series I Units	\$ 7,953,076	\$ 914,667
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.28	\$ 0.09
Advisor Series Units	\$ 0.27	\$ 0.37
Series I Units	\$ 0.39	\$ 0.08

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 8,349,835	\$ 11,487,371
Advisor Series Units	9,383	69,278
Series I Units	<u>109,235,424</u>	<u>65,606,568</u>
	<u>117,594,642</u>	<u>77,163,217</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	462,551	163,115
Advisor Series Units	514	2,134
Series I Units	<u>7,953,076</u>	<u>914,667</u>
	<u>8,416,141</u>	<u>1,079,916</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	413,744	761,515
Advisor Series Units	—	4,399
Series I Units	<u>1,019,998</u>	<u>54,043,826</u>
Payments on redemption		
Series A Units	(757,051)	(1,343,936)
Advisor Series Units	—	(59,839)
Series I Units	<u>(7,772,297)</u>	<u>(3,051,172)</u>
	<u>(7,095,606)</u>	<u>50,354,793</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	119,244	(419,306)
Advisor Series Units	514	(53,306)
Series I Units	<u>1,200,777</u>	<u>51,907,321</u>
	<u>1,320,535</u>	<u>51,434,709</u>
NET ASSETS – END OF PERIOD		
Series A Units	8,469,079	11,068,065
Advisor Series Units	9,897	15,972
Series I Units	<u>110,436,201</u>	<u>117,513,889</u>
	<u>\$118,915,177</u>	<u>\$128,597,926</u>

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

Scotia International Value Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES – 93.2%				FOREIGN EQUITIES (cont'd)			
Australia – 3.0%				South Korea – 4.2%			
1,327,100	Qantas Airways Limited	2,741,228	1,497,252	13,100	Hyundai Mobis	3,957,260	3,239,984
35,300	Rio Tinto Limited	2,831,342	2,112,031	64,880	Korea Aerospace Industries Ltd.	1,572,813	1,712,829
		5,572,570	3,609,283			5,530,073	4,952,813
Belgium – 0.5%				Sweden – 1.8%			
21,300	Bekaert NV	1,515,056	538,318	37,400	Autoliv Inc. – Sweden Depository Receipt	2,506,961	2,099,195
China – 6.9%				Switzerland – 1.5%			
1,064,000	AAC Acoustic Technologies Holdings Inc.	2,423,942	3,136,785	4,900	Dufry AG	580,233	605,169
2,742,000	Agricultural Bank of China Limited	1,548,602	1,127,094	101,800	GAM Holding Ltd.	1,212,866	1,153,832
1,036,200	Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.	1,429,874	1,355,695			1,793,099	1,759,001
3,043,000	China Liansu Group Holdings Ltd.	2,205,378	1,351,293				
2,948,000	Chongqing Rural Commercial Bank Co., Ltd.	1,982,024	1,219,654				
		9,589,820	8,190,521				
Denmark – 1.0%				Taiwan – 2.6%			
15,400	Carlsberg AS, Series B	1,651,015	1,235,452	803,000	Chalease Holding	1,157,420	1,196,348
France – 2.2%				283,000	Mstar Semiconductor Inc.	1,718,856	1,945,863
41,100	BNP Paribas	1,538,218	1,615,403			2,876,276	3,142,211
28,075	Cap Gemini SA	1,437,405	1,053,737				
		2,975,623	2,669,140				
Germany – 6.2%				Turkey – 2.4%			
48,900	Gerresheimer AG	2,180,881	2,344,767	717,200	Turkiye Garanti Bankasi AS	3,066,442	2,879,482
52,267	Henkel AG & Co. KGaA	2,744,380	2,949,008				
95,500	NORMA Group	2,427,835	2,135,752				
		7,353,096	7,429,527				
Hong Kong – 9.8%				United Kingdom – 21.8%			
850,500	BOC Hong Kong (Holdings) Limited	2,400,662	2,659,204	664,363	Aegis Group PLC	1,413,675	1,717,532
1,467,400	Chow Tai Fook Jewellery Company Ltd.	1,936,551	1,860,591	416,000	Ashmore Group PLC	2,267,533	2,324,741
4,201,000	Evergrande Real Estate Group Limited	2,609,244	2,211,048	224,342	Aviva PLC	2,498,880	977,886
921,800	MGM China Holdings Ltd.	1,305,373	1,443,405	367,100	Bardays PLC	1,262,221	956,917
4,848,000	Value Partners Group Limited	3,763,791	2,405,348	175,900	Bunzl PLC	2,011,688	2,934,356
1,988,000	Xinyi Glass Holdings Ltd.	1,589,583	1,084,772	395,750	Carillion PLC	2,065,918	1,745,177
		13,605,204	11,664,368	18,700	Imperial Tobacco Group PLC	565,794	732,704
				194,905	Inchcape PLC	861,245	1,029,535
				4,364,700	Lloyds Banking Group PLC	3,199,616	2,186,206
				857,700	Petra Diamonds Ltd.	2,038,492	1,651,750
				10,600	Royal Dutch Shell PLC	362,818	363,617
				247,900	Smith & Nephew PLC	2,318,914	2,527,025
				105,800	Spectris PLC	2,164,525	2,591,228
				112,150	Travis Perkins PLC	1,576,176	1,738,874
				73,600	Whitbread PLC	1,931,908	2,391,684
						26,539,403	25,869,232
Ireland – 1.1%				United States – 3.6%			
54,300	DCC PLC	1,550,295	1,281,029	19,500	Ensclo PLC	785,274	930,311
Japan – 9.8%				19,383	ACE Limited	1,021,873	1,462,872
119,600	Nabtesco Corporation	2,652,510	2,707,804	24,675	RenaissanceRe Holdings Ltd.	1,382,909	1,907,237
150,000	NGK SPARK PLUG Co., Ltd.	1,909,182	2,016,668			3,190,056	4,300,420
29,400	NIDEC Corporation	2,744,892	2,277,858			120,945,265	110,783,536
1,500	NTT DoCoMo, Inc.	2,497,431	2,541,925				
40,900	Sumitomo Mitsui Financial Group, Inc.	2,922,582	1,373,924				
38,600	THK Co., Ltd.	743,193	744,547				
		13,469,790	11,662,726				
Luxembourg – 1.1%				TOTAL INVESTMENT PORTFOLIO			
741,600	Samsonite International SA	1,182,159	1,278,174			120,945,265	110,783,536
Netherlands – 7.8%				Currency Forward Contracts – 0.2%			
59,475	Alzo Nobel NV	3,582,527	2,848,462				296,631
46,792	European Aeronautic Defence and Space Company	862,633	1,689,474				7,835,010
82,084	Koninklijke Boskalis Westminster NV	3,588,843	2,758,002				
56,740	Royal Dutch Shell PLC	1,609,104	1,952,149				
		9,643,107	9,248,087				
Russia – 1.7%				NET ASSETS – 100.0%			
211,600	OAO Gazprom, Sponsored ADR	2,369,601	2,039,289				
Singapore – 4.2%							
311,000	Keppel Corporation Limited	2,697,841	2,594,801				
602,000	SembCorp Marine Limited	2,267,778	2,340,467				
		4,965,619	4,935,268				

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

Scotia International Value Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation / (Depreciation)
Aug. 23, 2012	Canadian Dollar	14,121,499	British Pound	8,820,000	14,087,432	34,068
Aug. 23, 2012	Canadian Dollar	1,840,035	British Pound	1,150,000	1,836,797	3,238
Aug. 23, 2012	Canadian Dollar	8,934,672	European Euro	6,900,000	8,906,559	28,113
Aug. 23, 2012	Canadian Dollar	8,736,209	Japanese Yen	673,000,000	8,590,872	145,337
Aug. 23, 2012	Canadian Dollar	1,101,108	Japanese Yen	85,000,000	1,085,028	16,079
Aug. 23, 2012	Canadian Dollar	8,494,648	U.S. Dollar	8,253,000	8,413,444	81,203
Aug. 23, 2012	U.S. Dollar	1,298,000	Canadian Dollar	1,334,669	1,332,903	(11,407)
						<u>296,631</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	3.0	3.9
Belgium	0.5	0.6
Bermuda	–	1.6
China	6.9	8.9
Denmark	1.0	1.2
France	2.2	3.3
Germany	6.2	7.0
Hong Kong	9.8	7.3
Ireland	1.1	1.1
Japan	9.8	8.3
Luxembourg	1.1	0.6
Netherlands	7.8	8.6
Russia	1.7	1.9
Singapore	4.2	3.8
South Korea	4.2	2.4
Sweden	1.8	1.1
Switzerland	1.5	2.5
Taiwan	2.6	–
Turkey	2.4	2.4
United Kingdom	21.8	20.4
United States	3.6	2.0
Currency Spot Contracts	–	0.0
Currency Forward Contracts	0.2	0.4

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

Scotia International Value Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
Hong Kong Dollar	21,685,909	18.2	19,670,532	16.7
European Euro	14,517,548	12.2	9,094,944	7.7
British Pound	10,681,485	9.0	6,993,014	6.0
Singapore Dollar	5,106,864	4.3	4,502,772	3.8
South Korean Won	4,952,814	4.2	–	–
Taiwan Dollar	4,140,661	3.5	2,965,066	2.5
Australian Dollar	3,980,543	3.3	5,145,281	4.4
Turkish Lira	3,570,894	3.0	2,813,517	2.4
Japanese Yen	2,513,266	2.1	3,416,796	2.9
Swiss Franc	2,176,093	1.8	3,934,163	3.4
Swedish Krona	2,117,973	1.8	1,312,507	1.1
Danish Krone	1,580,798	1.3	2,870,084	2.4
U.S. Dollar	(714,080)	(0.6)	(4,618,158)	(3.9)
South Korean Won	–	–	2,878,503	2.5
Total	76,310,768	64.1	60,979,021	51.9

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$7,631,077, or approximately 6.4% of total Net Assets (December 31, 2011 – \$6,097,902, or approximately 5.2% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 93.2% (December 31, 2011 – 88.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$11,078,354 (December 31, 2011 – \$10,454,073). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$29,565	\$ 40,162
Payable for currency forward contracts	11,407	75,583
	\$40,972	\$115,745

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012	Level 1	Level 2	Level 3	Total
Equities	\$4,300,420	\$106,483,116	\$ –	\$110,783,536
Currency Forward Contracts – Assets	–	308,038	–	308,038
	4,300,420	106,791,154	–	111,091,574
Currency Forward Contracts – Liabilities	–	(11,407)	–	(11,407)
	\$4,300,420	\$106,779,747	\$ –	\$111,080,167

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$4,186,844	\$100,353,881	\$ –	\$104,540,725
Currency Spot Contracts – Assets	22	–	–	22
Currency Forward Contracts – Assets	–	593,831	–	593,831
	4,186,866	100,947,712	–	105,134,578
Currency Forward Contracts – Liabilities	–	(75,583)	–	(75,583)
	\$4,186,866	\$100,872,129	\$ –	\$105,058,995

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia European Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$16,527,742	\$16,674,274
Cash	82,065	302,738
Accrued investment income	31,647	11,617
Subscriptions receivable	1,114	3,514
	<u>16,642,568</u>	<u>16,992,143</u>
LIABILITIES		
Distributions payable	–	3
Redemptions payable	10,353	23,127
Accrued expenses	34,355	1,252
	<u>44,708</u>	<u>24,382</u>
Net Assets	<u>\$16,597,860</u>	<u>\$16,967,761</u>
NET ASSETS PER SERIES		
Series A Units	\$16,158,694	\$16,556,783
Series I Units	\$ 439,166	\$ 410,978
UNITS OUTSTANDING		
Series A Units	1,854,967	2,007,151
Series I Units	50,455	50,455
NET ASSETS PER UNIT		
Series A Units	\$ 8.71	\$ 8.25
Series I Units	\$ 8.70	\$ 8.15

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$16,556,783	\$19,745,393
Series I Units	410,978	452,091
	<u>16,967,761</u>	<u>20,197,484</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	927,594	1,083,736
Series I Units	28,188	31,273
	<u>955,782</u>	<u>1,115,009</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	459,033	743,383
Payments on redemption		
Series A Units	(1,784,716)	(2,091,780)
	<u>(1,325,683)</u>	<u>(1,348,397)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(398,089)	(264,661)
Series I Units	28,188	31,273
	<u>(369,901)</u>	<u>(233,388)</u>
NET ASSETS – END OF PERIOD		
Series A Units	16,158,694	19,480,732
Series I Units	439,166	483,364
	<u>\$16,597,860</u>	<u>\$19,964,096</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$431,181	\$ 486,192
Interest	577	242
Securities lending	7,031	–
Foreign withholding taxes/tax reclaims	(54,247)	(55,393)
Other income	16	120
	<u>384,558</u>	<u>431,161</u>
EXPENSES		
Management fees (note 5)	166,448	195,328
Harmonized Sales Tax/Goods and Services Tax	21,906	27,327
Audit fees	1,431	5,199
Independent Review Committee fees	196	302
Custodian fees	7,541	18,194
Filing fees	8,108	8,105
Legal fees	855	2,454
Unitholder reporting costs	6,801	8,139
Unitholder administration and service fees	29,683	46,230
Overdraft charges	31	2
	<u>243,000</u>	<u>311,280</u>
Absorbed expenses	<u>(12,501)</u>	<u>(40,426)</u>
	<u>230,499</u>	<u>270,854</u>
Net investment income (loss)	154,059	160,307
Net realized gain (loss) on investments sold	11,049	545,703
Net gain (loss) foreign exchange	(1,701)	(8,741)
Transaction costs	(4,968)	(11,133)
Change in unrealized appreciation (depreciation) of investments	797,343	428,873
Net gain (loss) on investments and transaction costs	801,723	954,702
Increase (decrease) in Net Assets from operations	<u>\$955,782</u>	<u>\$1,115,009</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$927,594	\$1,083,736
Series I Units	\$ 28,188	\$ 31,273
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.48	\$ 0.49
Series I Units	\$ 0.56	\$ 0.59

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

Scotia European Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES – 99.6%			
Denmark – 4.5%			
3,626	Novo Nordisk AS, Class B	320,840	534,076
8,336	Novozymes AS Series B	253,177	219,980
		<u>574,017</u>	<u>754,056</u>
France – 10.7%			
4,206	Bureau Veritas SA	264,996	380,657
2,241	LVMH Moët Hennessy Louis Vuitton SA	271,646	347,767
13,764	SES Global SA FDR	327,336	331,387
6,021	Sodexo	454,012	477,659
5,684	Valeo SA	256,282	239,788
		<u>1,574,272</u>	<u>1,777,258</u>
Germany – 19.0%			
5,357	Aldias-Salomon AG	307,282	391,190
7,819	Bayer AG	519,486	571,520
4,849	Deutsche Boerse AG	301,126	265,263
3,875	Fresenius SE & Co. KGaA	286,581	404,652
5,818	Kabel Deutschland Holding AG	329,834	368,640
2,657	Linde AG	315,936	421,358
4,911	Porsche Automobile Holdings SE	334,117	248,983
7,906	SAP AG	380,567	475,348
		<u>2,774,929</u>	<u>3,146,954</u>
Netherlands – 5.2%			
6,917	ASML Holding NV	186,683	358,867
73,049	ING Groep NV	607,949	501,791
		<u>794,632</u>	<u>860,658</u>
Norway – 12.2%			
38,749	DnB NOR ASA	475,154	392,202
26,366	Petroleum Geo-Services ASA	260,926	328,885
12,737	Seadrill Ltd.	321,994	462,635
18,064	Statoil ASA	358,425	439,474
24,069	Telenor ASA	377,949	408,406
		<u>1,794,448</u>	<u>2,031,602</u>
Sweden – 11.0%			
8,834	Elekta AB, Class B	318,806	410,138
12,551	Hennes & Mauritz AB, Class B	424,668	459,392
29,329	Swedbank AB	349,143	472,175
11,582	Swedish Match AB	358,421	475,864
		<u>1,451,038</u>	<u>1,817,569</u>
Switzerland – 7.7%			
3,417	Compagnie Financiere Richemont SA	184,043	190,920
3,001	Roche Holdings AG	513,149	527,429
1,633	Syngenta AG	379,067	567,567
		<u>1,076,259</u>	<u>1,285,916</u>
United Kingdom – 29.3%			
40,878	ARM Holdings PLC	375,828	331,492
4,457	AstraZeneca PLC	195,004	202,873
26,023	BG Group PLC	448,417	542,393
10,543	British American Tobacco PLC	339,865	546,453
73,178	Kingfisher PLC	294,616	336,938
23,501	Pearson PLC	382,474	475,308
5,015	Randgold Resources Limited	443,463	459,552
13,671	SABMiller PLC	477,156	559,189
234,915	Vodafone Group PLC	659,033	672,117
15,619	Weir Group PLC, The	488,774	383,614
26,748	Xstrata PLC	357,754	343,800
		<u>4,462,384</u>	<u>4,853,729</u>
TOTAL INVESTMENT PORTFOLIO		<u>14,501,979</u>	<u>16,527,742</u>
OTHER ASSETS, LESS LIABILITIES – 0.4%			<u>70,118</u>
NET ASSETS – 100.0%			<u>16,597,860</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Denmark	4.5	4.4
France	10.7	6.2
Germany	19.0	20.2
Netherlands	5.2	4.3
Norway	12.2	13.1
Sweden	11.0	10.1
Switzerland	7.7	7.6
United Kingdom	29.3	32.3

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

Scotia European Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of the foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	5,784,871	34.9	5,213,412	30.7
British Pound	4,853,729	29.2	5,474,846	32.3
Norwegian Krone	2,031,602	12.2	2,226,724	13.1
Swedish Krona	1,817,569	11.0	1,718,980	10.1
Swiss Franc	1,285,916	7.7	1,294,383	7.6
Danish Krone	754,056	4.5	745,928	4.4
Total	16,527,743	99.5	16,674,273	98.2

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$1,652,774, or approximately 10.0% of total Net Assets (December 31, 2011 – \$1,667,427, or approximately 9.8% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.6% (December 31, 2011 – 98.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,652,774 (December 31, 2011 – \$1,667,427). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$44,708	\$24,382

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$16,527,742	\$ –	\$16,527,742

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$16,674,274	\$ –	\$16,674,274

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Pacific Rim Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$19,530,473	\$18,367,017
Cash	555,513	1,295,917
Accrued investment income	104,179	2,548
Receivable for securities sold	47,509	158,887
Subscriptions receivable	5,694	10,957
Receivable for currency forward contracts	107,827	975
	<u>20,351,195</u>	<u>19,836,301</u>
LIABILITIES		
Distributions payable	–	159
Redemptions payable	24,883	15,138
Accrued expenses	45,084	1,269
Payable for currency forward contracts	8,788	37,851
	<u>78,755</u>	<u>54,417</u>
Net Assets	<u>\$20,272,440</u>	<u>\$19,781,884</u>
NET ASSETS PER SERIES		
Series A Units	\$18,707,021	\$18,280,160
Series I Units	\$ 1,565,419	\$ 1,501,724
UNITS OUTSTANDING		
Series A Units	2,005,940	2,054,003
Series I Units	145,059	147,603
NET ASSETS PER UNIT		
Series A Units	\$ 9.33	\$ 8.90
Series I Units	\$ 10.79	\$ 10.17

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$18,280,160	\$ 25,393,538
Series I Units	1,501,724	33,078,905
	<u>19,781,884</u>	<u>58,472,443</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	882,738	(1,324,104)
Series I Units	93,692	(1,435,219)
	<u>976,430</u>	<u>(2,759,323)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,070,679	1,979,760
Series I Units	–	1,199,999
Payments on redemption		
Series A Units	(1,526,556)	(2,750,604)
Series I Units	(29,997)	(30,871,642)
	<u>(485,874)</u>	<u>(30,442,487)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	426,861	(2,094,948)
Series I Units	63,695	(31,106,862)
	<u>490,556</u>	<u>(33,201,810)</u>
NET ASSETS – END OF PERIOD		
Series A Units	18,707,021	23,298,590
Series I Units	1,565,419	1,972,043
	<u>\$20,272,440</u>	<u>\$ 25,270,633</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 380,268	\$ 679,715
Interest	391	3,868
Foreign withholding taxes/tax reclaims	(26,889)	(78,299)
Other income	254	1,220
	<u>354,024</u>	<u>606,504</u>
EXPENSES		
Management fees (note 5)	195,236	238,924
Harmonized Sales Tax/Goods and Services Tax	27,938	32,596
Audit fees	1,471	5,199
Independent Review Committee fees	192	281
Custodian fees	29,061	23,630
Filing fees	8,144	8,252
Legal fees	521	2,161
Unitholder reporting costs	11,648	7,809
Unitholder administration and service fees	28,674	44,158
Overdraft charges	111	1,615
	<u>302,996</u>	<u>364,625</u>
Absorbed expenses	(2,499)	–
	<u>300,497</u>	<u>364,625</u>
Net investment income (loss)	53,527	241,879
Net realized gain (loss) on investments sold	(255,319)	4,845,963
Net realized gain (loss) on currency forwards	61,879	(351,773)
Net gain (loss) foreign exchange	(32,653)	(171,632)
Transaction costs	(11,789)	(172,876)
Change in unrealized appreciation (depreciation) of investments	1,024,870	(7,201,795)
Change in unrealized appreciation (depreciation) of currency spots	–	489
Change in unrealized appreciation (depreciation) of currency forwards	135,915	50,422
Net gain (loss) on investments and transaction costs	922,903	(3,001,202)
Increase (decrease) in Net Assets from operations	<u>\$ 976,430</u>	<u>\$(2,759,323)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 882,738	\$(1,324,104)
Series I Units	\$ 93,692	\$(1,435,219)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.43	\$ (0.62)
Series I Units	\$ 0.64	\$ (0.74)

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

Scotia Pacific Rim Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.3%				EQUITIES (cont'd)			
Australia – 6.7%				Japan (cont'd)			
275,100	Qantas Airways Limited	574,065	310,372	85	KDDI Corporation	438,004	558,308
6,103	Rio Tinto Limited	397,220	365,148	21,800	Komatsu Ltd.	455,028	532,059
25,767	Westpac Banking Corporation	569,861	570,582	17,500	Nabtesco Corporation	392,970	396,209
1,000	Westpac Banking Corporation, Preferred, Series CPS	104,981	102,567	6,200	NIDEC Corporation	502,063	480,365
		<u>1,646,127</u>	<u>1,348,669</u>	4,700	Nitori Holdings Co., Ltd.	384,615	453,192
China – 9.6%				10,000	Nitto Denko Corporation	422,603	434,305
500,000	Agricultural Bank of China Limited	283,799	205,524	9,300	Sumitomo Mitsui Financial Group, Inc.	450,097	312,408
286,020	Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd.	551,490	374,209	10,400	Unicharm Corporation	333,515	603,294
642,000	China Liansu Group Holdings Ltd.	564,049	285,090			<u>5,353,916</u>	<u>6,074,668</u>
388,000	China Minzhong Food Corp Ltd	391,584	183,456	Singapore – 4.3%			
904,000	Chongqing Rural Commercial Bank Co., Ltd.	658,165	374,005	55,400	Keppel Corporation Limited	387,855	462,225
594,000	Shanghai Electric Group Company Limited	350,949	249,037	107,000	SembCorp Marine Limited	459,328	415,997
662,000	Top Spring International Holdings Limited	518,824	284,566			<u>847,183</u>	<u>878,222</u>
		<u>3,318,860</u>	<u>1,955,887</u>	South Korea – 8.4%			
Hong Kong – 14.7%				26,570	Doosan Infracore Co., Ltd.	565,621	441,546
185,000	BOC Hong Kong (Holdings) Limited	595,147	578,428	2,223	Hyundai Mobis	554,775	549,808
308,000	China Resources Cement Holding Limited	226,436	183,522	11,400	Korea Aerospace Industries Ltd.	276,597	300,960
226,800	Chow Tai Fook Jewellery Company Ltd.	304,007	287,571	2,655	Mando Corp.	406,239	404,045
55,000	CNOOC Limited	108,055	112,959			<u>1,803,232</u>	<u>1,696,359</u>
809,000	Evergrande Real Estate Group Limited	499,083	425,789	Taiwan – 9.0%			
236,000	Kunlun Energy Company Ltd.	323,502	385,660	57,440	Asustek Computer Inc.	388,285	541,167
160,800	MGM China Holdings Ltd.	227,858	251,789	141,000	Chailease Holding	202,713	210,069
837,000	Value Partners Group Limited	739,282	415,280	390,122	Chinatrust Financial Holding Ltd.	273,791	228,713
416,000	Xingda International Holdings Ltd	309,355	139,599	100,000	CTCI Corp	126,504	190,287
350,000	Xinyi Glass Holdings Ltd.	287,391	190,981	115,000	Formosa Plastics Corporation	392,464	314,972
		<u>3,620,116</u>	<u>2,971,578</u>	50,000	Mstar Semiconductor Inc.	303,498	343,792
Indonesia – 8.7%						<u>1,687,255</u>	<u>1,829,000</u>
551,500	Harum Energy TBK PT	557,374	345,786	Thailand – 4.9%			
658,604	PT Bank Mandiri	463,347	519,022	487,100	Bank of Ayudhya Public Company Limited	388,764	469,053
233,322	PT United Tractors Tbk	524,390	546,866	503,800	Krung Thai Bank Public Company Limited	303,180	262,820
3,506,000	Ramayana Lestari Sentosa PT	319,056	359,519	146,184	Thai Oil Public Company Ltd.	339,310	273,024
		<u>1,864,167</u>	<u>1,771,193</u>			<u>1,031,254</u>	<u>1,004,897</u>
Japan – 30.0%				TOTAL INVESTMENT PORTFOLIO			
15,400	Aisin Seiki Co., Ltd.	433,698	521,844			<u>21,172,110</u>	<u>19,530,473</u>
3,900	FANUC Corp.	474,752	652,479	Currency Forward Contracts – 0.5%			
13,800	Honda Motor Co., Ltd.	496,067	489,511				99,039
7,900	IBIDEN Co., Ltd.	273,459	145,281	OTHER ASSETS, LESS LIABILITIES – 3.2%			
91,000	Isuzu Motors Limited	297,045	495,413				642,928
				NET ASSETS – 100.0%			
							<u>20,272,440</u>

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation / (Depreciation)
Aug. 23, 2012	Canadian Dollar	4,690,033	Japanese Yen	361,300,000	4,612,009	78,024
Aug. 23, 2012	Canadian Dollar	518,168	Japanese Yen	40,000,000	510,602	7,567
Aug. 23, 2012	Canadian Dollar	2,326,173	U.S. Dollar	2,260,000	2,303,936	22,236
Aug. 23, 2012	U.S. Dollar	1,000,000	Canadian Dollar	1,028,250	1,026,890	(8,788)
						<u>99,039</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Pacific Rim Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	6.7	6.2
China	9.6	12.7
Hong Kong	14.7	13.3
Indonesia	8.7	8.5
Japan	30.0	29.9
Malaysia	–	1.6
Singapore	4.3	4.5
South Korea	8.4	6.1
Taiwan	9.0	6.2
Thailand	4.9	4.0
Currency Forward Contracts	0.5	(0.2)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
Hong Kong Dollar	4,831,689	23.8	5,000,249	25.3
Taiwan Dollar	2,176,660	10.7	1,285,226	6.5
Indonesia Rupiah	1,789,365	8.8	–	–
South Korean Won	1,701,181	8.4	1,200,876	6.1
Australian Dollar	1,384,198	6.8	1,439,541	7.3
Singapore Dollar	1,061,678	5.2	1,096,067	5.5
Thai Baht	1,018,190	5.0	1,188,409	6.0
Japanese Yen	989,021	4.9	1,532,628	7.8
Philippines Peso	118	0.0	–	–
U.S. Dollar	(1,277,046)	(6.3)	(2,306,146)	(11.7)
Jakarta Rupiah	–	–	1,782,532	9.0
Kuala Lumpur Ringgit	–	–	314,477	1.6
Total	13,675,054	67.3	12,533,859	63.4

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$1,367,505, or approximately 6.7% of total Net Assets (December 31, 2011 – \$1,253,386, or approximately 6.3% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.3% (December 31, 2011 – 92.8%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,953,047 (December 31, 2011 – \$1,836,702). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$69,967	\$16,566
Payable for currency forward contracts	8,788	37,851
	\$78,755	\$54,417

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$789,552	\$18,740,921	\$ –	\$19,530,473
Currency Forward Contracts – Assets	–	107,827	–	107,827
	789,552	18,848,748	–	19,638,300
Currency Forward Contracts – Liabilities	–	(8,788)	–	(8,788)
	\$789,552	\$18,839,960	\$ –	\$19,629,512

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$780,975	\$17,586,042	\$ –	\$18,367,017
Currency Forward Contracts – Assets	–	975	–	975
	780,975	17,587,017	–	18,367,992
Currency Forward Contracts – Liabilities	–	(37,851)	–	(37,851)
	\$780,975	\$17,549,166	\$ –	\$18,330,141

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Latin American Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$50,899,205	\$53,328,123
Cash	—	235,986
Accrued investment income	600,385	678,459
Receivable for securities sold	853,786	—
Subscriptions receivable	13,533	22,673
	<u>52,366,909</u>	<u>54,265,241</u>
LIABILITIES		
Bank indebtedness	124,723	—
Distribution Payable	—	1,067
Redemptions payable	97,470	12,773
Accrued expenses	106,405	2,897
	<u>328,598</u>	<u>16,737</u>
Net Assets	<u>\$52,038,311</u>	<u>\$54,248,504</u>
NET ASSETS PER SERIES		
Series A Units	\$49,866,467	\$52,018,315
Series F Units	\$ 48,044	\$ 69,051
Series I Units	\$ 2,123,800	\$ 2,161,138
UNITS OUTSTANDING		
Series A Units	2,353,690	2,441,644
Series F Units	2,216	3,179
Series I Units	92,876	95,086
NET ASSETS PER UNIT		
Series A Units	\$ 21.19	\$ 21.30
Series F Units	\$ 21.68	\$ 21.72
Series I Units	\$ 22.87	\$ 22.73

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,000,749	\$ 1,335,202
Interest	391,758	771,199
Securities lending	1,754	74
Foreign withholding taxes/tax reclaims	(96,697)	(236,335)
Other income	1,004	305
	<u>1,298,568</u>	<u>1,870,445</u>
EXPENSES		
Management fees (note 5)	695,307	906,780
Harmonized Sales Tax/Goods and Services Tax	70,635	93,298
Audit fees	1,851	8,845
Independent Review Committee fees	367	530
Custodian fees	61,826	76,892
Filing fees	9,642	9,919
Legal fees	682	2,698
Unitholder reporting costs	10,061	11,804
Unitholder administration and service fees	51,632	84,625
Overdraft charges	168	2,027
	<u>902,171</u>	<u>1,197,418</u>
Absorbed expenses	(145,552)	(187,828)
	<u>756,619</u>	<u>1,009,590</u>
Net investment income (loss)	541,949	860,855
Net realized gain (loss) on investments sold	(1,833,083)	3,473,352
Net gain (loss) foreign exchange	(36,185)	(199,201)
Transaction costs	(33,162)	(115,671)
Change in unrealized appreciation (depreciation) of investments	1,170,702	(14,233,611)
Net gain (loss) on investments and transaction costs	(731,728)	(11,075,131)
Increase (decrease) in Net Assets from operations	<u>\$ (189,779)</u>	<u>\$(10,214,276)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ (215,355)	\$ (6,593,190)
Series F Units	\$ 2,903	\$ (9,294)
Series I Units	\$ 22,673	\$ (3,611,792)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ (0.09)	\$ (2.57)
Series F Units	\$ 1.21	\$ (2.76)
Series I Units	\$ 0.24	\$ (4.19)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$52,018,315	\$ 79,640,335
Series F Units	69,051	125,473
Series I Units	2,161,138	34,045,997
	<u>54,248,504</u>	<u>113,811,805</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	(215,355)	(6,593,190)
Series F Units	2,903	(9,294)
Series I Units	22,673	(3,611,792)
	<u>(189,779)</u>	<u>(10,214,276)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	3,557,677	4,856,614
Series F Units	—	27,862
Series I Units	—	2,864,999
Payments on redemption		
Series A Units	(5,494,170)	(9,312,710)
Series F Units	(23,910)	(38,413)
Series I Units	(60,011)	(30,432,966)
	<u>(2,020,414)</u>	<u>(32,034,614)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(2,151,848)	(11,049,286)
Series F Units	(21,007)	(19,845)
Series I Units	(37,338)	(31,179,759)
	<u>(2,210,193)</u>	<u>(42,248,890)</u>
NET ASSETS – END OF PERIOD		
Series A Units	49,866,467	68,591,049
Series F Units	48,044	105,628
Series I Units	2,123,800	2,866,238
	<u>\$52,038,311</u>	<u>\$ 71,562,915</u>

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

Scotia Latin American Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 97.8%			
Brazil – 58.2%			
35,000	Arezzo & Co.	403,912	524,894
71,000	Banco Bradesco SA ADR	1,261,180	1,073,436
42,000	Banco do Brasil SA	622,472	413,886
140,000	BR Malls Participacoes	1,570,644	1,631,429
217,754	Bradespar SA, Preference	4,603,314	3,622,007
70,000	Oi SA	1,565,430	879,436
107,100	Centrais Eletricas Brasileira SA	2,168,659	773,244
55,000	Cia Hering	1,163,674	1,061,695
38,800	Companhia Brasileira de Distribuicao Grupo Pao de Acucar, Preference	1,545,810	1,561,845
212,000	Companhia de Concessoes Rodoviaras	1,545,333	1,754,019
112,000	Cyrela Brazil Realty SA	1,426,142	839,831
250,000	Gafisa SA	917,379	331,859
24,500	HRT Participacoes em Petroleo SA	361,428	77,706
54,700	lochpe-Maxion S.A.	756,085	638,254
72,400	Itau Unibanco Holding SA, Preference	1,589,036	1,036,628
599,921	Itausa-Investimentos Itau SA, Preference	3,155,148	2,568,402
206,000	OGX Petroleo e Gas Participacoes SA	1,742,300	574,040
750	OSX Brasil SA	13,828	3,409
100,773	Petroleo Brasileiro SA ADR Non-Voting	3,192,655	1,861,113
142,108	Petroleo Brasileiro SA, Preference	2,529,330	1,313,275
2,404	Tam SA	37,784	63,945
137,200	Technos SA	1,428,015	1,254,015
140,000	Tecnisa SA	846,260	522,057
46,000	Telefonica Brasil S.A.	1,112,092	1,162,043
55,000	Unicasa Industria De Movies SA	401,883	439,447
216,542	Vale SA ADR, Preference	3,556,415	4,296,801
		<u>39,516,208</u>	<u>30,278,716</u>
Canada – 2.0%			
48,160	Pacific Rubiales Energy Corporation	1,405,405	1,033,995
Chile – 9.2%			
13,095	Banco de Credito e Inversiones	350,128	828,010
9,940	Banco Santander Chile SA ADR	464,832	783,991
363,706	Empresa Nacional de Electricidad SA	597,351	625,228
36,976	Empresa Nacional de Telecomunicaciones SA	540,065	699,153
29,527	Empresas Copec SA	417,517	442,742
577,121	Enersis SA	213,938	221,157
12,427	Sociedad Quimica y Minera de Chile SA, Class B	499,146	702,419
245,540	Vina Concha Y Toro SA	512,906	486,415
		<u>3,595,883</u>	<u>4,789,115</u>
Columbia – 4.6%			
38,200	Bancolombia SA ADR	2,338,692	2,404,661
Mexico – 23.8%			
1,820,782	America Movil SAB de CV	2,288,001	2,419,471
42,000	America Movil SAB de CV, Series L, ADR	1,216,995	1,114,333
245,000	Corporacion GEO SAB de CV Series B	748,500	280,679
302,960	Grupo Bimbo SAB de CV	453,909	748,962
508,390	Grupo Financiero Banorte SAB de CV, Series O	1,801,910	2,667,678
872,533	Grupo Mexico SAB de CV, Series B	1,663,203	2,640,516
385,878	Mexichem SAB	1,280,900	1,678,762
310,000	Wal-Mart de Mexico SAB de CV, Series V	789,053	842,317
		<u>10,242,471</u>	<u>12,392,718</u>
	TOTAL INVESTMENT PORTFOLIO	<u>57,098,659</u>	<u>50,899,205</u>
	OTHER ASSETS, LESS LIABILITIES – 2.2%		<u>1,139,106</u>
	NET ASSETS – 100.0%		<u>52,038,311</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Brazil	58.2	68.3
Canada	2.0	1.7
Chile	9.2	8.3
Columbia	4.6	2.0
Mexico	23.8	18.0

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

Scotia Latin American Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
Brazilian Real	22,167,932	42.6	27,222,230	50.2
U.S. Dollar	12,423,385	23.9	12,836,831	23.7
Mexican Peso	11,278,384	21.7	8,787,906	16.2
Chile Peso	4,005,124	7.7	3,721,500	6.8
Total	49,874,825	95.9	52,568,467	96.9

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$4,987,483, or approximately 9.6% of total Net Assets (December 31, 2011 – \$5,256,847, or approximately 9.7% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 97.8% (December 31, 2011 – 98.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,089,921 (December 31, 2011 – \$5,332,812). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$328,598	\$16,737

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$50,899,205	\$ –	\$ –	\$50,899,205

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$53,328,123	\$ –	\$ –	\$53,328,123

During the periods ended June 30, 2012, there were no transfers (December 31, 2011 – \$19,076,231), between Level 1 and Level 2 due to fair valuing of securities on an exchange that was closed on the reporting date.

Scotia Global Dividend Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$77,452,326	\$66,419,011
Cash	9,102,528	12,692,957
Accrued investment income	141,142	129,176
Receivable for securities sold	721,399	140,929
Subscriptions receivable	20,779	51,235
Receivable for currency forward contracts	775,905	435,928
	<u>88,214,079</u>	<u>79,869,236</u>
LIABILITIES		
Payable for securities purchased	489,550	201,870
Redemptions payable	29,627	47,308
Accrued expenses	54,926	485
Payable for currency spot contracts	2,775	–
Payable for currency forward contracts	658,390	276,439
	<u>1,235,268</u>	<u>526,102</u>
Net Assets	<u>\$86,978,811</u>	<u>\$79,343,134</u>
NET ASSETS PER SERIES		
Series A Units	\$27,635,386	\$22,888,524
Series I Units	<u>\$59,343,425</u>	<u>\$56,454,610</u>
UNITS OUTSTANDING		
Series A Units	2,566,070	2,253,814
Series I Units	<u>5,553,592</u>	<u>5,668,328</u>
NET ASSETS PER UNIT		
Series A Units	\$ 10.77	\$ 10.16
Series I Units	<u>\$ 10.69</u>	<u>\$ 9.96</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$22,888,524	\$ 7,830,523
Series I Units	<u>56,454,610</u>	<u>61,790,083</u>
	<u>79,343,134</u>	<u>69,620,606</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	1,419,396	140,659
Series I Units	<u>4,105,019</u>	<u>1,581,010</u>
	<u>5,524,415</u>	<u>1,721,669</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	5,835,823	15,852,939
Series I Units	<u>539,300</u>	<u>300,003</u>
Reinvested distributions		
Series A Units	–	29
Payments on redemption		
Series A Units	(2,508,357)	(1,100,171)
Series I Units	<u>(1,755,504)</u>	<u>(4,260,013)</u>
	<u>2,111,262</u>	<u>10,792,787</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	4,746,862	14,893,456
Series I Units	<u>2,888,815</u>	<u>(2,379,000)</u>
	<u>7,635,677</u>	<u>12,514,456</u>
NET ASSETS – END OF PERIOD		
Series A Units	27,635,386	22,723,979
Series I Units	<u>59,343,425</u>	<u>59,411,083</u>
	<u>\$86,978,811</u>	<u>\$82,135,062</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$1,454,841	\$ 1,592,666
Interest	99,650	20,170
Securities lending	3,154	–
Foreign withholding taxes/tax reclaims	(236,975)	(257,914)
Other income	322	1,086
	<u>1,320,992</u>	<u>1,356,008</u>
EXPENSES		
Management fees (note 5)	255,569	172,187
Harmonized Sales Tax/Goods and Services Tax	32,070	22,512
Audit fees	2,197	5,199
Independent Review Committee fees	141	64
Custodian fees	19,242	6,622
Filing fees	7,969	7,537
Legal fees	732	1,693
Unitholder reporting costs	5,291	4,318
Unitholder administration and service fees	17,199	25,145
Overdraft charges	1	1,056
	<u>340,411</u>	<u>246,333</u>
Absorbed expenses	–	(763)
	<u>340,411</u>	<u>245,570</u>
Net investment income (loss)	980,581	1,110,438
Net realized gain (loss) on investments sold	(24,801)	1,413,893
Net realized gain (loss) on currency forwards	54,094	1,316,596
Net gain (loss) foreign exchange	(47,603)	(90,544)
Transaction costs	(76,544)	(71,410)
Change in unrealized appreciation (depreciation) of investments	4,683,437	(1,134,117)
Change in unrealized appreciation (depreciation) of currency spots	(2,775)	(466)
Change in unrealized appreciation (depreciation) of currency forwards	(41,974)	(822,721)
	<u>4,543,834</u>	<u>611,231</u>
Net gain (loss) on investments and transaction costs	<u>4,543,834</u>	<u>611,231</u>
Increase (decrease) in Net Assets from operations	<u>\$5,524,415</u>	<u>\$ 1,721,669</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$1,419,396	\$ 140,659
Series I Units	<u>\$4,105,019</u>	<u>\$ 1,581,010</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.58	\$ 0.09
Series I Units	<u>\$ 0.74</u>	<u>\$ 0.27</u>

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

Scotia Global Dividend Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 88.4%				EQUITIES (cont'd)			
Australia – 4.5%				Thailand – 1.7%			
128,300	AMP Limited	603,733	518,562	90,850	Bangkok Bank Public Company Limited	484,230	563,341
100,000	Insurance Australia Group Ltd.	310,586	364,768	104,078	Kasikornbank Public Company Limited	380,169	546,595
505,650	Telstra Corporation Limited	1,511,919	1,950,388	77,288	Siam Commercial Bank Public Company Limited	240,657	369,974
68,950	Transurban Group	353,051	409,216			1,105,056	1,479,910
70,700	Westfield Group	656,852	701,136				
		3,436,141	3,944,070	United Kingdom – 12.7%			
Brazil – 1.1%				137,800	Bardays PLC	452,790	359,202
17,450	Companhia de Bebidas das Americas, Preference	523,258	679,352	33,850	BHP Billiton PLC	1,126,033	984,346
13,387	Companhia Energetica de Minas Gerais, Preference	189,690	251,634	12,850	British American Tobacco PLC	508,984	666,027
		712,948	930,986	22,050	Diageo PLC	417,886	577,635
Canada – 1.6%				101,000	HSBC Holdings PLC	932,961	906,879
19,200	Loblaw Companies Limited	663,514	621,696	13,750	Imperial Tobacco Group PLC	437,895	538,753
10,400	Shoppers Drug Mart Corporation	423,141	425,984	1,222,550	Lloyds Banking Group PLC	847,305	612,355
2,300	Canadian Imperial Bank of Commerce	162,467	164,680	29,150	Meggitt PLC	165,228	180,014
2,100	Toronto-Dominion Bank, The	163,408	167,160	72,950	National Grid PLC	678,698	786,296
		1,412,530	1,379,520	127,400	Rexam PLC	851,475	858,254
China – 0.1%				12,500	Rio Tinto PLC	704,901	607,929
165,800	China Gas Holdings Ltd.	84,706	83,770	49,200	Royal Dutch Shell PLC	1,574,160	1,687,730
France – 1.4%				15,800	Standard Chartered PLC	349,865	350,764
17,700	Electricite de France SA	365,279	401,218	17,900	United Utilities Group PLC	188,333	192,862
6,960	GDF Suez	217,195	169,071	343,500	Vodafone Group PLC	919,766	982,792
10,749	Schneider Electric SA	668,769	609,787	17,000	Wolseley PLC	633,203	646,797
		1,251,243	1,180,076	11,400	Xstrata PLC	199,669	146,527
Germany – 1.9%				United States – 50.0%			
19,400	Bayer AG	1,238,802	1,418,018	5,000	Devon Energy Corporation	343,601	295,199
1,400	Volkswagen AG Non-voting	220,304	226,719	12,100	Danaher Corporation	639,087	641,329
		1,459,106	1,644,737	44,400	General Electric Company	851,412	941,142
Hong Kong – 2.0%				14,100	Honeywell International Inc.	834,827	801,596
85,000	AIA Group Ltd.	307,053	298,380	15,100	Comcast Corporation, Class A	363,292	491,178
46,050	Cheung Kong Infrastructure Holdings Limited	264,120	282,429	16,400	Philip Morris International Inc.	1,251,979	1,455,967
76,845	China Mobile Limited	774,028	859,852	73,050	Pfizer Inc.	1,599,539	1,709,076
90,450	ENN Energy Holdings Ltd.	273,865	323,807	1,200	BlackRock, Inc.	196,665	207,351
		1,619,066	1,764,468	6,000	Capital One Financial Corporation	306,241	333,836
Indonesia – 0.7%				8,230	Edison International	354,079	386,941
78,700	PT Bank Mandiri	554,444	628,978	13,603	Amgen Inc.	760,149	1,011,271
Italy – 0.5%				12,350	Apache Corporation	1,279,032	1,105,090
86,250	Snam Rete Gas SpA	385,501	391,479	1,800	Apple Inc.	1,126,270	1,069,771
Japan – 1.4%				5,400	Ashlands Inc.	353,587	380,939
39,000	ITOCHU Corporation	435,666	416,738	45,300	AT&T Inc.	1,311,427	1,644,178
24,000	Nabtesco Corporation	522,546	543,372	93,950	Bank of America Corporation	1,102,310	781,466
24,300	Nissan Motor Co., Ltd.	246,240	234,347	4,650	Baxter International Inc.	260,864	251,621
		1,204,452	1,194,457	2,400	Boeing Company, The	182,210	181,548
Netherlands – 3.8%				30,400	Cisco Systems, Inc.	616,985	529,560
29,200	BinckBank NV	322,129	241,071	44,000	Citigroup Inc.	1,329,092	1,226,976
64,600	ING Groep NV	530,561	443,753	26,400	Coca-Cola Company, The	1,653,681	2,101,313
44,100	Koninklijke Ahold NV	583,685	556,375	12,300	Colgate-Palmolive Company	1,009,057	1,303,608
63,100	Ziggo NV	1,529,928	2,053,994	9,600	Delphi Automotive PLC	296,788	249,036
		2,966,303	3,295,193	87,250	Eli Lilly and Company	3,198,037	3,810,781
Puerto Rico – 0.6%				22,450	Freeport-McMoRan Copper & Gold Inc.	926,935	778,260
31,325	Popular, Inc.	752,742	529,408	15,700	Ingersoll-Rand PLC	637,939	674,214
Spain – 0.5%				52,750	Intel Corporation	1,108,568	1,428,550
67,200	Banco Santander Central Hispano SA	501,726	456,958	58,450	JPMorgan Chase & Co.	2,091,628	2,126,223
Switzerland – 3.9%				16,400	Kraft Foods Inc.	598,302	644,666
6,000	Credit Suisse Group AG	123,513	111,596	32,800	MetLife, Inc.	1,180,952	1,030,197
37,250	Nestle SA	2,068,328	2,262,224	52,500	Microsoft Corporation	1,379,366	1,632,908
17,350	Novartis AG	1,009,857	985,295	30,800	Newell Rubbermaid Inc.	512,848	568,199
		3,201,698	3,359,115	28,450	Occidental Petroleum Corporation	2,617,842	2,484,038
				23,750	PepsiCo, Inc.	1,583,229	1,708,311
				13,200	PPL Corporation	360,858	373,603
				4,000	Praxair, Inc.	376,863	442,752
				30,000	Procter & Gamble Company, The	1,895,943	1,870,762
				48,350	Questar Corporation	865,159	1,026,838
				3,700	Sempra Energy	198,344	259,319

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

Scotia Global Dividend Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				BOND AND DEBENTURE INSTRUMENTS – 0.7%			
United States (cont'd)				Macquarie Group Limited			
5,000	Spectra Energy Corporation	147,043	147,879	600,000	10.25% due Jun. 20, 2017	595,321	596,659
17,500	TD Ameritrade Holding Corporation	298,006	302,707		TOTAL BOND AND DEBENTURE INSTRUMENTS	595,321	596,659
3,250	Triumph Group, Inc.	153,063	186,188		TOTAL INVESTMENT PORTFOLIO	73,081,769	77,452,326
6,000	Union Pacific Corporation	673,423	728,757		Currency Spot Contracts – 0.0%		(2,775)
10,800	United Parcel Service, Inc., Class B	857,783	865,896		Currency Forward Contracts – 0.1%		117,515
13,050	Wells Fargo & Company	358,064	444,156		OTHER ASSETS, LESS LIABILITIES – 10.8%		9,411,745
19,200	Western Union Company	353,044	328,790		NET ASSETS – 100.0%		86,978,811
18,800	Xcel Energy, Inc.	454,221	543,394				
		40,849,634	43,507,380				
	TOTAL EQUITIES	72,486,448	76,855,667				

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 3, 2012	British Pound	118,118	Canadian Dollar	189,532	189,531	(1,152)
Jul. 3, 2012	Canadian Dollar	231,937	U.S. Dollar	227,858	231,983	(46)
Jul. 3, 2012	Canadian Dollar	210,910	Australian Dollar	203,876	212,402	(1,492)
Jul. 3, 2012	U.S. Dollar	142,490	Canadian Dollar	145,154	145,154	(85)
						(2,775)

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 12, 2012	Australian Dollar	1,125,000	Canadian Dollar	1,125,079	1,125,866	46,180
Jul. 12, 2012	Australian Dollar	169,000	Canadian Dollar	174,288	174,410	1,657
Jul. 12, 2012	Australian Dollar	155,000	Canadian Dollar	156,641	156,751	4,731
Jul. 12, 2012	British Pound	430,000	Canadian Dollar	692,360	692,094	(6,310)
Jul. 12, 2012	British Pound	217,000	Canadian Dollar	346,764	346,631	(549)
Jul. 12, 2012	Canadian Dollar	3,493,077	Australian Dollar	3,444,000	3,585,595	(92,518)
Jul. 12, 2012	Canadian Dollar	1,088,646	Australian Dollar	1,066,000	1,109,827	(21,181)
Jul. 12, 2012	Canadian Dollar	167,287	Australian Dollar	164,000	170,743	(3,456)
Jul. 12, 2012	Canadian Dollar	8,023,818	British Pound	5,093,000	8,125,917	(102,100)
Jul. 12, 2012	Canadian Dollar	1,085,054	British Pound	688,000	1,097,709	(12,655)
Jul. 12, 2012	Canadian Dollar	365,053	British Pound	228,000	363,776	1,278
Jul. 12, 2012	Canadian Dollar	3,079,132	European Euro	2,371,000	3,056,161	22,972
Jul. 12, 2012	Canadian Dollar	2,740,694	European Euro	2,106,000	2,714,582	26,111
Jul. 12, 2012	Canadian Dollar	350,106	European Euro	269,000	346,734	3,372
Jul. 12, 2012	Canadian Dollar	348,080	European Euro	266,000	342,867	5,213
Jul. 12, 2012	Canadian Dollar	519,573	Hong Kong Dollar	4,053,000	532,112	(12,539)
Jul. 12, 2012	Canadian Dollar	106,812	Hong Kong Dollar	827,000	108,575	(1,763)
Jul. 12, 2012	Canadian Dollar	1,128,801	Swiss Franc	1,044,000	1,120,520	8,281
Jul. 12, 2012	European Euro	297,000	Canadian Dollar	384,170	384,030	(1,358)
Jul. 12, 2012	European Euro	237,000	Canadian Dollar	306,951	306,839	(1,474)
Jul. 12, 2012	European Euro	219,000	Canadian Dollar	288,721	288,616	(6,443)
Jul. 12, 2012	European Euro	193,000	Canadian Dollar	246,369	246,280	2,393
Jul. 12, 2012	European Euro	168,000	Canadian Dollar	216,276	216,197	265
Sep. 12, 2012	Canadian Dollar	36,400,129	U.S. Dollar	35,224,000	35,924,895	475,235
Sep. 12, 2012	Canadian Dollar	12,464,620	U.S. Dollar	12,054,000	12,293,853	170,766
Sep. 12, 2012	Canadian Dollar	538,818	U.S. Dollar	521,000	531,367	7,451
Sep. 12, 2012	U.S. Dollar	24,416,000	Canadian Dollar	25,278,861	25,234,046	(376,071)
Sep. 12, 2012	U.S. Dollar	689,000	Canadian Dollar	713,143	711,878	(10,406)
Sep. 12, 2012	U.S. Dollar	687,000	Canadian Dollar	710,262	709,003	(9,567)
						117,515

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A by Standard & Poor's.

For equities, all common shares unless otherwise noted.

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

Scotia Global Dividend Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Equities		
Australia	4.5	6.0
Brazil	1.1	1.9
Canada	1.6	–
Chile	–	0.6
China	0.1	–
France	1.4	2.3
Germany	1.9	4.6
Hong Kong	2.0	1.7
Indonesia	0.7	–
Italy	0.5	0.7
Japan	1.4	0.0
Netherlands	3.8	1.1
Puerto Rico	0.6	0.6
Singapore	–	0.3
Spain	0.5	–
Switzerland	3.9	5.2
Thailand	1.7	1.4
United Kingdom	12.7	14.9
United States	50.0	42.4
Bond and debenture instruments	0.7	–
Currency forward contracts	0.1	0.2
Currency spot contracts	0.0	–

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

Scotia Global Dividend Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ –	\$ –
1-3 years	–	–
3-5 years	596,659	–
5-10 years	–	–
> 10 years	–	–
Total	\$596,659	\$ –

* Excludes cash, money market instruments, and preferred shares as applicable.

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$92,142, or approximately 0.1% of total Net Assets (December 31, 2011 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	26,647,273	30.6	14,756,577	18.6
British Pound	2,726,014	3.1	2,241,381	2.8
Swiss Franc	2,238,594	2.6	2,605,257	3.3
European Euro	1,950,061	2.2	1,752,709	2.2
Thai Baht	1,500,177	1.7	1,073,792	1.4
Hong Kong Dollar	1,207,551	1.4	302,546	0.4
Japanese Yen	1,196,934	1.4	(1,552)	–
Brazilian Real	952,748	1.1	861,506	1.1
Australian Dollar	322,530	0.4	1,768,717	2.2
Swedish Krona	17,807	0.0	–	–
Singapore Dollar	–	–	281,144	0.3
Total	38,759,689	44.5	25,642,077	32.3

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$3,875,969, approximately 4.5% of total Net Assets (December 31, 2011 – \$2,564,208, or approximately 3.2% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AA	16.5	0.3	–	–
BBB	44.5	0.8	–	–
BB	39.0	0.7	–	–
Total	100.0	1.8	–	–

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 88.4% (December 31, 2011 – 83.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$7,685,567 (December 31, 2011 – \$6,641,901). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011	
	Less than 3 months	Less than 3 months	3 months to 1 year
Accounts payable and accrued liabilities	\$ 574,103	\$249,663	\$ –
Payable for currency spot contracts	2,775	–	–
Payable for currency forward contracts	658,390	250,460	25,979
	\$1,235,268	\$500,123	\$25,979

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$49,030,266	\$27,825,401	\$ –	\$76,855,667
Bond and Debenture Instruments	–	596,659	–	596,659
Currency Forward Contracts – Assets	–	775,905	–	775,905
	49,030,266	29,197,965	–	78,228,231
Currency Spot Contracts – Liabilities	(2,775)	–	–	(2,775)
Currency Forward Contracts – Liabilities	–	(658,390)	–	(658,390)
	(2,775)	(658,390)	–	(661,165)
	\$49,027,491	\$28,539,575	\$ –	\$77,567,066

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$35,986,737	\$30,432,274	\$ –	\$66,419,011
Currency Forward Contracts – Assets	–	435,928	–	435,928
	35,986,737	30,868,202	–	66,854,939
Currency Forward Contracts – Liabilities	–	(276,439)	–	(276,439)
	\$35,986,737	\$30,591,763	\$ –	\$66,578,500

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Global Growth Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$241,751,935	\$237,430,737
Cash	6,178,485	4,093,164
Accrued investment income	327,011	343,601
Receivable for securities sold	289,731	97,296
Subscriptions receivable	39,276	42,175
Receivable for currency spot contracts	–	1,456
	<u>248,586,438</u>	<u>242,008,429</u>
LIABILITIES		
Payable for securities purchased	2,483,407	140,028
Redemptions payable	27,398	45,686
Accrued expenses	148,176	4,896
Payable for currency spot contracts	1,668	–
	<u>2,660,649</u>	<u>190,610</u>
Net Assets	<u>\$245,925,789</u>	<u>\$241,817,819</u>
NET ASSETS PER SERIES		
Series A Units	\$ 70,177,728	\$ 69,431,815
Advisor Series Units	\$ 28,215	\$ 33,000
Series F Units	\$ 30,158	\$ 4,327
Series I Units	\$175,689,688	\$172,348,677
UNITS OUTSTANDING		
Series A Units	2,402,726	2,484,987
Advisor Series Units	970	1,185
Series F Units	1,013	153
Series I Units	5,690,452	5,908,592
NET ASSETS PER UNIT		
Series A Units	\$ 29.21	\$ 27.94
Advisor Series Units	\$ 29.08	\$ 27.85
Series F Units	\$ 29.77	\$ 28.28
Series I Units	\$ 30.87	\$ 29.17

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 3,389,091	\$3,585,597
Interest	151,129	78,656
Securities lending	117,961	51,142
Foreign withholding taxes/tax reclaims	(513,752)	(334,564)
Other income	323	441
	<u>3,144,752</u>	<u>3,381,272</u>
EXPENSES		
Management fees (note 5)	713,619	797,926
Harmonized Sales Tax/Goods and Services Tax	92,135	103,178
Audit fees	4,383	8,846
Independent Review Committee fees	809	1,090
Custodian fees	36,547	29,607
Filing fees	15,941	15,866
Legal fees	1,435	3,907
Unitholder reporting costs	17,282	20,808
Unitholder administration and service fees	97,719	110,466
	<u>979,870</u>	<u>1,091,694</u>
Absorbed expenses	(8,011)	(6,698)
	<u>971,859</u>	<u>1,084,996</u>
Net investment income (loss)	<u>2,172,893</u>	<u>2,296,276</u>
Net realized gain (loss) on investments sold	(807,189)	3,625,372
Net gain (loss) foreign exchange	22,625	(31,904)
Transaction costs	(45,029)	(51,610)
Change in unrealized appreciation (depreciation) of investments	12,103,620	(68,790)
Change in unrealized appreciation (depreciation) of currency spots	(3,124)	–
Net gain (loss) on investments and transaction costs	<u>11,270,903</u>	<u>3,473,068</u>
Increase (decrease) in Net Assets from operations	<u>\$13,443,796</u>	<u>\$5,769,344</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 3,170,831	\$ 876,996
Advisor Series Units	\$ 1,289	\$ 277
Series F Units*	\$ 592	\$ (41)
Series I Units	\$10,271,084	\$4,892,112
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 1.30	\$ 0.33
Advisor Series Units	\$ 1.09	\$ 0.26
Series F Units*	\$ 0.64	\$ (0.27)
Series I Units	\$ 1.79	\$ 0.81

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 69,431,815	\$ 81,042,576
Advisor Series Units	33,000	28,901
Series F Units*	4,327	–
Series I Units	<u>172,348,677</u>	<u>190,684,223</u>
	<u>241,817,819</u>	<u>271,755,700</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	3,170,831	876,996
Advisor Series Units	1,289	277
Series F Units*	592	(41)
Series I Units	<u>10,271,084</u>	<u>4,892,112</u>
	<u>13,443,796</u>	<u>5,769,344</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	3,082,551	3,712,378
Advisor Series Units	802	3,943
Series F Units*	25,253	4,684
Series I Units	<u>1,550,022</u>	<u>9,959,199</u>
Payments on redemption		
Series A Units	(5,507,469)	(6,914,823)
Advisor Series Units	(6,876)	–
Series F Units*	(14)	–
Series I Units	<u>(8,480,095)</u>	<u>(22,900,164)</u>
	<u>(9,335,826)</u>	<u>(16,134,783)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	745,913	(2,325,449)
Advisor Series Units	(4,785)	4,220
Series F Units*	25,831	4,643
Series I Units	<u>3,341,011</u>	<u>(8,048,853)</u>
	<u>4,107,970</u>	<u>(10,365,439)</u>
NET ASSETS – END OF PERIOD		
Series A Units	70,177,728	78,717,127
Advisor Series Units	28,215	33,121
Series F Units*	30,158	4,643
Series I Units	<u>175,689,688</u>	<u>182,635,370</u>
	<u>\$245,925,789</u>	<u>\$261,390,261</u>

* Start date May 13, 2011.

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

Scotia Global Growth Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	
EQUITIES – 98.3%				EQUITIES (cont'd)				
CANADIAN EQUITIES – 3.0%				FOREIGN EQUITIES (cont'd)				
Energy – 0.7%				UNITED STATES (cont'd)				
78,726	Ultra Petroleum Corp.	1,812,561	1,847,483	Information Technology (cont'd)				
Industrials – 0.8%				11,200	SINA Corporation	423,921	590,434	
85,742	Ritchie Bros. Auctioneers Incorporated	1,917,365	1,852,381	16,669	Teradata Corporation	1,197,150	1,222,063	
Financials – 1.5%				74,327	Xilinx, Inc.	2,558,046	2,540,324	
9,269	Fairfax Financial Holdings Limited	3,377,067	3,694,502	TOTAL UNITED STATES				
TOTAL CANADIAN EQUITIES				82,532,072				92,465,529
FOREIGN EQUITIES – 95.3%				Australia – 2.0%				
UNITED STATES – 37.4%				581,958	Brambles Limited	4,757,677	3,757,236	
Energy – 1.8%				16,147	Cochlear Limited	1,226,085	1,113,144	
28,278	EOG Resources, Inc.	2,549,352	2,594,256	5,983,762				4,870,380
28,226	National-Oilwell Varco Inc.	2,130,290	1,851,521	Belgium – 1.0%				
4,679,642				34,615	Groupe Bruxelles Lambert SA	3,751,823	2,395,111	
Materials – 1.0%				Brazil – 3.9%				
21,921	Praxair, Inc.	1,681,968	2,426,392	437,700	BM&F BOVESPA SA	2,950,159	2,255,328	
Industrials – 0.8%				295,365	OdontoPrev SA	880,094	1,523,418	
24,617	Deere & Company	1,876,603	2,026,563	336,700	OGX Petroleo e Gas Participacoes SA	3,168,223	938,249	
Consumer Discretionary – 9.6%				89,300	Petroleo Brasileiro SA ADR Non-Voting	2,711,642	1,649,225	
24,858	Amazon.com, Inc.	2,668,002	5,779,076	157,600	Vale SA ADR, Preference	3,218,065	3,127,226	
29,538	Bed Bath & Beyond Inc.	927,595	1,857,590	12,928,183				9,493,446
82,562	CarlMax, Inc.	2,323,911	2,179,586	Denmark – 1.6%				
48,577	Harley-Davidson, Inc.	2,272,000	2,261,638	34,763	Carlsberg AS, Series B	2,440,774	2,788,832	
36,000	Mohawk Industries, Inc.	2,055,425	2,559,386	40,117	Jyske Bank AS	1,527,998	1,100,820	
71,072	Omnicom Group Inc.	3,643,164	3,515,901	3,968,772				3,889,652
94,516	Royal Caribbean Cruises Ltd.	2,534,876	2,502,862	Egypt – 0.3%				
61,658	Walt Disney Company, The	2,084,020	3,043,917	390,580	Egyptian Financial Group-Hermes Holding	1,684,111	666,195	
18,508,993				23,699,956				
Consumer Staples – 4.1%				Germany – 0.8%				
70,486	Arcos Dorados Holdings, Inc.	1,292,340	1,059,924	34,158	Deutsche Boerse AG	2,709,809	1,868,604	
71,526	PepsiCo, Inc.	5,133,583	5,144,786	Greece – 1.4%				
42,063	Philip Morris International Inc.	2,305,135	3,734,289	183,847	Cola-Cola Hellenic Bottling Company SA	4,520,143	3,320,689	
8,731,058				9,938,999				
Health Care – 5.8%				Hong Kong – 1.7%				
25,902	Express Scripts, Inc.	1,453,306	1,471,231	212,500	China Mobile Limited	3,102,524	2,377,755	
24,160	Illumina Inc.	760,729	992,503	1,572,000	Shandong Weigao Group Medical Polymer Company Limited	1,862,549	1,775,839	
2,152	Intuitive Surgical, Inc.	712,786	1,212,628	4,965,073				4,153,594
24,151	Life Technologies Corporation	1,090,898	1,104,993	Indonesia – 0.5%				
106,292	Mindray Medical International Limited ADR	3,044,005	3,277,865	2,663,282	PT Bank Negara Indonesia (Persero) Tbk	1,031,166	1,114,820	
57,400	Seattle Genetics, Inc.	1,159,141	1,483,183	Ireland – 1.9%				
34,319	Waters Corporation	2,309,001	2,774,954	48,600	CRH PLC	1,394,897	951,284	
32,094	WellPoint Inc.	2,520,089	2,084,336	153,802	Dragon Oil PLC	1,060,973	1,330,836	
13,049,955				74,706	Ryanair Holding PLC ADR	2,387,002	2,309,891	
4,842,872				4,592,011				
Financials – 4.6%				Japan – 5.0%				
9,486	First Republic Bank	318,030	324,403	592	Impex Corporation	3,264,812	3,379,649	
8,937	Markel Corporation	3,702,704	3,993,817	198,400	NAMCO BANDAI Holdings Inc.	1,954,088	2,776,955	
74,976	Moody's Corporation	4,260,935	2,786,925	72,400	Olympus Corporation	1,607,657	1,195,715	
228,700	New York Community Bancorp, Inc.	3,130,582	2,917,484	36,700	ROHM Company Limited	2,306,985	1,446,924	
62,823	Progressive Corporation, The	1,361,668	1,332,291	21,900	Tokyo Electron Limited	1,164,765	1,042,919	
12,773,919				240,900	Yamaha Motor Co., Ltd.	3,850,724	2,340,304	
14,149,031				12,182,466				
Information Technology – 9.8%				Mexico – 1.2%				
45,258	Altera Corporation	1,518,082	1,544,970	107,644	America Movil SAB de CV, Series L, ADR	2,581,353	2,855,982	
12,300	Baidu, Inc.	569,076	1,436,974	Netherlands – 1.2%				
88,384	Cisco Systems, Inc.	1,726,142	1,539,625	81,300	Qiagen N.V.	1,201,553	1,381,459	
118,815	eBay Inc.	3,918,203	5,080,562	51,057	VistaPrint NV	2,412,519	1,677,434	
128,742	FLIR Systems, Inc.	3,837,499	2,554,602	3,614,072				3,058,893
6,076	Google Inc.	2,940,240	3,588,120					
9,303	MasterCard, Inc., Class A	2,541,575	4,073,555					

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

Scotia Global Growth Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	3.0	2.5
Foreign Equities		
United States	37.4	34.0
Australia	2.0	2.2
Belgium	1.0	1.2
Brazil	3.9	5.1
China	–	0.6
Denmark	1.6	1.4
Egypt	0.3	0.3
Germany	0.8	0.8
Greece	1.4	1.4
Hong Kong	1.7	2.0
Indonesia	0.5	0.5
Ireland	1.9	1.4
Japan	5.0	6.0
Mexico	1.2	1.0
Netherlands	1.2	1.1
Norway	1.1	0.6
Russia	–	0.7
Singapore	1.9	0.8
South Africa	3.0	3.4
South Korea	1.5	1.4
Sweden	4.6	4.7
Switzerland	8.5	10.1
Taiwan	1.3	1.3
Turkey	1.4	1.5
United Kingdom	12.1	12.2
Currency Spot Contracts	0.0	0.0

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

Scotia Global Growth Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	124,002,832	50.4	110,210,116	45.6
British Pound	31,081,133	12.6	30,624,185	12.7
Swiss Franc	20,921,052	8.5	24,347,022	10.1
Japanese Yen	12,210,521	5.0	14,582,522	6.0
Swedish Krona	11,288,483	4.6	11,421,339	4.7
European Euro	8,409,500	3.4	9,185,974	3.8
South African Rand	7,538,984	3.1	8,353,506	3.4
Australian Dollar	4,881,976	2.0	5,379,643	2.2
Brazilian Real	4,716,995	1.9	6,428,324	2.7
Hong Kong Dollar	4,153,594	1.7	4,719,551	1.9
Danish Krone	3,889,652	1.6	3,329,717	1.4
Turkish Lira	3,467,491	1.4	3,684,143	1.5
Norwegian Krone	2,652,463	1.1	1,535,313	0.6
Singapore Dollar	2,377,076	1.0	1,908,622	0.8
Jakarta Rupiah	1,114,820	0.5	1,136,693	0.5
Egyptian Pound	666,195	0.3	633,431	0.3
Total	243,372,767	99.1	237,480,101	98.2

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$24,337,277 or approximately 9.9% of total Net Assets (December 31, 2011 – \$23,748,010, or approximately 9.8% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 98.3% (December 31, 2011 – 98.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$24,175,194 (December 31, 2011 – \$23,743,074). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$2,658,981	\$190,610
Payable for currency spot contracts	1,668	–
	\$2,660,649	\$190,610

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012	Level 1	Level 2	Level 3	Total
Equities	\$117,245,746	\$124,506,189	\$ –	\$241,751,935
Currency Spot Contracts – Liabilities	(1,668)	–	–	(1,668)
	\$117,244,078	\$124,506,189	\$ –	\$241,750,267

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$107,497,440	\$129,933,297	\$ –	\$237,430,737
Currency Spot Contracts – Assets	1,456	–	–	1,456
	\$107,498,896	\$129,933,297	\$ –	\$237,432,193

During the periods ended June 30, 2012, there were no transfers (December 31, 2011 – \$6,428,324) between Level 1 and Level 2 due to fair valuing of securities on exchanges that were closed on the reporting date.

Scotia Global Small Cap Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$57,085,336	\$54,898,788
Cash	4,859,152	2,829,037
Accrued investment income	24,709	63,442
Receivable for securities sold	309,016	—
Subscriptions receivable	386	1,655
Receivable for currency forward contracts	166,130	101,645
	<u>62,444,729</u>	<u>57,894,567</u>
LIABILITIES		
Payable for securities purchased	3,371,233	—
Accrued expenses	7,836	373
Payable for currency spot contracts	992	—
Payable for currency forward contracts	48,565	63,453
	<u>3,428,626</u>	<u>63,826</u>
Net Assets	<u>\$59,016,103</u>	<u>\$57,830,741</u>
NET ASSETS PER SERIES		
Series A Units	\$ 2,217,667	\$ 2,264,835
Series I Units	\$56,798,436	\$55,565,906
UNITS OUTSTANDING		
Series A Units	390,833	406,693
Series I Units	<u>9,494,719</u>	<u>9,588,506</u>
NET ASSETS PER UNIT		
Series A Units	\$ 5.67	\$ 5.57
Series I Units	\$ 5.98	\$ 5.80

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 2,264,835	\$ 2,417,436
Series I Units	<u>55,565,906</u>	<u>40,570,705</u>
	<u>57,830,741</u>	<u>42,988,141</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	45,354	(75,137)
Series I Units	<u>1,857,518</u>	<u>(938,362)</u>
	<u>1,902,872</u>	<u>(1,013,499)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	191,689	667,300
Series I Units	<u>250,001</u>	<u>21,030,028</u>
Payments on redemption		
Series A Units	(284,211)	(257,571)
Series I Units	<u>(874,989)</u>	<u>(613,684)</u>
	<u>(717,510)</u>	<u>20,826,073</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(47,168)	334,592
Series I Units	<u>1,232,530</u>	<u>19,477,982</u>
	<u>1,185,362</u>	<u>19,812,574</u>
NET ASSETS – END OF PERIOD		
Series A Units	2,217,667	2,752,028
Series I Units	<u>56,798,436</u>	<u>60,048,687</u>
	<u>\$59,016,103</u>	<u>\$62,800,715</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 361,686	\$ 231,113
Interest	3,571	1,643
Securities lending	1,176	808
Foreign withholding taxes/tax reclaims	(41,612)	(29,255)
Other income	519	94
	<u>325,340</u>	<u>204,403</u>
EXPENSES		
Management fees (note 5)	27,770	30,825
Harmonized Sales Tax/Goods and Services Tax	5,412	6,685
Audit fees	1,965	8,845
Independent Review Committee fees	57	35
Custodian fees	10,602	10,186
Filing fees	7,617	7,625
Legal fees	656	1,631
Unitholder reporting costs	3,863	3,866
Unitholder administration and service fees	9,380	24,094
Overdraft charges	2,356	2,156
	<u>69,678</u>	<u>95,948</u>
Absorbed expenses	<u>(9,898)</u>	<u>(19,502)</u>
	<u>59,780</u>	<u>76,446</u>
Net investment income (loss)	<u>265,560</u>	<u>127,957</u>
Net realized gain (loss) on investments sold	1,453,261	7,836,021
Net realized gain (loss) on futures contracts	(1,871,264)	—
Net realized gain (loss) on currency forwards	(280,364)	(185,255)
Net gain (loss) foreign exchange	(61,923)	(99)
Transaction costs	(112,992)	(215,439)
Change in unrealized appreciation (depreciation) of investments	2,432,213	(8,824,533)
Change in unrealized appreciation (depreciation) of currency spots	(992)	—
Change in unrealized appreciation (depreciation) of currency forwards	79,373	247,849
	<u>1,637,312</u>	<u>(1,141,456)</u>
Net gain (loss) on investments and transaction costs	<u>\$ 1,902,872</u>	<u>\$(1,013,499)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 1,902,872</u>	<u>\$(1,013,499)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 45,354	\$ (75,137)
Series I Units	<u>\$ 1,857,518</u>	<u>\$ (938,362)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.11	\$ (0.19)
Series I Units	<u>\$ 0.20</u>	<u>\$ (0.14)</u>

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

Scotia Global Small Cap Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.7%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 3.5%				FOREIGN EQUITIES (cont'd)			
Materials – 3.5%				United States (cont'd)			
519,000	Augusta Resource Corporation	2,251,618	871,920	Telecommunication Services – 4.3%			
449,800	Perseus Mining Limited	1,299,170	1,182,974	113,965	Level 3 Communications, Inc.	2,611,665	2,567,699
TOTAL CANADIAN EQUITIES				TOTAL UNITED STATES			
				38,133,482			
				36,286,321			
FOREIGN EQUITIES – 93.3%				Austria – 2.3%			
United States – 61.6%				16,700			
Energy – 5.6%				Schoeller-Bleckmann Oilfield Equipment AG			
47,300	Market Vector Oil Service ETF	1,739,338	1,716,288	Bermuda – 2.3%			
37,900	Whiting Petroleum Corporation	1,657,564	1,586,659	78,100	Foster Wheeler AG	1,391,899	1,375,588
				India – 1.7%			
				53,750			
				Axis Bank Limited			
				1,404,453			
				1,017,225			
Industrials – 10.1%				Netherlands – 1.8%			
66,300	Air Lease Corporation	1,628,330	1,308,828	39,600	Sensata Technologies Holding NV	1,263,913	1,079,685
57,200	Expeditors International of Washington, Inc.	2,244,205	2,255,458	Singapore – 3.8%			
44,100	Iron Mountain Incorporated	1,293,118	1,479,399	697,200	Olam International Limited	1,462,769	1,033,058
15,200	Joy Global Inc.	888,535	877,441	235,600	Singapore Exchange Limited	1,356,607	1,204,272
				2,819,376			
				2,237,330			
Consumer Discretionary – 2.6%				South Africa – 1.3%			
42,500	AMC Networks Inc, Class A	1,722,798	1,537,792	75,700	Barloorld Limited	738,106	765,471
Consumer Staples – 3.2%				Spain – 9.3%			
24,500	J.M. Smucker Company, The	1,766,902	1,882,735	98,000	Amadeus Global Travel Distribution SA	1,661,691	2,113,011
Health Care – 6.7%				80,500			
49,100	Life Technologies Corporation	2,294,635	2,246,497	42,600	Enagas SA	1,651,562	1,495,626
26,900	Varian Medical Systems, Inc.	1,746,480	1,664,304	42,600			
				Viscofan, SA			
				5,227,791			
				5,476,327			
Financials – 5.3%				Turkey – 3.1%			
245,200	Janus Capital Group Inc.	2,169,390	1,952,174	117,100	Coca-Cola Icecek AS	1,394,501	1,852,269
29,400	Plum Creek Timber Company, Inc.	1,159,737	1,187,111	United Kingdom – 6.0%			
				72,100			
				Mulberry Group PLC			
				1,871,874			
				1,852,200			
				3,813,819			
				3,567,132			
Information Technology – 23.8%				TOTAL FOREIGN EQUITIES			
49,800	Dolby Laboratories Inc., Class A	2,026,851	2,092,957	TOTAL INVESTMENT PORTFOLIO			
93,600	Finisar Corporation	1,886,016	1,423,697	Currency Spot Contracts – 0.0%			
87,500	Fortinet Inc.	1,832,099	2,065,856	Currency Forward Contracts – 0.2%			
41,900	Global Payments Inc.	1,861,448	1,843,699	OTHER ASSETS, LESS LIABILITIES – 3.1%			
114,200	JDS Uniphase Corporation	1,840,200	1,277,777	NET ASSETS – 100.0%			
14,000	Micro Strategy, Inc. Class A	1,976,465	1,848,812				
38,800	Paychex, Inc.	1,220,403	1,240,374				
99,100	QLIK Technologies Inc.	2,567,303	2,230,764				
				15,210,785			
				14,023,936			

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 3, 2012	Canadian Dollar	222,409	European Euro	173,310	223,303	(895)
Jul. 3, 2012	Canadian Dollar	85,615	European Euro	66,523	85,712	(97)
						(992)

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Aug. 23, 2012	British Pound	175,000	Canadian Dollar	281,672	281,274	(2,176)
Aug. 23, 2012	Canadian Dollar	3,114,095	British Pound	1,945,000	3,106,582	7,513
Aug. 23, 2012	Canadian Dollar	3,746,130	European Euro	2,887,900	3,727,717	18,412
Aug. 23, 2012	Canadian Dollar	19,423	European Euro	15,000	19,362	61
Aug. 23, 2012	Canadian Dollar	15,934,790	U.S. Dollar	15,497,000	15,798,273	136,517
Aug. 23, 2012	U.S. Dollar	3,960,000	Canadian Dollar	4,083,473	4,078,073	(46,389)
Aug. 23, 2012	U.S. Dollar	3,940,000	Canadian Dollar	4,013,914	4,008,606	2,715
Aug. 23, 2012	U.S. Dollar	3,805,000	Canadian Dollar	3,878,094	3,872,966	912
						117,565

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

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

Scotia Global Small Cap Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	3.5	2.8
Foreign Equities		
United States	61.6	46.2
Argentina	–	2.6
Australia	–	2.0
Austria	2.3	4.6
Bermuda	2.3	3.1
Brazil	–	2.4
Hong Kong	–	2.7
India	1.7	1.4
Netherlands	1.8	3.1
Singapore	3.8	3.4
South Africa	1.3	3.6
Spain	9.3	1.4
Turkey	3.1	2.2
United Kingdom	6.0	13.4
Currency Forward Contracts	0.2	0.1
Currency Spot Contracts	0.0	–

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

Scotia Global Small Cap Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	39,302,304	66.6	11,101,490	19.2
European Euro	2,793,326	4.7	1,444,725	2.5
Singapore Dollar	2,237,331	3.8	1,947,728	3.4
Turkish Lira	1,852,269	3.1	1,251,106	2.2
South African Rand	765,471	1.3	2,084,195	3.6
British Pound	741,825	1.3	2,484,142	4.3
Hong Kong Dollar	-	-	421,356	0.7
Total	47,692,526	80.8	20,734,742	35.9

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$4,769,253, or approximately 8.1% of total Net Assets (December 31, 2011 – \$2,073,474, or approximately 3.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.7% (December 31, 2011 – 94.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,708,534 (December 31, 2011 – \$5,489,879). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$3,379,069	\$ 373
Payable for currency spot contracts	992	-
Payable for currency forward contracts	48,565	63,453
	\$3,428,626	\$63,826

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$42,292,113	\$14,793,223	\$ -	\$57,085,336
Currency Forward Contracts – Assets	-	166,130	-	166,130
	42,292,113	14,959,353	-	57,251,466
Currency Spot Contracts – Liabilities	(992)	-	-	(992)
Currency Forward Contracts – Liabilities	-	(48,565)	-	(48,565)
	(992)	(48,565)	-	(49,557)
	\$42,291,121	\$14,910,788	\$ -	\$57,201,909

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$36,815,282	\$18,083,506	\$ -	\$54,898,788
Currency Forward Contracts – Assets	-	101,645	-	101,645
	36,815,282	18,185,151	-	55,000,433
Currency Forward Contracts – Liabilities	-	(63,453)	-	(63,453)
	\$36,815,282	\$18,121,698	\$ -	\$54,936,980

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Global Opportunities Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$58,778,912	\$59,129,792
Cash	8,541,825	2,432,545
Accrued investment income	31,801	27,110
Receivable for securities sold	42,454	942,431
Subscriptions receivable	3,707	4,484
Receivable for currency forward contracts	18,181	639,936
	<u>67,416,880</u>	<u>63,176,298</u>
LIABILITIES		
Distributions payable	–	5
Redemptions payable	5,349	418
Accrued expenses	18,553	465
Payable for currency forward contracts	–	946,297
	<u>23,902</u>	<u>947,185</u>
Net Assets	<u>\$67,392,978</u>	<u>\$62,229,113</u>
NET ASSETS PER SERIES		
Series A Units	\$ 6,445,406	\$ 6,097,267
Advisor Series Units	\$ 160,648	\$ 149,621
Series F Units	\$ 39,077	\$ –
Series I Units	\$60,747,847	\$55,982,225
UNITS OUTSTANDING		
Series A Units	826,503	837,783
Advisor Series Units	21,233	21,178
Series F Units	4,989	–
Series I Units	<u>7,490,177</u>	<u>7,495,147</u>
NET ASSETS PER UNIT		
Series A Units	\$ 7.80	\$ 7.28
Advisor Series Units	\$ 7.57	\$ 7.07
Series F Units	\$ 7.83	\$ –
Series I Units	\$ 8.11	\$ 7.47

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 514,079	\$ 992,092
Interest	21,194	9,268
Securities lending	398	897
Foreign withholding taxes/tax reclaims	(59,686)	(132,424)
Other income	152	18
	<u>476,137</u>	<u>869,851</u>
EXPENSES		
Management fees (note 5)	70,925	73,365
Harmonized Sales Tax/Goods and Services Tax	10,505	9,994
Audit fees	2,063	7,792
Independent Review Committee fees	76	54
Custodian fees	15,343	5,490
Filing fees	14,383	13,050
Legal fees	818	1,672
Unitholder reporting costs	4,760	4,174
Unitholder administration and service fees	12,319	24,889
Overdraft charges	39	1,919
	<u>131,231</u>	<u>142,399</u>
Absorbed expenses	<u>(11,126)</u>	<u>(8,197)</u>
	<u>120,105</u>	<u>134,202</u>
Net investment income (loss)	<u>356,032</u>	<u>735,649</u>
Net realized gain (loss) on investments sold	697,761	8,856,881
Net realized gain (loss) on currency forwards	(157,105)	(1,476,679)
Net gain (loss) foreign exchange	(3,732)	(147,086)
Transaction costs	(28,918)	(351,960)
Change in unrealized appreciation (depreciation) of investments	4,088,238	(2,697,774)
Change in unrealized appreciation (depreciation) of currency spots	–	18,075
Change in unrealized appreciation (depreciation) of currency forwards	324,542	458,454
Net gain (loss) on investments and transaction costs	<u>4,920,786</u>	<u>4,659,911</u>
Increase (decrease) in Net Assets from operations	<u>\$5,276,818</u>	<u>\$ 5,395,560</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 428,271	\$ 311,204
Advisor Series Units	\$ 10,618	\$ (15)
Series F Units	\$ 2,295	\$ –
Series I Units	\$4,835,634	\$ 5,084,371
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.52	\$ 0.40
Advisor Series Units	\$ 0.50	\$ 0.00
Series F Units	\$ 0.46	\$ –
Series I Units	\$ 0.64	\$ 0.61

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 6,097,267	\$ 5,965,944
Advisor Series Units	149,621	26,762
Series F Units	55,982,225	74,621,365
Series I Units	<u>62,229,113</u>	<u>80,614,071</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	428,271	311,204
Advisor Series Units	10,618	(15)
Series F Units	2,295	–
Series I Units	<u>4,835,634</u>	<u>5,084,371</u>
	<u>5,276,818</u>	<u>5,395,560</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	634,250	1,538,004
Advisor Series Units	409	147,914
Series F Units	36,782	–
Series I Units	<u>465,005</u>	<u>1,630,001</u>
Payments on redemption		
Series A Units	(714,382)	(840,954)
Advisor Series Units	–	(1,242)
Series F Units	<u>(535,017)</u>	<u>(17,414,260)</u>
Series I Units	<u>(112,953)</u>	<u>(14,940,537)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	348,139	1,008,254
Advisor Series Units	11,027	146,657
Series F Units	39,077	–
Series I Units	<u>4,765,622</u>	<u>(10,699,888)</u>
	<u>5,163,865</u>	<u>(9,544,977)</u>
NET ASSETS – END OF PERIOD		
Series A Units	6,445,406	6,974,198
Advisor Series Units	160,648	173,419
Series F Units	39,077	–
Series I Units	<u>60,747,847</u>	<u>63,921,477</u>
	<u>\$67,392,978</u>	<u>\$ 71,069,094</u>

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

Scotia Global Opportunities Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 87.3%				EQUITIES (cont'd)			
Canada – 2.2%				United States (cont'd)			
36,200	Enbridge Inc.	1,276,352	1,468,996	31,600	American Tower Corporation	1,723,679	2,248,824
Israel – 4.5%				4,600	Apple Inc.	1,806,463	2,733,858
150,609	Frutarom	1,414,145	1,444,843	22,100	Bed Bath & Beyond Inc.	1,311,545	1,389,828
158,100	Strauss Group Ltd.	2,326,453	1,560,185	35,800	Dollar Tree, Inc.	1,379,783	1,960,905
				49,200	EMC Corporation	1,208,544	1,283,822
				31,900	Exxon Mobil Corporation	2,323,006	2,779,095
				123,896	Globe Specialty Metals Inc.	2,584,428	1,692,782
Italy – 3.8%				2,800	Google Inc.	1,708,477	1,653,511
175,600	David Campari – Milano SpA	1,298,250	1,245,105	15,400	McDonald's Corporation	1,382,207	1,387,728
12,800	Tod's SpA	1,304,923	1,309,147	13,700	NIKE, Inc., Class B	1,225,587	1,223,797
				26,700	O'Reilly Automotive, Inc.	2,023,981	2,276,875
Netherlands – 3.2%				40,200	Oracle Corporation	1,261,096	1,215,143
42,000	ASML Holding NV	1,929,408	2,179,039	11,300	Public Storage Real Estate Investment Trust	1,547,688	1,660,797
Switzerland – 12.7%				337	S&P 500 Deposit Receipts, Put Option \$110.00 Jan. 18, 2013	451,706	71,708
16,100	Inficon Holding AG	2,919,027	3,344,878	(337)	S&P 500 Deposit Receipts, Written Put Option \$80.00 Jan. 18, 2013	(161,539)	(12,352)
5,911	Schweiter Technologies AG	3,831,414	3,013,218	(590)	S&P 500 Deposit Receipts, Written Put Option \$90.00 Jan. 18, 2013	(319,325)	(39,645)
20,100	Tamedia AG	2,252,703	2,176,985	590	S&P 500 Deposit Receipts, Put Option \$115.00 Jan. 18, 2013	743,696	162,784
				59,400	TIX Companies, Inc., The	1,726,266	2,594,993
United Kingdom – 8.8%				5,700	Visa Inc.	655,893	717,447
63,800	British American Tobacco PLC	3,068,506	3,306,809	15,900	W.W. Grainger, Inc.	2,669,101	3,095,759
75,700	Royal Dutch Shell PLC	2,616,759	2,596,772	19,700	Wisconsin Energy Corporation	633,036	793,640
				TOTAL INVESTMENT PORTFOLIO			
United States – 52.1%							
3,100	MasterCard, Inc., Class A	1,305,818	1,357,414	Currency Forward Contracts – 0.0%			
62,000	Air Lease Corporation	1,620,781	1,223,942	OTHER ASSETS, LESS LIABILITIES – 12.7%			
47,200	Altria Group, Inc.	1,339,153	1,660,280	NET ASSETS – 100.0%			
						56,389,010	58,778,912
							18,181
							8,595,885
							67,392,978

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 26, 2012	U.S. Dollar	3,052,476	European Euro	2,400,000	3,092,537	15,195
Jul. 26, 2012	U.S. Dollar	572,474	European Euro	450,000	579,851	2,986
						18,181

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canada	2.2	2.2
Israel	4.5	7.5
Italy	3.8	–
Netherlands	3.2	–
Switzerland	12.7	13.3
United Kingdom	8.8	10.8
United States	52.1	61.2
Currency Forward Contracts	–	(0.5)

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

Scotia Global Opportunities Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	39,780,144	59.0	37,130,214	59.7
Swiss Franc	8,535,080	12.7	10,418,025	16.7
British Pound	5,903,580	8.8	6,710,827	10.8
Israel Shekel	3,005,028	4.5	3,491,869	5.6
European Euro	1,060,904	1.6	-	-
Total	58,284,736	86.6	57,750,935	92.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$5,828,474, or approximately 8.6% of total Net Assets (December 31, 2011 – \$5,775,094, or approximately 9.3% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 87.3% (December 31, 2011 – 95.0%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,877,891 (December 31, 2011 – \$5,912,979). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$23,902	\$ 888
Payable for currency forward contracts	-	946,297
	\$23,902	\$947,185

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$39,424,464	\$19,171,953	\$ -	\$58,596,417
Options (Written Put)	(51,997)	-	-	(51,997)
Currency Forward Contracts – Assets	-	18,181	-	18,181
	39,372,467	19,190,134	-	58,562,601
Options (Put)	234,492	-	-	234,492
	\$39,606,959	\$19,190,134	\$ -	\$58,797,093

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$42,245,938	\$16,336,772	\$ -	\$58,582,710
Options (Written Put)	(292,268)	-	-	(292,268)
Currency Forward Contracts – Assets	-	639,936	-	639,936
	41,953,670	16,976,708	-	58,930,378
Options (Put)	839,350	-	-	839,350
Currency Forward Contracts – Liabilities	-	(946,297)	-	(946,297)
	839,350	(946,297)	-	(106,947)
	\$42,793,020	\$16,030,411	\$ -	\$58,823,431

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Global Climate Change Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$7,198,864	\$7,158,687
Cash	264,868	217,562
Accrued investment income	11,331	9,950
Receivable for securities sold	22,340	–
Subscriptions receivable	1,674	5,728
	<u>7,499,077</u>	<u>7,391,927</u>
LIABILITIES		
Distributions Payable	–	36
Redemptions payable	18,730	–
Accrued expenses	16,139	529
	<u>34,869</u>	<u>565</u>
Net Assets	<u>\$7,464,208</u>	<u>\$7,391,362</u>
NET ASSETS PER SERIES		
Series A Units	\$7,146,445	\$6,981,035
Advisor Series Units	\$ 317,763	\$ 410,327
UNITS OUTSTANDING		
Series A Units	1,033,366	1,066,870
Advisor Series Units	46,103	62,928
NET ASSETS PER UNIT		
Series A Units	\$ 6.92	\$ 6.54
Advisor Series Units	\$ 6.89	\$ 6.52

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 76,200	\$ 384,611
Interest	106	4,615
Securities lending	1,255	396
Foreign withholding taxes/tax reclaims	1,152	(49,127)
Other income	250	156
	<u>78,963</u>	<u>340,651</u>
EXPENSES		
Management fees (note 5)	75,502	88,049
Harmonized Sales Tax/Goods and Services Tax	10,952	13,258
Audit fees	1,331	5,199
Independent Review Committee fees	62	94
Custodian fees	9,632	10,140
Filing fees	12,683	13,010
Legal fees	545	1,757
Unitholder reporting costs	4,350	4,926
Unitholder administration and service fees	12,612	28,359
Overdraft charges	–	319
	<u>127,669</u>	<u>165,111</u>
Absorbed expenses	<u>(22,919)</u>	<u>(16,131)</u>
	<u>104,750</u>	<u>148,980</u>
Net investment income (loss)	<u>(25,787)</u>	<u>191,671</u>
Net realized gain (loss) on investments sold	8,589	3,361,700
Net gain (loss) foreign exchange	(13,612)	268,589
Transaction costs	(14,706)	(60,697)
Change in unrealized appreciation (depreciation) of investments	467,067	(3,542,872)
Net gain (loss) on investments and transaction costs	<u>447,338</u>	<u>26,720</u>
Increase (decrease) in Net Assets from operations	<u>\$421,551</u>	<u>\$ 218,391</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$396,630	\$ (123,080)
Advisor Series Units	\$ 24,921	\$ (3,215)
Series I Units	\$ –	\$ 344,686
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.38	\$ (0.11)
Advisor Series Units	\$ 0.47	\$ (0.06)
Series I Units	\$ –	\$ 0.08

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$6,981,035	\$ 8,474,347
Advisor Series Units	410,327	413,707
Series I Units	–	35,237,115
	<u>7,391,362</u>	<u>44,125,169</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	396,630	(123,080)
Advisor Series Units	24,921	(3,215)
Series I Units	–	344,686
	<u>421,551</u>	<u>218,391</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	479,986	929,212
Advisor Series Units	8,344	112,171
Series I Units	–	200,001
Payments on redemption		
Series A Units	(711,206)	(946,950)
Advisor Series Units	(125,829)	(33,331)
Series I Units	–	(35,781,802)
	<u>(348,705)</u>	<u>(35,520,699)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	165,410	(140,818)
Advisor Series Units	(92,564)	75,625
Series I Units	–	(35,237,115)
	<u>72,846</u>	<u>(35,302,308)</u>
NET ASSETS – END OF PERIOD		
Series A Units	7,146,445	8,333,529
Advisor Series Units	317,763	489,332
	<u>\$7,464,208</u>	<u>\$ 8,822,861</u>

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

Scotia Global Climate Change Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.4%			
Australia – 1.4%			
9,311	Santos Ltd.	117,941	104,087
Belgium – 2.2%			
1,153	Solvay SA	131,138	116,139
1,105	Umicore	44,079	52,008
		175,217	168,147
Brazil – 0.8%			
3,100	Tractebel Energia SA	39,575	58,113
Canada – 2.1%			
3,508	Ultra Petroleum Corp.	86,300	82,323
5,486	Newalta Corp.	71,136	71,318
		157,436	153,641
Denmark – 1.1%			
1,415	FLSmidth & Company AS	98,701	78,997
Germany – 1.8%			
2,863	E.ON AG	63,960	62,542
1,178	SAP AG	76,742	70,827
		140,702	133,369
Hong Kong – 1.2%			
24,000	ENN Energy Holdings Ltd.	76,912	85,919
Italy – 1.0%			
5,143	Physman SpA	82,280	78,321
Japan – 7.3%			
10,200	Bridgestone Corporation	198,896	238,245
4,000	Hitachi Metals Ltd.	45,439	48,527
17,000	Kubota Corporation	136,039	159,758
2,500	Toyota Motor Corporation	99,115	102,607
		479,489	549,137
Norway – 1.3%			
11,289	Tomra Systems ASA	72,868	97,520
Philippines – 0.8%			
98,000	Manila Water Company	35,754	58,593
Switzerland – 2.3%			
4,500	ABB Limited ADR	88,783	74,724
1,577	Swiss Re Ltd.	83,080	100,864
		171,863	175,588
United Kingdom – 11.6%			
5,034	Aggreko PLC	159,507	166,752
11,322	BG Group PLC	245,285	235,983
4,810	Intertek Group PLC	147,587	205,856
1,899	Johnson Matthey PLC	72,301	67,052
2,468	Rotork PLC	76,038	77,637
10,286	United Utilities Group PLC	98,125	110,826
		798,843	864,106
United States – 61.5%			
4,126	Danaher Corporation	218,930	218,688
3,066	Hub Group, Inc. Class A	105,774	112,873
506	Amazon.com, Inc.	106,640	117,637
3,416	Aecom Technology Corp.	92,529	57,210
1,433	Air Products and Chemicals, Inc.	115,464	117,766
457	Apple Inc.	260,056	271,603
5,701	Calgon Carbon Corporation	81,374	82,536
5,926	eBay Inc.	162,436	253,397
2,954	EMC Corporation	74,009	77,082
3,061	Enterprise Products Partners L.P.	153,469	159,623
565	Equinix, Inc.	77,467	101,004
710	F5 Networks, Inc.	77,532	71,786

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
United States (cont'd)			
3,342	Freeport-McMoRan Copper & Gold Inc.	127,956	115,855
3,889	Hexcel Corporation	96,491	102,113
2,204	IHS Inc.	175,819	241,600
3,981	Informatica Corporation	149,964	171,526
8,192	Intel Corporation	179,506	221,852
1,769	IntercontinentalExchange Inc.	195,628	244,830
8,501	InterXion Holding NV	140,992	156,740
1,085	Kansas City Southern	74,548	76,817
2,517	Monsanto Company	186,762	212,102
1,101	Norfolk Southern Corporation	61,073	80,427
2,163	Praxair, Inc.	213,457	239,418
2,406	Roper Industries, Inc.	133,849	241,477
2,295	Telsa Motors Inc.	63,362	72,947
4,738	Trimble Navigation Ltd.	206,082	221,893
4,799	U.S. Bancorp	146,892	157,081
2,064	Union Pacific Corporation	150,105	250,693
792	VMware, Inc.	76,303	73,385
2,786	Xylem, Inc.	91,845	71,365
		3,996,314	4,593,326
TOTAL INVESTMENT PORTFOLIO		6,443,895	7,198,864
OTHER ASSETS, LESS LIABILITIES – 3.6%			265,344
NET ASSETS – 100.0%			7,464,208

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	1.4	1.2
Belgium	2.2	2.1
Brazil	0.8	2.6
Canada	2.1	0.8
Denmark	1.1	0.7
France	–	2.4
Germany	1.8	1.9
Hong Kong	1.2	2.9
Italy	1.0	–
Japan	7.3	12.9
Norway	1.3	3.5
Philippines	0.8	1.2
Singapore	–	0.7
Switzerland	2.3	2.4
United Kingdom	11.6	10.3
United States	61.5	51.2

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

Scotia Global Climate Change Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	4,997,567	67.0	4,080,775	55.2
British Pound	864,105	11.6	764,325	10.3
Japanese Yen	550,559	7.4	961,248	13.0
European Euro	379,838	5.1	478,146	6.5
Australian Dollar	104,087	1.4	91,556	1.2
Swiss Franc	100,084	1.4	77,677	1.1
Norwegian Krone	97,520	1.3	257,942	3.5
Hong Kong Dollar	85,919	1.2	217,152	2.9
Danish Krone	78,997	1.1	54,490	0.8
Philippines Peso	58,593	0.8	91,572	2.6
Brazilian Real	58,113	0.8	190,440	1.2
Singapore Dollar	–	–	48,298	0.7
Total	7,376,162	99.1	7,315,621	99.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$737,616, or approximately 9.9% of total Net Assets (December 31, 2011 – \$731,562, or approximately 9.9% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.4% (December 31, 2011 – 96.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$719,886 (December 31, 2011 – \$715,869). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$34,869	\$565

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Equities	\$4,879,804	\$2,319,060	\$ –	\$7,198,864

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	\$4,130,381	\$3,028,306	\$ –	\$7,158,687

During the periods ended June 30, 2012, there were no transfers (December 31, 2011 – \$190,440) between Level 1 and Level 2 due to fair valuing of securities on an exchange that was closed on the reporting date.

Scotia Canadian Bond Index Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$607,099,776	\$498,802,205
Cash	44,308	1,138,145
Accrued investment income	3,745,254	2,883,857
Receivable for securities sold	198,079	3,383,360
Subscriptions receivable	1,309,582	1,979,933
	<u>612,396,999</u>	<u>508,187,500</u>
LIABILITIES		
Payable for securities purchased	973,771	6,411,531
Distributions payable	44,160	73
Redemptions payable	309,102	646,873
Accrued expenses	379,262	10,564
	<u>1,706,295</u>	<u>7,069,041</u>
Net Assets	<u>\$610,690,704</u>	<u>\$501,118,459</u>
NET ASSETS PER SERIES		
Series A Units	\$574,271,290	\$461,746,915
Series F Units	\$ 64,625	\$ 63,594
Series I Units	\$ 36,354,789	\$ 39,307,950
UNITS OUTSTANDING		
Series A Units	49,161,569	39,559,340
Series F Units	5,516	5,431
Series I Units	3,124,430	3,377,460
NET ASSETS PER UNIT		
Series A Units	\$ 11.68	\$ 11.67
Series F Units	\$ 11.72	\$ 11.71
Series I Units	\$ 11.64	\$ 11.64

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	10,403,067	7,284,889
Securities lending	18,017	15,070
Other income	10,100	3,448
	<u>10,431,184</u>	<u>7,303,407</u>
EXPENSES		
Management fees (note 5)	1,865,703	1,082,447
Harmonized Sales Tax/Goods and Services Tax	223,744	131,591
Audit fees	7,557	8,845
Independent Review Committee fees	939	689
Custodian fees	5,927	3,281
Filing fees	12,879	11,780
Legal fees	2,452	3,042
Unitholder reporting costs	16,744	14,363
Unitholder administration and service fees	101,914	74,967
Overdraft charges	–	126
	<u>2,237,859</u>	<u>1,331,131</u>
Absorbed expenses	(1,589)	(1,370)
	<u>2,236,270</u>	<u>1,329,761</u>
Net investment income (loss)	8,194,914	5,973,646
Net realized gain (loss) on investments sold	2,252,077	(45,306)
Change in unrealized appreciation (depreciation) of investments	(870,066)	386,720
Net gain (loss) on investments	<u>1,382,011</u>	<u>341,414</u>
Increase (decrease) in Net Assets from operations	<u>\$ 9,576,925</u>	<u>\$6,315,060</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 8,863,534	\$5,381,888
Series F Units	\$ 1,031	\$ 594
Series I Units	\$ 712,360	\$ 932,578
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.19	\$ 0.19
Series F Units	\$ 0.19	\$ 0.21
Series I Units	\$ 0.22	\$ 0.23

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$461,746,915	\$309,879,979
Series F Units	63,594	32,938
Series I Units	39,307,950	47,887,090
	<u>501,118,459</u>	<u>357,800,007</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	8,863,534	5,381,888
Series F Units	1,031	594
Series I Units	712,360	932,578
	<u>9,576,925</u>	<u>6,315,060</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(8,088,353)	(5,498,255)
Series F Units	(991)	(583)
Series I Units	(729,272)	(1,002,165)
	<u>(8,818,616)</u>	<u>(6,501,003)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	157,580,162	48,646,774
Series I Units	486,008	1,438,369
Reinvested distributions		
Series A Units	7,803,589	5,321,230
Series F Units	991	583
Series I Units	729,225	1,002,163
Payments on redemption		
Series A Units	(53,634,557)	(48,617,726)
Series F Units	–	(7,000)
Series I Units	(4,151,482)	(7,763,445)
	<u>108,813,936</u>	<u>20,948</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	112,524,375	5,233,911
Series F Units	1,031	(6,406)
Series I Units	(2,953,161)	(5,392,500)
	<u>109,572,245</u>	<u>(164,995)</u>
NET ASSETS – END OF PERIOD		
Series A Units	574,271,290	315,113,890
Series F Units	64,625	26,532
Series I Units	36,354,789	42,494,590
	<u>\$610,690,704</u>	<u>\$357,635,012</u>

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 99.2%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Federal Bonds – 42.3%				Federal Bonds (cont'd)			
	Business Development Bank of Canada						
87,000	4.75% due Jul. 26, 2021	105,024	106,156	5,286,000	5.00% due Jun. 1, 2037	7,511,555	7,898,182
53,000	4.35% due Feb. 28, 2022	55,707	62,595	6,840,000	4.00% due Jun. 1, 2041	8,973,632	9,235,069
	Canada Housing Trust No. 1			2,120,000	3.50% due Dec. 1, 2045	2,559,696	2,698,998
14,044,000	3.55% due Sep. 15, 2013	14,489,446	14,454,818			253,187,092	258,275,331
8,044,000	2.70% due Dec. 15, 2013	8,239,469	8,228,769	Provincial Bonds – 28.9%			
10,462,000	2.20% due Mar. 15, 2014	10,596,786	10,648,889		Alberta Capital Finance Authority		
15,120,000	3.15% due Jun. 15, 2014	15,735,384	15,697,488	303,000	3.05% due Jun. 15, 2015	307,340	317,043
11,570,000	2.75% due Sep. 15, 2014	11,898,698	11,957,727	51,000	4.35% due Jun. 15, 2016	50,648	56,274
4,347,000	2.95% due Mar. 15, 2015	4,344,827	4,539,149	73,000	4.65% due Jun. 15, 2017	72,768	82,726
1,710,000	3.15% due Jun. 15, 2015	1,707,743	1,799,871	15,000	4.45% due Dec. 15, 2025	14,953	17,462
4,730,000	2.45% due Dec. 15, 2015	4,805,153	4,894,254		Financement-Quebec		
2,340,000	2.75% due Dec. 15, 2015	2,334,712	2,444,782	197,000	4.25% due Mar. 1, 2014	194,073	206,497
5,600,000	2.75% due Jun. 15, 2016	5,696,205	5,869,240	87,000	4.25% due Dec. 1, 2015	87,758	94,443
6,000,000	1.85% due Dec. 15, 2016	6,072,981	6,073,644	2,483,000	3.50% due Dec. 1, 2016	2,621,177	2,655,297
2,566,000	2.05% due Jun. 15, 2017	2,607,774	2,614,346	809,000	3.50% due Dec. 1, 2017	842,859	867,492
2,479,000	2.05% due Jun. 15, 2017	2,476,818	2,525,523	680,000	5.25% due Jun. 1, 2034	708,696	840,284
4,250,000	4.10% due Dec. 15, 2018	4,510,382	4,827,170		Hydro-Quebec		
2,412,000	3.75% due Mar. 15, 2020	2,396,645	2,706,281	350,000	11.00% due Aug. 15, 2020	557,550	563,952
1,630,000	3.35% due Dec. 15, 2020	1,622,887	1,784,373	259,000	10.50% due Oct. 15, 2021	410,689	421,820
3,385,000	3.80% due Jun. 15, 2021	3,621,358	3,832,538	160,000	9.63% due Jul. 15, 2022	215,280	253,052
3,485,000	2.65% due Mar. 15, 2022	3,512,913	3,603,197	40,000	6.00% due Aug. 15, 2031	37,938	53,950
900,000	2.65% due Mar. 15, 2022	914,886	930,133	656,000	6.50% due Feb. 15, 2035	814,089	950,983
	Canada Mortgage and Housing Corporation			711,000	6.00% due Feb. 15, 2040	828,532	1,012,330
35,000	4.25% due Feb. 1, 2016	34,106	38,388	760,000	5.00% due Feb. 15, 2045	812,796	976,040
	Canada Post Corporation			1,968,000	5.00% due Feb. 15, 2050	2,294,116	2,580,390
155,000	4.08% due Jul. 16, 2025	155,042	182,982		Newfoundland and Labrador Hydro		
	Export Development Canada			40,000	4.33% due Oct. 13, 2016	39,910	44,125
80,000	5.10% due Jun. 2, 2014	79,994	85,872	60,000	10.25% due Jul. 14, 2017	83,494	83,757
50,000	4.30% due Jun. 1, 2016	49,842	55,240	175,000	6.65% due Aug. 27, 2031	174,729	256,145
	Farm Credit Canada				Ontario Electricity Financial Corporation		
231,000	4.55% due Apr. 12, 2021	266,130	275,123	100,000	10.00% due Feb. 6, 2020	137,618	151,659
	Farm Credit Corporation			11,000	10.75% due Aug. 6, 2021	18,216	18,078
303,000	4.60% due Jun. 1, 2021	361,094	362,410	113,000	10.13% due Oct. 15, 2021	181,665	181,362
	Government of Canada			140,000	8.90% due Aug. 18, 2022	182,350	213,842
1,000,000	5.25% due Jun. 1, 2013	1,138,800	1,038,577	155,000	8.50% due May 26, 2025	194,424	242,993
418,000	10.25% due Mar. 15, 2014	586,781	482,767	450,000	8.25% due Jun. 22, 2026	651,077	705,996
3,455,000	3.00% due Jun. 1, 2014	3,586,070	3,583,437		Ontario School Boards Financing Corporation		
1,254,100	5.00% due Jun. 1, 2014	1,306,862	1,348,038	40,000	5.30% due Nov. 7, 2013	40,000	42,080
17,790,000	2.00% due Dec. 1, 2014	18,171,000	18,181,186	25,000	5.70% due Oct. 11, 2017	24,935	29,201
47,000	1.00% due Feb. 1, 2015	46,383	46,902	27,127	5.90% due Oct. 11, 2027	26,982	31,993
100,000	2.50% due Jun. 1, 2015	103,522	103,972	41,272	5.48% due Nov. 26, 2029	41,272	47,951
7,825,000	4.50% due Jun. 1, 2015	8,617,528	8,583,719	16,818	4.79% due Aug. 8, 2030	16,818	18,428
193,000	11.25% due Jun. 1, 2015	297,492	248,968	22,348	5.07% due Apr. 18, 2031	22,348	24,985
8,076,000	3.00% due Dec. 1, 2015	8,558,842	8,567,812	34,718	5.38% due Jun. 25, 2032	34,718	39,951
6,789,000	2.00% due Jun. 1, 2016	6,965,588	6,991,642		Ontario Strategic Infrastructure Finance Authority		
3,764,000	4.00% due Jun. 1, 2016	4,141,947	4,163,000	100,000	4.60% due Jun. 1, 2015	99,699	107,940
5,633,000	2.75% due Sep. 1, 2016	5,967,332	5,977,995		Ornge Issuer Trust		
1,815,000	1.50% due Mar. 1, 2017	1,823,079	1,835,373	139,000	5.73% due Jun. 11, 2034	148,428	160,668
10,726,000	4.00% due Jun. 1, 2017	12,031,948	12,104,831		Province of Alberta		
2,282,000	4.25% due Jun. 1, 2018	2,653,505	2,652,901	1,700,000	2.75% due Dec. 1, 2014	1,775,150	1,760,065
9,554,000	3.75% due Jun. 1, 2019	10,855,069	10,986,340	164,000	1.85% due Sep. 1, 2016	163,780	165,909
3,578,000	3.50% due Jun. 1, 2020	4,000,137	4,095,718	503,000	1.75% due Jun. 15, 2017	503,284	503,998
1,000	10.50% due Mar. 15, 2021	1,680	1,721	1,115,000	4.00% due Dec. 1, 2019	1,205,763	1,254,588
6,595,000	3.25% due Jun. 1, 2021	7,391,716	7,474,593	200,000	4.50% due Dec. 1, 2040	198,230	247,050
203,000	9.75% due Jun. 1, 2021	305,701	339,964		Province of British Columbia		
6,927,000	2.75% due Jun. 1, 2022	7,475,693	7,561,068	275,000	8.50% due Aug. 23, 2013	330,706	297,759
515,000	8.00% due Jun. 1, 2023	719,439	828,699	2,300,000	4.25% due Jun. 18, 2014	2,473,420	2,435,188
577,000	9.00% due Jun. 1, 2025	842,705	1,041,387	80,000	5.30% due Jun. 18, 2014	79,504	86,321
1,010,800	8.00% due Jun. 1, 2027	1,451,498	1,778,159	90,000	4.70% due Dec. 1, 2017	89,674	103,010
4,554,000	5.75% due Jun. 1, 2029	6,425,423	6,847,211	100,000	5.60% due Jun. 1, 2018	108,177	119,800
6,992,000	5.75% due Jun. 1, 2033	9,984,463	10,976,144	1,500,000	4.65% due Dec. 18, 2018	1,566,100	1,733,557

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Provincial Bonds (cont'd)				Provincial Bonds (cont'd)			
30,000	5.30% due Jun. 17, 2019	30,065	35,918	95,000	4.50% due Apr. 17, 2037	98,987	111,621
827,000	4.10% due Dec. 18, 2019	848,462	931,508	177,000	4.65% due Oct. 17, 2040	205,538	216,214
546,000	3.70% due Dec. 18, 2020	544,140	599,307		Province of Nova Scotia		
100,000	9.95% due May 15, 2021	152,708	158,582	25,000	4.50% due Jun. 1, 2013	24,884	25,759
185,000	4.80% due Jun. 15, 2021	207,134	218,321	40,000	4.70% due Jan. 14, 2015	39,877	43,242
629,000	3.25% due Dec. 18, 2021	633,365	665,578	60,000	4.60% due Aug. 18, 2016	59,648	66,845
255,000	2.70% due Dec. 18, 2022	253,934	256,120	120,000	4.15% due Nov. 25, 2019	119,035	134,170
290,000	6.15% due Nov. 19, 2027	273,509	398,943	506,000	4.10% due Jun. 1, 2021	531,677	564,337
201,000	4.95% due Dec. 1, 2027	220,589	235,920	217,000	4.45% due Oct. 24, 2021	233,836	247,241
1,550,000	5.70% due Jun. 18, 2029	1,930,235	2,067,786	130,000	9.60% due Jan. 30, 2022	179,967	204,164
620,000	6.35% due Jun. 18, 2031	797,864	891,812	180,000	6.60% due Jun. 1, 2027	218,828	252,092
234,000	5.40% due Jun. 18, 2035	281,452	311,369	450,000	5.80% due Jun. 1, 2033	512,915	606,783
603,000	4.70% due Jun. 18, 2037	705,338	740,289	55,000	4.90% due Jun. 1, 2035	55,465	67,142
966,000	4.95% due Jun. 18, 2040	1,062,058	1,249,480	405,000	4.50% due Jun. 1, 2037	442,075	471,016
1,783,000	4.30% due Jun. 18, 2042	1,945,460	2,121,966	625,000	4.70% due Jun. 1, 2041	686,654	765,829
	Province of Manitoba			472,000	4.40% due Jun. 1, 2042	514,306	554,291
46,000	4.25% due Jun. 3, 2013	45,822	47,301	265,000	3.50% due Jun. 2, 2062	260,116	270,880
90,000	5.05% due Dec. 3, 2013	90,639	94,845		Province of Ontario		
126,000	3.05% due Sep. 1, 2014	130,479	130,661	4,225,000	5.00% due Mar. 8, 2014	4,574,497	4,485,055
40,000	4.80% due Dec. 3, 2014	39,764	43,268	4,800,000	3.25% due Sep. 8, 2014	5,009,480	4,994,899
40,000	5.20% due Dec. 3, 2015	42,873	44,827	1,066,500	4.50% due Mar. 8, 2015	1,063,914	1,151,151
1,082,000	4.30% due Mar. 1, 2016	1,136,824	1,185,570	3,696,000	3.15% due Sep. 8, 2015	3,882,516	3,877,814
303,000	2.05% due Dec. 1, 2016	303,755	307,496	971,000	4.40% due Mar. 8, 2016	1,002,896	1,065,505
152,000	1.85% due Jun. 1, 2017	151,743	152,269	695,000	3.20% due Sep. 8, 2016	717,560	735,336
1,050,000	4.70% due Sep. 22, 2017	1,119,262	1,195,395	2,578,000	4.30% due Mar. 8, 2017	2,681,809	2,861,127
45,000	4.25% due Mar. 5, 2018	44,811	50,420	1,500,000	1.90% due Sep. 8, 2017	1,491,932	1,496,201
240,000	4.75% due Feb. 11, 2020	267,584	279,684	1,405,000	4.20% due Mar. 8, 2018	1,493,862	1,565,397
404,000	4.15% due Jun. 3, 2020	410,160	454,580	3,885,000	4.40% due Jun. 2, 2019	4,155,631	4,402,500
269,000	3.85% due Dec. 1, 2021	291,584	296,988	4,488,000	4.20% due Jun. 2, 2020	4,622,573	5,035,843
155,000	4.40% due Sep. 5, 2025	154,430	178,161	3,950,000	4.00% due Jun. 2, 2021	4,086,825	4,374,970
150,000	7.75% due Dec. 22, 2025	175,083	227,286	5,165,000	3.15% due Jun. 2, 2022	5,211,794	5,334,138
71,000	10.50% due Mar. 5, 2031	139,014	142,002	200,000	9.50% due Jul. 13, 2022	268,132	316,083
125,000	5.70% due Mar. 5, 2037	141,079	173,035	700,000	8.10% due Sep. 8, 2023	938,210	1,046,209
718,000	4.60% due Mar. 5, 2038	755,418	866,842	2,180,000	7.60% due Jun. 2, 2027	3,028,359	3,318,442
280,000	4.65% due Mar. 5, 2040	291,451	344,088	110,000	6.25% due Aug. 25, 2028	110,879	150,251
702,000	4.10% due Mar. 5, 2041	737,253	800,137	3,550,000	6.50% due Mar. 8, 2029	4,564,047	5,021,602
130,000	4.40% due Mar. 5, 2042	129,659	155,855	90,000	6.20% due Jun. 2, 2031	89,415	125,416
153,000	3.35% due Mar. 5, 2043	152,237	153,731	2,235,000	5.85% due Mar. 8, 2033	2,641,855	3,039,042
100,000	4.70% due Mar. 5, 2050	101,146	129,335	3,922,000	5.60% due Jun. 2, 2035	4,837,694	5,246,808
	Province of New Brunswick			2,338,000	4.70% due Jun. 2, 2037	2,497,145	2,813,282
600,000	3.35% due Jun. 1, 2013	621,360	611,877	3,060,000	4.60% due Jun. 2, 2039	3,202,534	3,667,584
100,000	4.50% due Feb. 4, 2015	99,358	107,738	4,589,000	4.65% due Jun. 2, 2041	5,172,368	5,617,505
130,000	8.75% due May 12, 2015	159,667	156,092	2,091,000	3.50% due Jun. 2, 2043	2,076,831	2,126,542
92,000	4.30% due Dec. 3, 2015	91,810	100,155		Province of Prince Edward Island		
168,000	4.70% due Jul. 21, 2016	175,993	187,358	51,000	3.20% due Jun. 2, 2014	52,818	52,800
175,000	6.00% due Dec. 27, 2017	197,531	210,626	31,000	3.70% due Sep. 2, 2020	30,836	33,431
1,500,000	4.45% due Mar. 26, 2018	1,602,330	1,688,138	50,000	6.80% due Feb. 21, 2030	49,690	72,680
455,000	4.40% due Jun. 3, 2019	472,078	513,742	20,000	5.70% due Jun. 15, 2035	19,982	26,534
669,000	4.50% due Jun. 2, 2020	669,245	761,950	36,000	5.30% due May 19, 2036	39,761	45,544
536,000	3.35% due Dec. 3, 2021	546,551	561,174	270,000	4.65% due Nov. 19, 2037	297,241	315,488
50,000	5.65% due Dec. 27, 2028	45,795	64,439	80,000	4.60% due May 19, 2041	83,564	94,650
490,000	5.50% due Jan. 27, 2034	598,978	633,487	101,000	3.65% due Jun. 27, 2042	100,725	101,971
364,000	4.65% due Sep. 26, 2035	386,147	425,122		Province of Quebec		
530,000	4.55% due Mar. 26, 2037	574,154	612,043	1,200,000	5.25% due Oct. 1, 2013	1,314,138	1,260,008
430,000	4.80% due Sep. 26, 2039	452,350	520,450	2,330,000	5.50% due Dec. 1, 2014	2,582,154	2,555,412
390,000	4.80% due Jun. 3, 2041	398,145	477,575	875,000	5.00% due Dec. 1, 2015	936,324	972,733
154,000	3.55% due Jun. 3, 2043	153,486	154,246	1,959,000	4.50% due Dec. 1, 2017	2,080,173	2,205,783
	Province of Newfoundland and Labrador			824,000	2.40% due Dec. 1, 2018	818,988	828,916
152,000	5.25% due Jun. 4, 2014	164,040	163,369	2,010,000	4.50% due Dec. 1, 2018	2,138,862	2,278,922
75,000	10.13% due Nov. 22, 2014	102,518	90,231	3,020,000	4.50% due Dec. 1, 2019	3,229,435	3,435,973
65,000	10.95% due Apr. 15, 2021	96,801	107,189	4,450,000	4.50% due Dec. 1, 2020	4,872,748	5,073,132
35,000	6.15% due Apr. 17, 2028	33,447	47,692	3,338,000	4.25% due Dec. 1, 2021	3,679,614	3,740,675
750,000	6.55% due Oct. 17, 2030	920,615	1,085,664	2,314,000	3.50% due Dec. 1, 2022	2,390,114	2,435,326
				500,000	9.38% due Jan. 16, 2023	712,250	787,864

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Provincial Bonds (cont'd)				Municipal Bonds (cont'd)			
330,000	5.35% due Jun. 1, 2025	390,555	403,396	1,085,000	4.80% due Dec. 1, 2017	1,147,784	1,229,098
750,000	8.50% due Apr. 1, 2026	1,031,813	1,183,404	213,000	4.60% due Apr. 23, 2018	239,606	239,841
1,050,000	6.00% due Oct. 1, 2029	1,309,016	1,406,077	99,000	4.88% due Jun. 3, 2019	112,977	113,769
2,214,000	6.25% due Jun. 1, 2032	2,652,112	3,078,546	173,000	4.45% due Jun. 1, 2020	179,378	194,544
2,037,000	5.75% due Dec. 1, 2036	2,524,527	2,746,482	155,000	4.15% due Jun. 1, 2021	162,635	170,828
2,042,000	5.00% due Dec. 1, 2038	2,260,254	2,530,431	60,000	3.35% due Jun. 1, 2022	59,930	61,908
3,245,000	5.00% due Dec. 1, 2041	3,738,935	4,104,578		Municipality of Metropolitan Toronto		
1,289,000	4.25% due Dec. 1, 2043	1,399,562	1,462,618	100,000	8.65% due Jun. 8, 2015	124,070	119,642
	Province of Saskatchewan				Peel Region Municipal of Ontario		
100,000	10.25% due Apr. 10, 2014	131,100	115,599	125,000	3.50% due Dec. 1, 2021	128,015	129,497
152,000	5.25% due Jun. 3, 2014	160,820	163,615	173,000	5.10% due Jun. 29, 2040	173,897	208,275
30,000	4.25% due Dec. 3, 2015	29,797	32,760		Regional Municipality of York		
60,000	4.50% due Aug. 23, 2016	59,590	66,987	30,000	4.50% due Sep. 28, 2016	29,921	33,000
636,000	9.60% due Feb. 1, 2022	1,005,586	1,010,747	75,000	4.00% due May 31, 2032	74,867	76,213
206,000	5.75% due Mar. 5, 2029	268,776	277,733		Toronto Hospital		
253,000	6.40% due Sep. 5, 2031	320,191	369,622	27,973	5.64% due Dec. 8, 2022	27,358	32,146
623,000	5.60% due Sep. 5, 2035	698,841	858,870		Ville de Montreal		
315,000	5.00% due Mar. 5, 2037	333,667	406,289	25,000	4.60% due Jun. 1, 2017	24,950	27,597
210,000	4.75% due Jun. 1, 2040	219,826	266,926	108,000	5.00% due Dec. 1, 2017	108,530	121,701
152,000	3.40% due Feb. 3, 2042	150,597	157,010	50,000	5.00% due Dec. 1, 2018	49,574	56,618
		164,506,063	176,105,326	293,000	5.45% due Dec. 1, 2019	336,995	340,568
					Winnipeg Airports Authority Inc.		
	Municipal Bonds – 1.5%			200,000	4.57% due Nov. 20, 2019	222,180	224,704
	55 School Board Trust, The				York Ontario Regional Municipality		
135,000	5.90% due Jun. 2, 2033	134,906	173,248	175,000	4.00% due Jun. 30, 2021	178,550	188,706
	City of Edmonton				York Region District School Board		
58,000	8.50% due Sep. 14, 2018	78,153	77,816	54,552	6.45% due Jun. 4, 2024	67,375	67,955
	City of Montreal				York Region Municipality		
135,000	4.95% due Dec. 10, 2014	145,476	145,582	344,000	5.00% due Apr. 29, 2019	391,008	393,057
410,000	4.50% due Dec. 1, 2021	433,356	449,192	99,000	4.50% due Jun. 30, 2020	102,609	110,593
85,000	4.25% due Dec. 1, 2032	85,556	87,117			9,069,927	9,540,956
272,000	6.00% due Jun. 1, 2043	331,795	366,738				
	City of Ottawa				Corporate Bonds – 26.5%		
31,000	5.05% due Aug. 13, 2030	35,946	36,613		407 East Development Group		
50,000	4.60% due Jul. 14, 2042	49,935	56,473	224,000	2.81% due Dec. 23, 2015	224,000	226,603
	City of Toronto			61,000	4.47% due Jun. 23, 2045	61,000	62,151
54,000	5.13% due Sep. 25, 2013	56,995	56,487		407 International Inc.		
130,000	5.30% due May 21, 2014	129,753	139,092	324,000	4.45% due Jun. 16, 2015	337,624	349,673
30,000	4.55% due May 20, 2015	29,826	32,339		407 International Inc.		
227,000	4.85% due Jul. 28, 2016	245,553	252,344	90,000	3.88% due Jun. 15, 2015	89,984	95,057
368,000	5.05% due Jul. 18, 2017	410,863	417,278	110,000	3.87% due Nov. 24, 2017	109,967	116,933
219,000	4.95% due Jun. 27, 2018	241,393	249,966	440,000	4.99% due Jun. 16, 2020	489,714	510,718
100,000	4.50% due Dec. 2, 2019	99,691	111,725	371,000	4.30% due May 26, 2021	382,141	412,443
67,000	6.80% due Jul. 26, 2021	87,322	86,923	350,000	6.47% due Jul. 27, 2029	445,745	464,874
336,000	3.50% due Dec. 6, 2021	339,846	346,915	555,000	5.96% due Dec. 3, 2035	592,562	722,025
15,424	5.34% due Jul. 18, 2027	15,424	17,944	79,000	5.75% due Feb. 14, 2036	78,899	94,766
557,000	5.20% due Jun. 1, 2040	639,961	675,555	203,000	4.19% due Apr. 25, 2042 - (Jan. 25, 2042)	202,724	209,459
151,000	4.70% due Jun. 10, 2041	153,992	171,270		Aeroports de Montreal		
	City of Vancouver			117,121	6.95% due Apr. 16, 2032	132,980	152,030
25,000	4.70% due Dec. 1, 2017	24,852	28,052	450,000	5.17% due Sep. 17, 2035	488,139	530,929
300,000	4.50% due Jun. 1, 2020	298,854	336,419	200,000	5.67% due Oct. 16, 2037	233,759	254,653
54,000	3.45% due Dec. 2, 2021	53,923	55,799		AGT Limited		
	City of Winnipeg			249,000	8.80% due Sep. 22, 2025	360,351	375,297
40,000	6.25% due Nov. 17, 2017	47,860	47,974		Aimia Inc.		
30,000	5.90% due Feb. 2, 2029	37,712	38,413	103,000	5.60% due May 17, 2019	102,924	104,271
81,000	5.20% due Jul. 17, 2036	95,352	96,986		Alliance Pipeline LP		
	Durham District School Board			80,976	7.23% due Jun. 30, 2015	83,412	86,203
44,000	6.75% due Nov. 19, 2019	51,401	55,399	37,117	7.18% due Jun. 30, 2023	38,970	45,719
	Halton, Regional Municipality of			28,459	5.55% due Dec. 31, 2023	28,459	31,675
38,000	4.05% due Oct. 11, 2041	37,817	39,083	72,356	6.77% due Dec. 31, 2025	72,356	88,128
	Municipal Finance Authority of British Columbia			54,266	7.22% due Dec. 31, 2025	57,387	67,442
498,000	3.10% due Jun. 1, 2014	514,529	514,003		AltaGas Income Trust		
30,000	4.90% due Dec. 2, 2014	29,987	32,401	100,000	7.42% due Apr. 29, 2014	99,984	108,581
25,000	4.15% due Oct. 13, 2015	24,968	26,931	90,000	4.10% due Mar. 24, 2016	89,968	93,931
162,000	4.65% due Apr. 19, 2016	164,721	178,619	200,000	5.49% due Mar. 27, 2017	216,984	220,651

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
100,000	4.60% due Jan. 15, 2018	99,931	106,781	200,000	6.55% due May 1, 2029	201,460	241,575
92,000	4.55% due Jan. 17, 2019	92,408	98,138	130,000	7.85% due Apr. 2, 2031	152,181	178,070
91,000	AltaGas Ltd. 4.07% due Jun. 1, 2020	90,997	93,523	150,000	7.30% due Feb. 23, 2032	181,800	193,737
30,000	Altalink LP 5.43% due Jun. 5, 2013	32,363	31,079	522,000	6.10% due Mar. 16, 2035	483,938	617,947
200,000	5.24% due May 29, 2018	205,148	229,848	250,000	BMO Subordinated Notes Trust 5.75% due Sep. 26, 2022	249,963	285,680
100,000	5.25% due Sep. 22, 2036	119,279	120,289	41,000	2.88% due Aug. 9, 2016	40,998	41,656
165,000	5.38% due Mar. 26, 2040	165,000	205,193	32,345	BMW Canada Auto Trust 6.35% due Dec. 1, 2020	36,169	36,892
65,000	4.87% due Nov. 15, 2040	65,000	75,207	500,000	British Columbia Ferry Services Inc. 6.21% due Dec. 19, 2013	557,830	530,598
95,000	4.46% due Nov. 8, 2041	95,000	103,409	195,000	5.74% due May 27, 2014	206,880	209,003
99,000	3.99% due Jun. 30, 2042	99,000	99,507	40,000	6.25% due Oct. 13, 2034	39,952	51,144
650,000	American Express Canada Credit Corporation 4.85% due Oct. 3, 2014	656,825	686,534	35,000	5.58% due Jan. 11, 2038	35,000	42,000
245,000	American Express Company 3.60% due Jun. 3, 2016	247,394	252,967	127,000	Brookfield Asset Management Inc. 3.95% due Apr. 9, 2019	126,992	128,409
207,000	Aon Corporation 4.76% due Mar. 8, 2018	206,903	218,867	224,000	5.30% due Mar. 1, 2021	229,546	243,426
100,000	Arrow Lakes Power Corporation 5.52% due Apr. 5, 2041	100,000	116,796	90,000	5.95% due Jun. 14, 2035	83,550	87,891
55,000	Asian Development Bank 4.75% due Jun. 15, 2017	54,909	62,065	62,000	Brookfield Power Corporation 5.84% due Nov. 5, 2036	56,687	60,519
101,000	4.65% due Feb. 16, 2027	101,062	118,463	500,000	BRP Finance ULC 5.14% due Oct. 13, 2020	502,100	537,885
90,000	Bank of Montreal (callable) 4.87% due Apr. 22, 2020-(2015)	89,986	96,027	218,000	4.79% due Feb. 7, 2022	217,983	226,324
615,000	Bank of Montreal 6.17% due Mar. 28, 2020-(2018)	697,466	720,277	430,000	Cadillac Fairview Finance Trust 3.24% due Jan. 25, 2016	429,979	447,279
100,000	4.78% due Apr. 30, 2014	99,981	105,556	185,000	3.64% due May 9, 2018	184,978	196,629
500,000	3.93% due Apr. 27, 2015	500,000	525,861	255,000	4.31% due Jan. 25, 2021	254,939	283,763
1,500,000	5.18% due Jun. 10, 2015	1,646,895	1,632,464	300,000	Caisse Centrale Desjardins 3.79% due Jun. 8, 2015	312,831	313,814
1,279,000	3.10% due Mar. 10, 2016	1,299,300	1,315,643	205,000	3.50% due Oct. 5, 2017	205,000	213,783
95,000	5.10% due Apr. 21, 2016	95,000	103,658	45,000	Cameco Corporation 4.70% due Sep. 16, 2015	45,150	47,993
1,019,000	3.49% due Jun. 10, 2016	1,041,329	1,062,744	290,000	5.67% due Sep. 2, 2019	291,230	331,528
638,000	3.98% due Jul. 8, 2016	643,018	665,541	356,000	Canada Post Corporation 4.36% due Jul. 16, 2040	414,123	448,943
965,000	2.96% due Aug. 2, 2016	971,253	987,269	100,000	Canada Safeway Limited 3.00% due Mar. 31, 2014	99,917	101,029
668,000	5.45% due Jul. 17, 2017	705,271	760,702	164,000	Canadian Credit Card Trust 2.31% due Apr. 24, 2015	164,000	165,091
95,000	4.55% due Aug. 1, 2017	94,991	104,339	171,000	3.44% due Jul. 24, 2015	171,000	177,612
400,000	6.02% due May 2, 2018	472,820	472,694	295,000	Canadian Imperial Bank of Commerce 3.05% due Jun. 3, 2013	294,844	299,544
474,000	4.61% due Sep. 10, 2025	508,165	532,895	375,000	4.95% due Jan. 23, 2014	396,480	394,120
635,000	Bank of Montreal Capital Trust (callable) 5.47% due Dec. 31, 2049-(2014)	650,080	680,706	400,000	3.30% due Nov. 19, 2014	399,892	413,278
70,000	4.63% due Dec. 31, 2049-(2015)	70,000	74,438	230,000	4.75% due Dec. 22, 2014	245,194	245,658
140,000	Bayerische Motoren Werke AG 2.76% due Apr. 1, 2014	139,972	141,946	675,000	3.10% due Mar. 2, 2015	682,589	694,320
460,000	3.15% due Apr. 1, 2015	468,071	472,289	1,155,000	2.65% due Nov. 8, 2016	1,157,372	1,166,670
50,000	bdlMC Realty Corporation 4.65% due Feb. 10, 2015	49,965	53,254	395,000	3.95% due Jul. 14, 2017	400,026	422,123
225,000	2.65% due Jun. 29, 2017	224,957	225,303	500,000	3.15% due Nov. 2, 2020	498,945	506,868
227,000	2.96% due Mar. 7, 2019	226,914	228,941	382,000	Canadian Imperial Bank of Commerce (callable) 4.11% due Apr. 30, 2020-(2015)	385,994	399,757
75,000	3.51% due Jun. 29, 2022	74,981	75,167	1,750,000	6.00% due Jun. 6, 2023-(2018)	1,916,020	2,038,141
75,000	Bell Aliant Regional Communications, Limited Partnership 4.95% due Feb. 26, 2014	74,978	78,045	220,000	Canadian Natural Resources Limited 4.95% due Jun. 1, 2015	232,619	236,918
265,000	6.29% due Feb. 17, 2015	264,894	287,965	255,000	3.05% due Jun. 19, 2019	254,839	255,724
385,000	5.41% due Sep. 26, 2016	410,845	417,840	170,000	Canadian Pacific Railway Company 6.25% due Jun. 1, 2018	191,140	196,418
400,000	4.88% due Apr. 26, 2018	416,640	423,975	60,000	5.10% due Jan. 14, 2022	60,079	65,929
113,000	6.17% due Feb. 26, 2037	112,895	113,921	250,000	6.45% due Nov. 17, 2039	264,158	289,290
840,000	Bell Canada 4.85% due Jun. 30, 2014	873,413	886,658	250,000	Canadian Tire Corporation, Limited 4.95% due Jun. 1, 2015	267,573	267,998
340,000	3.60% due Dec. 2, 2015	339,429	353,249	100,000	5.65% due Jun. 1, 2016	99,960	111,213
860,000	3.65% due May 19, 2016	889,196	893,425				
600,000	5.00% due Feb. 15, 2017	651,927	656,596				
345,000	4.40% due Mar. 16, 2018	344,710	368,573				
515,000	3.35% due Jun. 18, 2019	514,171	516,724				
160,000	4.95% due May 19, 2021	159,414	175,728				

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
105,000	6.32% due Feb. 24, 2034	110,230	118,741	353,000	5.56% due Oct. 30, 2037	357,921	446,869
155,000	5.61% due Sep. 4, 2035	160,789	161,632	200,000	5.58% due May 26, 2038	242,306	254,043
	Canadian Utilities Limited			329,000	4.54% due Oct. 24, 2041	343,879	365,511
100,000	6.15% due Nov. 22, 2017	117,890	119,356	80,000	4.95% due Nov. 18, 2050	80,000	96,839
600,000	6.80% due Aug. 13, 2019	759,120	763,576	45,000	4.59% due Oct. 24, 2061	45,000	51,647
210,000	9.92% due Apr. 1, 2022	327,241	327,548		Daimler Canada Finance Inc.		
	Canadian Western Bank			170,000	3.16% due Apr. 14, 2014	169,981	173,036
45,000	2.57% due Nov. 4, 2014	45,000	45,233	99,000	3.02% due Jan. 7, 2015	98,995	100,617
67,000	3.05% due Jan. 18, 2017	67,000	67,435	152,000	3.28% due Sep. 15, 2016	152,000	155,759
	Canadian Western Bank (callable)				Duke Energy Corporation		
99,000	4.39% due Nov. 30, 2020 (2015)	99,000	101,939	610,000	8.50% due Nov. 23, 2015	738,392	730,179
	Capital City Link General Partnership			100,000	8.75% due Aug. 3, 2018	133,700	133,269
148,000	4.39% due Mar. 31, 2046	148,006	151,064		Emera Inc.		
	Capital Desjardins Inc. (callable)			125,000	4.10% due Oct. 20, 2014	129,830	130,283
77,000	5.76% due Apr. 1, 2019 (2014)	77,000	81,361	81,000	2.96% due Dec. 13, 2016	80,983	82,134
425,000	3.80% due Nov. 23, 2020 (2015)	425,000	438,356	170,000	4.83% due Dec. 2, 2019	183,039	187,072
775,000	5.54% due Jun. 1, 2021 (2016)	775,000	851,806		Enbridge Gas Distribution Inc.		
	Capital Desjardins Inc.			30,000	5.16% due Sep. 24, 2014	29,984	32,265
360,000	5.19% due May 5, 2020	394,344	403,110	370,000	5.16% due Dec. 4, 2017	423,442	423,675
85,000	4.95% due Dec. 15, 2021	85,000	93,452	282,000	4.77% due Dec. 17, 2021	318,166	325,667
	Capital Power L.P.			70,000	7.60% due Oct. 29, 2026	91,571	101,168
117,000	4.85% due Feb. 21, 2019	116,863	119,425	50,000	6.90% due Nov. 15, 2032	62,313	70,769
130,000	5.28% due Nov. 16, 2020	130,000	133,276	50,000	5.21% due Feb. 25, 2036	49,932	59,908
	CARDS II Trust				Enbridge Inc.		
486,000	3.10% due Sep. 15, 2015	497,172	500,882	250,000	5.17% due May 19, 2016	249,855	276,223
	Caterpillar Financial Services Limited			70,000	5.00% due Aug. 9, 2016	69,684	77,205
110,000	5.20% due Jun. 3, 2013	109,991	113,688	300,000	4.77% due Sep. 2, 2019	299,859	336,064
99,000	2.20% due Jun. 1, 2015	98,991	99,267	750,000	4.53% due Mar. 9, 2020	749,880	827,168
100,000	2.63% due Jun. 1, 2017	99,977	100,651	430,000	4.04% due Nov. 23, 2020	450,529	472,242
	Caterpillar Inc.			65,000	4.26% due Feb. 1, 2021	64,971	70,504
66,000	2.64% due Dec. 3, 2013	65,987	66,902	63,000	7.22% due Jul. 24, 2030	77,413	86,345
	CBC Monetization Trust			84,000	7.20% due Jun. 18, 2032	113,870	116,350
90,348	4.69% due May 15, 2027	90,348	102,400	24,000	5.57% due Nov. 14, 2035	23,969	28,502
	CDP Financial Inc.			263,000	5.75% due Sep. 2, 2039	265,354	324,064
220,000	4.60% due Jul. 15, 2020	219,547	249,321	135,000	5.12% due Sep. 28, 2040	147,305	153,135
	Central 1 Credit Union			151,000	4.95% due Nov. 22, 2050	156,114	182,041
250,000	3.38% due Apr. 19, 2013	250,000	253,242		Enbridge Income Fund		
	Centre hospitalier de l'Université de Montréal			89,000	4.10% due Feb. 22, 2019	88,829	90,953
38,000	4.45% due Oct. 1, 2049	38,002	40,989	150,000	4.85% due Feb. 22, 2022	149,813	156,192
	CHIP Mortgage Trust				Enbridge Pipelines Inc.		
61,000	3.97% due Feb. 1, 2016	61,000	63,564	375,000	6.62% due Nov. 19, 2018	465,892	465,643
	CIBC Capital Trust			347,000	6.35% due Nov. 17, 2023	396,053	450,194
507,000	2.20% due May 22, 2015	506,371	508,867	200,000	8.20% due Feb. 15, 2024	289,186	294,720
757,000	3.40% due Jan. 14, 2016	756,046	785,727	96,000	6.10% due Jul. 14, 2028	82,368	119,042
	CIBC Capital Trust (callable)			26,000	5.08% due Dec. 19, 2036	25,980	30,715
300,000	9.98% due Jun. 30, 2108 (2019)	300,000	395,710	250,000	5.33% due Apr. 6, 2040	291,750	310,392
	CIBC Capital Trust				EnCana Corporation		
500,000	10.25% due Jun. 30, 2108 (2039)	740,630	696,576	280,000	5.80% due Jan. 18, 2018	306,811	313,563
	Citigroup Finance Canada Inc.				Enersource Corporation		
50,000	4.75% due Mar. 17, 2014	49,969	51,577	35,000	4.52% due Apr. 29, 2021	35,000	39,451
	Cogeco Cable Inc.			60,000	5.30% due Apr. 29, 2041	60,000	75,106
90,000	5.15% due Nov. 16, 2020	89,826	97,055		EPCOR Utilities Inc.		
91,000	4.93% due Feb. 14, 2022	91,035	95,652	250,000	6.75% due Mar. 22, 2016	292,010	288,062
	Concordia University			240,000	5.80% due Jan. 31, 2018	270,789	277,919
30,000	6.55% due Sep. 2, 2042	29,996	41,558	33,000	5.65% due Nov. 16, 2035	32,830	39,621
	Consumers' Waterheater Operating Trust, The			250,000	6.65% due Apr. 15, 2038	277,000	341,063
75,000	6.75% due Apr. 30, 2014	74,870	79,242	85,000	5.75% due Nov. 24, 2039	89,719	104,509
	CU Inc.			273,000	4.55% due Feb. 28, 2042	272,866	285,765
20,000	5.43% due Jan. 23, 2019	20,000	23,480		ERAC Canada Finance Ltd.		
54,000	4.80% due Nov. 22, 2021	59,387	62,304	45,000	5.38% due Feb. 26, 2016	44,969	48,477
150,000	6.22% due Mar. 6, 2024	150,000	192,812		Farm Credit Canada		
190,000	5.56% due May 26, 2028	204,700	234,570	16,000	4.00% due May 24, 2013	15,963	16,395
31,000	5.18% due Nov. 21, 2035	31,000	36,913		Finning International Inc.		
28,000	5.03% due Nov. 20, 2036	28,000	32,984	575,000	5.16% due Sep. 3, 2013	580,716	596,515
				75,000	5.08% due Jun. 13, 2042	75,000	75,822

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
45,000	5.48% due Jul. 30, 2019	45,042	49,502	500,000	5.96% due Nov. 20, 2019	499,885	609,034
88,000	4.50% due Mar. 1, 2021	88,341	89,468	1,035,000	6.45% due Dec. 3, 2027	1,091,716	1,358,128
50,000	4.43% due Jan. 31, 2022	50,186	50,145	450,000	7.05% due Jun. 12, 2030	550,594	623,698
	Fortis Inc.			360,000	7.10% due Jun. 4, 2031	425,080	505,145
70,000	6.51% due Jul. 4, 2039	69,954	93,851	280,000	6.98% due Oct. 15, 2032	396,340	393,721
141,000	4.25% due Dec. 9, 2041	145,565	148,713	100,000	6.47% due Feb. 2, 2034	99,316	135,264
	FortisAlberta Inc.			125,000	5.63% due Jun. 7, 2040	124,874	158,637
530,000	5.33% due Oct. 31, 2014	567,383	572,447	379,000	5.30% due Feb. 25, 2041	432,085	462,480
30,000	6.22% due Oct. 31, 2034	29,991	40,421	189,000	4.53% due Dec. 2, 2041	191,087	206,099
18,000	5.40% due Apr. 21, 2036	17,987	22,119		H&R Real Estate Investment Trust		
45,000	7.06% due Feb. 14, 2039	58,037	68,276	55,000	4.78% due Jul. 27, 2016	55,111	57,984
75,000	5.37% due Oct. 30, 2039	74,967	93,108	90,000	4.45% due Mar. 2, 2020	90,063	91,878
46,000	4.54% due Oct. 18, 2041	45,993	50,924		Halifax International Airport Authority		
42,000	4.80% due Oct. 27, 2050	41,970	49,378	83,000	5.50% due Jul. 19, 2041	96,851	106,075
	FortisBC Inc.			48,000	4.89% due Nov. 15, 2050	47,999	58,293
116,000	5.60% due Nov. 9, 2035	139,640	144,311		Honda Canada Finance Inc.		
115,000	5.00% due Nov. 24, 2050	114,802	137,878	250,000	5.61% due Sep. 12, 2013	261,639	261,216
	Gaz Metro Inc.				Hospital for Sick Children		
238,000	4.93% due Jun. 18, 2019	267,235	273,164	150,000	5.22% due Dec. 16, 2049	150,000	184,116
391,000	5.45% due Jul. 12, 2021	455,079	470,189		Hospital Infrastructure Partners (NOH) Partnership		
30,000	6.30% due Oct. 31, 2033	29,824	40,077	195,000	5.44% due Jan. 31, 2045	201,560	221,792
29,000	5.70% due Jul. 10, 2036	28,954	36,765		HSBC Bank of Canada		
	GE Capital Canada Funding Company			155,000	3.86% due May 21, 2015	154,958	162,198
100,000	5.15% due Jun. 6, 2013	100,312	103,188	507,000	2.57% due Nov. 23, 2015	507,000	509,723
85,000	2.95% due Feb. 10, 2014	84,901	86,513	662,000	2.90% due Jan. 13, 2017	664,435	669,933
78,000	4.40% due Jun. 1, 2014	77,885	81,467	805,000	3.56% due Oct. 4, 2017	818,044	839,022
250,000	4.65% due Feb. 11, 2015	257,461	264,751		HSBC Canada Asset Trust (callable)		
1,012,000	5.10% due Jun. 1, 2016	1,097,297	1,100,470	30,000	5.15% due Jun. 30, 2049-(2015)	30,000	32,061
596,000	4.55% due Jan. 17, 2017	551,058	640,114		Husky Energy Inc.		
825,000	5.53% due Aug. 17, 2017	821,505	925,216	730,000	5.00% due Mar. 12, 2020	735,548	818,739
270,000	4.40% due Feb. 8, 2018	281,950	287,730		Hydro One Inc.		
365,000	5.68% due Sep. 10, 2019	382,143	415,812	400,000	3.13% due Nov. 19, 2014	408,960	413,382
722,000	5.73% due Oct. 22, 2037	766,147	817,960	170,000	2.95% due Sep. 11, 2015	169,288	175,497
	General Electric Capital Corporation			129,000	4.64% due Mar. 3, 2016	128,705	140,864
160,000	3.55% due Jun. 11, 2019	159,637	160,922	310,000	5.18% due Oct. 18, 2017	333,191	354,868
247,000	4.60% due Jan. 26, 2022	246,941	263,304	450,000	4.40% due Jun. 1, 2020	465,300	505,941
	General Electric Company			269,000	3.20% due Jan. 13, 2022	270,797	276,295
170,000	4.24% due Jun. 8, 2015	177,140	178,743	450,000	7.35% due Jun. 3, 2030	522,806	649,452
830,000	3.35% due Nov. 23, 2016	849,974	849,308	215,000	6.93% due Jun. 1, 2032	259,616	304,863
	Genworth MI Canada Inc.			20,000	6.35% due Jan. 31, 2034	20,151	27,084
65,000	4.59% due Dec. 15, 2015	65,000	66,296	299,000	5.36% due May 20, 2036	341,719	366,019
	George Weston Limited			55,000	4.89% due Mar. 13, 2037	54,991	63,600
30,000	5.05% due Mar. 10, 2014	29,909	31,349	670,000	6.03% due Mar. 3, 2039	749,686	905,074
220,000	3.78% due Oct. 25, 2016	225,326	229,592	451,000	5.49% due Jul. 16, 2040	466,905	572,398
150,000	7.10% due Feb. 5, 2032	168,992	180,274	225,000	4.39% due Sep. 26, 2041	234,901	244,511
	Glacier Credit Card Trust			110,000	5.00% due Oct. 19, 2046	107,252	132,949
210,000	3.16% due Nov. 20, 2015	210,000	215,955	63,000	4.00% due Dec. 22, 2051	63,011	64,386
164,000	2.81% due May 20, 2017	164,000	165,371		Hydro Ottawa Holding Inc.		
	Golden Credit Card Trust			15,000	4.93% due Feb. 9, 2015	14,994	16,107
735,000	3.51% due May 15, 2016	752,424	767,446		IGM Financial Inc.		
	Great-West Lifeco Finance (Delaware) LP			300,000	6.58% due Mar. 7, 2018	346,011	352,605
200,000	5.69% due Jun. 21, 2017	198,780	211,177	475,000	7.35% due Apr. 8, 2019	549,272	587,981
	Great-West Lifeco Inc.				Industrial Alliance Capital Trust		
350,000	6.14% due Mar. 21, 2018	399,140	406,860	40,000	5.71% due Dec. 31, 2013	40,000	41,109
180,000	7.13% due Jun. 26, 2018	202,021	203,630		Industrial Alliance Capital Trust (callable)		
368,000	4.65% due Aug. 13, 2020	385,410	402,085	30,000	5.13% due Jun. 30, 2019-(2014)	30,076	31,112
100,000	6.74% due Nov. 24, 2031	99,885	122,575		Intact Financial Corporation		
190,000	6.67% due Mar. 21, 2033	212,812	233,401	300,000	5.41% due Sep. 3, 2019	321,166	341,191
400,000	5.00% due Nov. 16, 2039	427,146	464,965	240,000	4.70% due Aug. 18, 2021	246,693	261,835
	Greater Toronto Airports Authority			100,000	6.40% due Nov. 23, 2039	99,907	119,821
40,000	5.00% due Jun. 1, 2015	39,704	43,472	102,000	5.16% due Jun. 16, 2042	101,907	102,579
85,000	4.70% due Feb. 15, 2016	84,937	92,782		Integrated Team Solutions SIHC Partnership		
350,000	4.85% due Jun. 1, 2017	391,556	391,228	50,000	5.95% due Nov. 30, 2042	50,000	59,564
1,321,000	5.26% due Apr. 17, 2018	1,510,642	1,518,324		Inter Pipeline Fund		
				70,000	3.84% due Jul. 30, 2018	70,000	73,286

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
125,000	4.97% due Feb. 2, 2021	125,000	139,514		Molson Coors Capital Finance ULC		
188,000	3.78% due May 30, 2022	188,000	189,388	320,000	5.00% due Sep. 22, 2015	319,203	344,454
464,000	Inter-American Development Bank 4.40% due Jan. 26, 2026	509,623	530,560		National Bank of Canada		
60,000	Investors Group Inc. 7.45% due May 9, 2031	63,120	76,772	752,000	2.23% due Jan. 30, 2015	752,936	755,010
50,000	John Deere Credit Inc. 7.11% due Mar. 7, 2033	50,229	62,182	750,000	3.15% due Feb. 11, 2015	750,000	770,425
140,000	3.90% due Jul. 29, 2013	139,840	143,521	535,000	4.03% due May 26, 2015	565,318	563,405
173,000	1.85% due Jan. 24, 2014	173,118	173,613	240,000	3.58% due Apr. 26, 2016	240,000	250,057
352,000	3.25% due Apr. 8, 2015	361,916	363,797	469,000	2.70% due Dec. 15, 2016	471,088	473,634
150,000	5.45% due Sep. 16, 2015	168,375	165,645		National Bank of Canada (callable)		
100,000	2.30% due Jul. 5, 2016	99,977	100,107	500,000	4.70% due Nov. 2, 2020-(2015)	535,500	532,793
51,000	Kellogg Company 2.10% due May 22, 2014	50,988	51,197	453,000	3.26% due Apr. 11, 2022-(2017)	453,000	458,114
91,000	Laurentian Bank of Canada 2.45% due Feb. 13, 2015	90,914	91,212		NAV Canada		
90,000	Laurentian Bank of Canada (callable) 3.70% due Nov. 2, 2020-(2015)	89,760	91,753	80,000	4.71% due Feb. 24, 2016	80,000	87,473
50,000	Loblaw Companies Limited 5.40% due Nov. 20, 2013	49,859	52,431	200,000	5.30% due Apr. 17, 2019	229,842	234,011
34,000	6.00% due Mar. 3, 2014	31,416	36,202	95,000	4.40% due Feb. 18, 2021	95,000	107,076
600,000	7.10% due Jun. 1, 2016	680,936	702,015	217,500	7.56% due Mar. 1, 2027	269,914	285,777
600,000	6.65% due Nov. 8, 2027	588,805	702,749	30,000	7.40% due Jun. 1, 2027	33,804	43,463
50,000	6.85% due Mar. 1, 2032	53,885	60,282		NBC Asset Trust (callable)		
210,000	6.54% due Feb. 17, 2033	243,873	245,434	500,000	7.45% due Jun. 30, 2049-(2020)	529,850	613,622
280,000	6.15% due Jan. 29, 2035	292,911	315,616		NOVA Gas Transmission Ltd.		
60,000	5.90% due Jan. 18, 2036	59,915	65,619	200,000	12.20% due Feb. 28, 2016	273,960	266,831
45,000	6.45% due Mar. 1, 2039	48,983	53,034	15,000	9.90% due Dec. 16, 2024	19,238	24,145
222,000	Lower Mattagami Energy Limited Partnership 4.33% due May 18, 2021	235,491	246,525	50,000	5.75% due Oct. 1, 2013	49,921	52,512
81,000	5.14% due May 18, 2041	81,000	96,949	100,000	6.95% due Aug. 25, 2033	105,394	141,717
114,000	4.18% due Apr. 23, 2052	114,000	117,472	43,000	5.67% due Nov. 14, 2035	47,032	53,877
120,000	Manitoba Telecom Services Inc. 6.15% due Jun. 10, 2014	119,585	128,685	101,000	5.95% due Jul. 27, 2039	120,307	132,763
115,000	4.59% due Oct. 1, 2018	121,594	122,322	210,000	5.61% due Jun. 15, 2040	253,645	265,507
450,000	5.63% due Dec. 16, 2019	488,828	504,713	145,000	4.15% due Mar. 6, 2042	144,877	147,932
215,000	Manufacturers Life Insurance Company, The (callable) 4.21% due Nov. 18, 2021-(2016)	215,000	221,352	101,000	3.89% due Jul. 4, 2042	100,929	100,929
100,000	Manulife Financial (Delaware) LP (callable) 4.45% due Dec. 15, 2026-(2016)	100,000	100,596		Pembina Pipeline Corporation		
125,000	Manulife Financial Capital Trust II (callable) 5.06% due Dec. 15, 2041-(2036)	125,000	104,684	114,000	4.89% due Mar. 29, 2021	121,883	124,132
925,000	Manulife Financial Corporation (callable) 7.41% due Dec. 31, 2108-(2019)	989,500	1,037,963	277,000	Plenary Health Care Partnerships Humber LP 2.63% due May 18, 2015	276,885	278,389
155,000	Manulife Financial Corporation 4.17% due Jun. 1, 2022-(2017)	155,000	158,129	130,000	4.90% due May 31, 2039	130,000	140,370
500,000	4.90% due Jun. 2, 2014	500,000	520,924	85,000	Plenary Health Hamilton LP 5.80% due May 31, 2043	85,000	100,454
450,000	5.16% due Jun. 26, 2015	473,639	478,783	128,000	4.82% due Nov. 30, 2044	129,031	139,554
453,000	4.08% due Aug. 20, 2015	458,643	468,802	475,000	Plenary Properties LTAP LP 6.29% due Jan. 31, 2044	549,516	605,527
200,000	5.51% due Jun. 26, 2018	211,778	218,849	200,000	Power Corporation of Canada 8.57% due Apr. 22, 2039	199,848	290,925
390,000	7.77% due Apr. 8, 2019	430,829	477,622	150,000	Power Financial Corporation 6.90% due Mar. 11, 2033	177,642	187,032
250,000	Master Credit Card Trust 3.50% due May 21, 2016	250,000	260,923		PSP Capital Inc.		
605,000	2.63% due Jan. 21, 2017	608,184	611,049	450,000	4.57% due Dec. 9, 2013	452,390	469,929
93,000	McGill University 5.36% due Dec. 31, 2043	92,959	112,297	400,000	2.94% due Dec. 3, 2015	399,832	414,308
20,000	McMaster University 6.15% due Oct. 7, 2052	19,981	28,402	184,000	2.26% due Feb. 16, 2017	183,948	185,302
180,000	METRO Inc. 4.98% due Oct. 15, 2015	193,444	194,965	550,000	RBC Capital Trust 4.87% due Dec. 31, 2015	538,638	588,646
215,000	5.97% due Oct. 15, 2035	221,850	244,395	100,000	RBC Capital Trust (callable) 6.82% due Jun. 30, 2049-(2018)	100,000	119,387
39,281	Milit-Air Inc. 5.75% due Jun. 30, 2019	37,218	44,087	1,350,000	RBC Capital Trust II (callable) 5.81% due Dec. 31, 2049-(2013)	1,441,297	1,422,299
					RioCan Real Estate Investment Trust		
				75,000	4.50% due Jan. 21, 2016	75,056	78,648
				57,000	3.85% due Jun. 28, 2019	57,191	57,352
					Rogers Communications Inc.		
				487,000	5.80% due May 26, 2016	485,865	542,341
				249,000	3.00% due Jun. 6, 2017	248,803	249,661
				590,000	5.38% due Nov. 4, 2019	596,062	662,570
				395,000	4.70% due Sep. 29, 2020	402,926	424,241
				825,000	5.34% due Mar. 22, 2021	862,604	915,719

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
299,000	4.00% due Jun. 6, 2022	297,804	298,482		TD Capital Trust III (callable)		
480,000	6.68% due Nov. 4, 2039	498,599	568,570	300,000	7.24% due Dec. 31, 2049-(2018)	300,000	368,184
269,000	6.11% due Aug. 25, 2040	270,974	296,798		TD Capital Trust IV (callable)		
345,000	6.56% due Mar. 22, 2041	382,480	404,732	1,000,000	9.52% due Jun. 30, 2108-(2019)	1,274,418	1,352,335
	Royal Bank of Canada (callable)			100,000	10.00% due Jun. 30, 2108-(2039)	102,391	140,632
1,700,000	5.00% due Jun. 6, 2018-(2013)	1,784,073	1,748,901		Telus Communication Inc.		
160,000	5.45% due Nov. 4, 2018-(2013)	160,000	167,365	32,000	10.65% due Jun. 19, 2021	41,509	49,118
840,000	3.18% due Nov. 2, 2020-(2015)	845,512	853,777	290,000	9.65% due Apr. 8, 2022	400,406	428,278
	Royal Bank of Canada				TELLUS Corporation		
250,000	5.06% due Jul. 17, 2013	249,958	259,493	330,000	4.95% due May 15, 2014	329,987	348,013
80,000	5.00% due Jan. 20, 2014	79,925	84,153	350,000	5.95% due Apr. 15, 2015	387,555	384,856
138,000	4.97% due Jun. 5, 2014	137,943	146,578	500,000	3.65% due May 25, 2016	512,500	520,554
100,000	5.95% due Jun. 18, 2014	100,000	107,082	250,000	4.95% due Mar. 15, 2017	235,000	274,222
295,000	3.27% due Nov. 10, 2014	294,959	305,515	725,000	5.05% due Dec. 4, 2019	720,786	811,052
430,000	4.71% due Dec. 22, 2014	456,052	458,920	350,000	5.05% due Jul. 23, 2020	380,527	391,376
786,000	2.05% due Jan. 13, 2015	786,304	787,193		Teranet Holdings LP		
750,000	3.18% due Mar. 16, 2015	749,723	775,166	170,000	3.53% due Dec. 16, 2015	170,332	175,894
725,000	3.36% due Jan. 11, 2016	723,823	751,532	170,000	4.81% due Dec. 16, 2020	170,818	187,989
670,000	3.03% due Jul. 26, 2016	677,105	686,805	120,000	5.75% due Dec. 17, 2040	123,553	127,911
908,000	2.68% due Dec. 8, 2016	910,869	918,687	90,000	6.10% due Jun. 17, 2041	89,960	102,770
545,000	3.66% due Jan. 25, 2017	547,955	573,872		Terasen Gas Inc.*		
680,000	2.58% due Apr. 13, 2017	679,905	684,041	137,000	5.90% due Feb. 26, 2035	157,215	177,100
380,000	3.77% due Mar. 30, 2018	379,954	406,002	20,000	5.55% due Sep. 25, 2036	19,997	25,016
413,000	2.98% due May 7, 2019	413,000	416,778	85,000	6.00% due Oct. 2, 2037	95,002	113,270
450,000	4.35% due Jun. 15, 2020	449,838	472,170	35,000	6.05% due Feb. 15, 2038	34,976	46,635
1,030,000	4.93% due Jul. 16, 2025	1,118,397	1,189,814	550,000	5.80% due May 13, 2038	579,121	716,868
	Royal Office Finance LP			60,000	5.20% due Dec. 6, 2040	59,828	72,227
1,191,596	5.21% due Nov. 12, 2032	1,206,181	1,403,947		Thomson Reuters Corporation		
	SCORE Trust			198,000	5.20% due Dec. 1, 2014	196,923	212,927
50,000	4.95% due Feb. 20, 2014	50,000	52,312	350,000	5.70% due Jul. 15, 2015	390,404	386,534
	Shaw Communications Inc.			250,000	6.00% due Mar. 31, 2016	278,590	282,400
103,000	6.50% due Jun. 2, 2014	102,695	110,744	372,000	4.35% due Sep. 30, 2020	382,043	407,597
125,000	6.15% due May 9, 2016	140,773	139,393		Tim Hortons, Inc.		
140,000	5.70% due Mar. 2, 2017	154,490	154,708	63,000	4.20% due Jun. 1, 2017	62,989	68,468
605,000	5.65% due Oct. 1, 2019	615,672	670,437		Toronto Community Housing Corporation Issuer Trust		
423,000	5.50% due Dec. 7, 2020	435,828	464,367	50,000	4.88% due May 11, 2037	50,000	56,426
724,000	6.75% due Nov. 9, 2039	720,236	763,025		Toronto Hydro Corporation		
	Shoppers Drug Mart Corporation			40,000	6.11% due May 7, 2013	39,976	41,549
500,000	5.19% due Jan. 20, 2014	543,570	524,466	350,000	5.15% due Nov. 14, 2017	400,513	399,037
	Simon Fraser University			300,000	4.49% due Nov. 12, 2019	331,419	336,386
50,000	5.61% due Jun. 10, 2043	50,000	64,419	108,000	3.54% due Nov. 18, 2021	107,946	112,998
	SNC-Lavalin Group Inc.			160,000	5.54% due May 21, 2040	183,782	202,007
294,000	6.19% due Jul. 3, 2019	318,874	336,990		Toronto-Dominion Bank, The (callable)		
	Sobeys Inc.			140,000	5.69% due Jun. 3, 2018-(2013)	147,415	144,927
47,000	6.64% due Jun. 7, 2040	46,976	55,231	395,000	5.48% due Apr. 2, 2020-(2015)	423,752	427,962
	South Coast British Columbia Transportation Authority			335,000	3.37% due Nov. 2, 2020-(2015)	335,000	342,434
100,000	3.80% due Nov. 2, 2020	99,926	106,979	255,000	4.97% due Oct. 30, 2104-(2015)	251,263	273,094
	Sun Life Capital Trust II			300,000	4.78% due Dec. 14, 2105-(2016)	300,000	323,346
500,000	5.86% due Dec. 31, 2019	508,555	524,456	1,225,000	5.76% due Dec. 18, 2106-(2017)	1,284,190	1,386,549
	Sun Life Financial Inc. (callable)				Toronto-Dominion Bank, The		
700,000	7.90% due Mar. 31, 2019-(2014)	811,398	757,555	50,000	10.05% due Aug. 4, 2014	64,390	57,863
95,000	4.80% due Nov. 23, 2035-(2015)	94,985	97,035	1,000,000	2.95% due Aug. 2, 2016	1,010,916	1,025,730
492,000	4.95% due Jun. 1, 2036-(2016)	501,063	504,130	500,000	5.83% due Jul. 9, 2018	569,500	579,594
227,000	5.40% due May 29, 2042-(2037)	212,440	198,791	50,000	9.15% due May 26, 2025	62,200	77,420
	Sun Life Financial Inc.				Toyota Credit Canada Inc.		
209,000	4.38% due Mar. 2, 2017	208,954	212,519	110,000	3.55% due Feb. 22, 2016	109,880	115,290
120,000	5.70% due Jul. 2, 2019	119,918	136,090	222,000	2.45% due Feb. 27, 2017	221,980	223,035
200,000	4.57% due Aug. 23, 2021	201,388	211,635		TransAlta Corporation		
	Suncor Energy, Inc.			44,000	6.45% due May 29, 2014	43,922	46,726
415,000	5.80% due May 22, 2018	459,289	479,143	120,000	6.40% due Nov. 18, 2019	135,576	129,504
250,000	5.39% due Mar. 26, 2037	264,000	285,125	105,000	6.90% due Nov. 15, 2030	108,995	105,405
	TD Capital Trust (callable)				TransCanada Corporation		
663,000	6.63% due Jun. 30, 2108-(2021)	729,866	796,729	80,000	3.65% due Nov. 15, 2021	79,894	84,599

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
	TransCanada PipeLines Limited			50,000	7.15% due Mar. 20, 2031	50,325	70,250
250,000	5.05% due Aug. 20, 2013	249,673	259,770	150,000	4.79% due Oct. 28, 2041	165,327	166,996
100,000	5.65% due Jan. 15, 2014	99,764	106,049		Wilfrid Laurier University		
128,000	5.05% due Feb. 14, 2014	136,137	134,759	20,000	5.43% due Feb. 1, 2045	20,000	25,051
70,000	4.65% due Oct. 3, 2016	69,983	76,904		Winnipeg Airports Authority Inc.		
30,000	5.10% due Jan. 11, 2017	29,955	33,581	19,430	5.21% due Sep. 28, 2040	19,430	22,049
110,000	9.45% due Mar. 20, 2018	132,946	148,158		York University		
490,000	11.80% due Nov. 20, 2020	784,564	804,799	100,000	6.48% due Mar. 7, 2042	99,972	142,170
350,000	7.90% due Apr. 15, 2027	479,251	504,446		Yukon Development Corporation		
40,000	6.28% due May 26, 2028	35,490	50,695	31,000	5.00% due Jun. 29, 2040	30,790	37,237
65,000	7.34% due Jul. 18, 2028	67,506	90,534			153,379,114	162,078,133
50,000	6.50% due Dec. 9, 2030	57,417	64,836		TOTAL BOND AND DEBENTURE INSTRUMENTS	580,142,196	605,999,746
120,000	8.23% due Jan. 16, 2031	140,932	180,397				
725,000	8.05% due Feb. 17, 2039	986,340	1,166,601		MONEY MARKET INSTRUMENTS – 0.2%		
44,000	4.55% due Nov. 15, 2041	45,307	47,332	1,100,000	National Bank of Canada Term Deposits		
	TransLink				1.00% due Jul. 3, 2012	1,100,000	1,100,030
65,000	4.65% due Jun. 20, 2041	64,938	74,552		TOTAL INVESTMENT PORTFOLIO	581,242,196	607,099,776
84,000	3.85% due Feb. 9, 2052	81,414	82,988		OTHER ASSETS, LESS LIABILITIES – 0.6%		3,590,928
	Union Gas Limited				NET ASSETS – 100.0%		610,690,704
100,000	7.90% due Feb. 24, 2014	111,670	109,816				
180,000	4.64% due Jun. 30, 2016	195,726	197,102				
575,000	9.70% due Nov. 6, 2017	785,997	776,064				
100,000	5.35% due Apr. 27, 2018	99,870	115,646				
241,000	4.85% due Apr. 25, 2022	272,755	277,587				
25,000	8.65% due Nov. 10, 2025	29,500	37,748				
50,000	5.46% due Sep. 11, 2036	50,000	61,385				
95,000	6.05% due Sep. 2, 2038	113,050	126,761				
192,000	5.20% due Jul. 23, 2040	215,651	231,765				
	Union Gas Ltd. (callable)						
100,000	4.88% due Jun. 21, 2041 - (Dec. 21, 2040)	99,875	115,275				
	University of British Columbia						
20,000	4.82% due Jul. 26, 2035	20,000	22,785				
	University of Guelph						
20,000	6.24% due Oct. 10, 2042	19,974	27,211				
	University of Ontario Institute of Technology						
44,586	6.35% due Oct. 15, 2034	44,586	51,495				
	University of Toronto						
40,000	4.25% due Dec. 7, 2051	40,000	41,613				
	University of Western Ontario						
35,000	4.80% due May 24, 2047	35,000	39,922				
	University of Windsor						
25,000	5.37% due Jun. 29, 2046	25,000	30,222				
	Vancouver International Airport Authority						
220,000	4.42% due Dec. 7, 2018	238,367	244,733				
	Veresen Inc.						
70,000	5.60% due Jul. 28, 2014	69,982	73,640				
23,000	3.95% due Mar. 14, 2017	22,987	23,350				
71,000	4.00% due Nov. 22, 2018	70,799	71,518				
	VW Credit Canada, Inc.						
300,000	2.55% due Nov. 18, 2013	299,256	302,888				
104,000	2.50% due Jun. 1, 2015	103,985	104,532				
490,000	3.60% due Feb. 1, 2016	503,057	509,919				
35,000	2.90% due Jun. 1, 2017	35,000	35,307				
	Wells Fargo Financial Canada Corporation						
200,000	4.33% due Dec. 6, 2013	190,504	207,085				
770,000	3.97% due Nov. 3, 2014	769,969	801,751				
160,000	4.38% due Jun. 30, 2015	159,926	169,578				
160,000	3.70% due Mar. 30, 2016	159,934	166,852				
840,000	2.77% due Feb. 9, 2017	840,573	842,259				
	Westcoast Energy Inc.						
123,000	3.28% due Jan. 15, 2016	122,893	127,193				
231,000	4.57% due Jul. 2, 2020	247,395	258,754				

* The security is not actively traded and considered illiquid.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	42.3	43.0
Provincial Bonds	28.9	28.7
Municipal Bonds	1.5	1.1
Corporate Bonds	26.5	25.7
Money Market Instruments	0.2	1.1

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

Scotia Canadian Bond Index Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 4,476,028	\$ 8,308,468
1-3 years	150,721,881	120,683,762
3-5 years	118,748,896	98,770,433
5-10 years	162,462,521	123,280,533
> 10 years	169,590,420	142,358,713
Total	\$605,999,746	\$493,401,909

* Excludes cash, money market instruments and preferred shares as applicable

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$9,896,448 or approximately 1.6% of the total Net Assets (December 31, 2011 – \$8,536,476, or approximately 1.7% of the total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	45.6	45.2	46.4	45.7
AA	24.2	24.0	25.8	25.4
A	26.7	26.5	24.6	24.2
BBB	3.5	3.5	3.2	3.2
Total	100.0	99.2	100.0	98.5

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,706,295	\$7,069,041

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$605,999,746	\$ –	\$605,999,746
Money Market Instruments	–	1,100,030	–	1,100,030
	\$ –	\$607,099,776	\$ –	\$607,099,776

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$493,401,909	\$ –	\$493,401,909
Money Market Instruments	–	5,400,296	–	5,400,296
	\$ –	\$498,802,205	\$ –	\$498,802,205

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Canadian Index Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$254,468,708	\$258,557,782
Cash	134,452	549,136
Accrued investment income	807,561	668,996
Receivable for securities sold	212,069	406,295
Subscriptions receivable	86,764	169,666
	<u>255,709,554</u>	<u>260,351,875</u>
LIABILITIES		
Payable for securities purchased	–	401,018
Distributions payable	–	608
Redemptions payable	169,184	119,948
Accrued expenses	185,255	6,247
	<u>354,439</u>	<u>527,821</u>
Net Assets	<u>\$255,355,115</u>	<u>\$259,824,054</u>
NET ASSETS PER SERIES		
Series A Units	\$234,736,672	\$237,433,864
Series F Units	\$ 120,825	\$ 125,094
Series I Units	\$ 20,497,618	\$ 22,265,096
UNITS OUTSTANDING		
Series A Units	11,667,467	11,565,040
Series F Units	6,028	6,125
Series I Units	<u>1,033,447</u>	<u>1,105,231</u>
NET ASSETS PER UNIT		
Series A Units	\$ 20.12	\$ 20.53
Series F Units	\$ 20.04	\$ 20.42
Series I Units	\$ 19.83	\$ 20.15

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 3,885,561	\$ 3,379,872
Interest	52,596	159,309
Capital gains distributions received	2,624	10,394
Securities lending	23,169	27,235
Other income	1,842	3,015
	<u>3,965,792</u>	<u>3,579,825</u>
EXPENSES		
Management fees (note 5)	967,239	1,041,666
Harmonized Sales Tax/Goods and Services Tax	118,456	127,597
Audit fees	4,465	9,688
Independent Review Committee fees	772	902
Custodian fees	3,353	3,165
Filing fees	10,708	10,694
Legal fees	1,373	3,501
Unitholder reporting costs	16,382	17,783
Unitholder administration and service fees	91,547	94,396
Overdraft charges	120	367
	<u>1,214,415</u>	<u>1,309,759</u>
Absorbed expenses	(1,504)	(1,271)
	<u>1,212,911</u>	<u>1,308,488</u>
Net investment income (loss)	<u>2,752,881</u>	<u>2,271,337</u>
Net realized gain (loss) on investments sold	202,070	3,613,792
Net gain (loss) foreign exchange	–	(15)
Transaction costs	(6,204)	(9,319)
Change in unrealized appreciation (depreciation) of investments	(8,224,407)	(6,903,688)
Net gain (loss) on investments and transaction costs	<u>(8,028,541)</u>	<u>(3,299,230)</u>
Increase (decrease) in Net Assets from operations	<u>\$(5,275,660)</u>	<u>\$(1,027,893)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$(5,049,910)	\$(1,255,063)
Series F Units	\$ (2,290)	\$ (989)
Series I Units	\$ (223,460)	\$ 228,159
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ (0.43)	\$ (0.11)
Series F Units	\$ (0.38)	\$ (0.17)
Series I Units	\$ (0.21)	\$ 0.20

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$237,433,864	\$249,099,797
Series F Units	125,094	118,685
Series I Units	22,265,096	28,057,554
	<u>259,824,054</u>	<u>277,276,036</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	(5,049,910)	(1,255,063)
Series F Units	(2,290)	(989)
Series I Units	(223,460)	228,159
	<u>(5,275,660)</u>	<u>(1,027,893)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	20,972,162	33,907,266
Series F Units	2,500	30,000
Series I Units	854,991	1,739,008
Payments on redemption		
Series A Units	(18,619,444)	(21,530,769)
Series F Units	(4,479)	–
Series I Units	(2,399,009)	(5,585,246)
	<u>806,721</u>	<u>8,560,259</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(2,697,192)	11,121,434
Series F Units	(4,269)	29,011
Series I Units	(1,767,478)	(3,618,079)
	<u>(4,468,939)</u>	<u>7,532,366</u>
NET ASSETS – END OF PERIOD		
Series A Units	234,736,672	260,221,231
Series F Units	120,825	147,696
Series I Units	20,497,618	24,439,475
	<u>\$255,355,115</u>	<u>\$284,808,402</u>

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

Scotia Canadian Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 99.7%				EQUITIES (cont'd)			
Energy – 25.5%				Materials – 18.9%			
32,343	Advantage Oil & Gas Ltd.	444,171	97,029	30,969	Agnico-Eagle Mines Limited	1,077,920	1,275,613
16,500	AltaGas Ltd.	410,087	477,015	28,963	Agrium Inc.	1,059,832	2,607,249
53,581	ARC Resources Ltd.	1,274,725	1,223,790	37,382	Alacer Gold Corporation	316,491	204,853
55,500	Athabasca Oil Sands Corporation	841,931	620,490	21,600	Alamos Gold Inc.	209,699	342,576
45,700	Bankers Petroleum Ltd.	391,239	80,432	15,400	Argonaut Gold, Inc.	133,602	118,272
22,256	Baytex Energy Corporation	540,497	953,670	52,886	AuRico Gold Inc.	499,328	429,434
22,100	Birchcliff Energy Ltd.	286,323	123,318	27,300	Aurizon Mines Ltd.	165,136	124,488
53,200	BlackPearl Resources Inc.	183,451	159,600	58,100	B2Gold Corporation	197,051	177,205
27,100	Bonavista Energy Corporation	822,679	431,161	36,000	Banro Corporation	173,457	133,560
2,400	Bonterra Energy Corp.	148,768	108,648	183,000	Barick Gold Corporation	6,293,765	7,005,240
5,330	Calfrac Well Services Ltd.	121,426	121,417	21,600	Canexus Corp.	146,224	172,152
72,340	Cameco Corporation	1,077,562	1,613,905	13,113	Canfor Corporation	111,682	158,798
201,025	Canadian Natural Resources Ltd.	3,364,188	5,485,972	57,300	Capstone Mining Corp.	224,895	126,060
87,519	Canadian Oil Sands Ltd.	2,563,261	1,723,249	4,700	CCL Industries Inc., Class B	74,953	175,404
14,930	Celtic Exploration Ltd.	184,003	204,392	29,013	Centerra Gold Inc.	308,762	205,412
137,681	Cenowus Energy Inc.	2,315,237	4,455,357	26,230	China Gold International Resources Corp., Ltd.	151,609	84,198
58,385	Crescent Point Energy Corp.	1,942,442	2,213,959	18,956	Colossus Minerals Inc.	160,852	67,104
23,000	Crew Energy Inc.	302,493	132,250	20,039	Detour Gold Corporation	403,113	410,800
61,600	Denison Mines Corporation	187,722	82,544	19,000	Dundee Precious Metals Inc.	187,162	116,280
145,284	Enbridge Inc.	2,043,995	5,895,625	128,712	Eldorado Gold Corporation	1,169,370	1,611,474
5,304	Enbridge Income Fund Holdings Inc.	121,949	119,340	17,700	Endeavour Silver Corporation	152,569	145,671
134,316	EnCana Corporation	2,431,632	2,846,156	19,500	First Majestic Silver Corp.	285,937	285,870
11,665	Enerflex Ltd.	60,611	124,816	88,175	First Quantum Minerals Ltd.	945,819	1,584,505
35,330	Enerplus Corp.	1,604,217	461,763	24,800	Fortuna Silver Mines Inc.	146,234	86,304
23,300	Ensign Resource Service, Inc.	159,455	325,501	26,108	Franco-Nevada Corporation	843,852	1,198,357
9,500	Freehold Royalties Ltd.	191,108	173,945	50,741	Gabriel Resources Ltd.	270,109	78,141
13,900	Gibson Energy Inc.	287,130	286,062	148,144	Goldcorp, Inc.	3,522,178	5,669,471
54,680	Husky Energy Inc.	961,845	1,388,872	14,680	Hary Winston Diamond Corporation	197,472	169,554
46,217	Imperial Oil Ltd.	1,208,109	1,966,996	31,800	HudBay Minerals, Inc.	391,653	249,312
49,400	Inter Pipeline Fund, Class A	487,485	948,480	68,432	IAMGOLD Corporation	591,405	821,868
14,220	Keyera Corp.	343,312	599,657	9,318	Immet Mining Corporation	331,268	388,095
22,093	Legacy Oil & Gas Inc.	314,162	123,721	52,583	Ivanhoe Mines Ltd.	462,055	523,201
22,400	MEG Energy Corporation	1,099,836	812,672	52,583	Ivanhoe Mines Ltd. Rights Jul. 19, 2012	-	48,376
14,300	Mullen Group Limited	317,439	311,740	208,801	Kinross Gold Corporation	2,218,677	1,730,960
96,940	Nexen Inc.	1,372,010	1,666,399	12,200	Kirkland Lake Gold, Inc.	182,729	133,346
8,751	Niko Resources Ltd.	363,149	116,213	11,800	Labrador Iron Ore Royalty Income Fund	154,174	381,140
54,379	Pacific Rubiales Energy Corporation	703,413	1,167,517	80,687	Lake Shore Gold Corp.	252,294	72,618
5,900	Paramount Resources Ltd.	177,035	144,196	92,706	Lundin Mining Corporation	661,004	391,219
12,700	Parkland Fuel Corp.	159,469	180,848	15,200	Major Drilling Group International Inc.	198,631	178,904
11,000	Pason Systems Inc.	125,272	163,570	16,800	Methanex Corporation	220,300	474,600
52,477	Pembina Pipeline Corporation	997,698	1,365,452	33,822	Nevsun Resources Ltd.	170,855	111,951
88,812	Pengrowth Energy Corp.	1,314,173	573,726	83,998	New Gold Inc.	489,638	811,421
87,304	Penn West Petroleum Ltd.	2,789,280	1,190,827	21,459	North American Palladium Ltd.	124,462	44,206
14,121	PetroBakken Energy Ltd.	439,252	172,982	41,800	NovaGold Resources Inc.	341,640	221,958
19,500	Petrobank Energy and Resources Ltd.	294,252	210,795	53,135	OceanGold Corporation	190,831	102,551
17,881	Petrominerales Ltd.	469,300	205,632	70,348	Osisko Mining Corporation	618,868	489,622
26,300	Peyto Exploration & Development Corporation	531,828	504,960	28,157	Pan American Silver Corporation	473,941	482,893
51,400	Precision Drilling Corporation	773,174	354,660	13,955	Poseidon Concepts Corp.	195,953	173,321
33,593	Progress Energy Resources Corp.	493,122	673,876	156,722	Potash Corporation of Saskatchewan Inc.	2,980,250	6,960,024
15,600	Savanna Energy Services Corp.	236,572	118,248	25,700	Premier Gold Mines Ltd.	163,821	112,823
10,200	ShawCor Ltd. Class A	174,973	375,870	10,800	Pretium Resources Inc.	182,336	151,416
285,408	Suncor Energy, Inc.	5,580,126	8,402,412	57,299	Rubicon Minerals Corporation	239,970	177,627
186,863	Talisman Energy Inc.	1,901,491	2,176,954	51,900	San Gold Corporation	171,613	46,191
22,700	Tourmaline Oil Corp.	674,590	609,041	49,461	SEMAFO Inc.	236,186	230,983
128,732	TransCanada Corporation	3,622,186	5,487,845	54,159	Sheritt International Corporation	494,838	265,379
14,300	TransGlobe Energy Corporation	218,844	129,558	15,300	Silver Standard Resources Inc.	349,475	174,573
26,500	Trican Well Service Ltd.	198,477	310,845	64,201	Silver Wheaton Corporation	902,366	1,753,329
10,322	Trilogy Energy Corporation	218,320	242,670	32,800	Silvercorp Metals Inc.	249,711	184,336
24,300	Trinidad Drilling Ltd.	296,592	140,211	46,500	Sino-Forest Corporation, Class A*	575,623	-
84,525	Uranium One, Inc.	821,861	217,229	14,600	Tahoe Resources Inc.	259,773	205,422
36,500	Veresen Inc.	431,916	440,555	33,510	Taseko Mines Ltd.	156,488	91,482
17,700	Vermilion Energy, Inc.	568,796	808,359	87,387	Teck Resources Ltd., Class B	1,648,239	2,752,691
21,532	Whitecap Resources, Inc.	184,972	144,695	30,400	Thompson Creek Metals Company, Inc.	370,987	98,800
		55,166,633	64,989,689	69,200	Torex Gold Resources Inc.	138,875	114,180

For equities, all common shares unless otherwise noted.

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

Scotia Canadian Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Materials (cont'd)				Health Care – 1.6%			
5,713	West Fraser Timber Co., Ltd.	203,909	293,248	15,800	CML Healthcare, Inc.	224,876	151,048
135,522	Yamana Gold Inc.	1,405,718	2,124,985	10,012	Nordion, Inc.	169,357	95,014
		38,429,629	48,333,096	12,485	SXC Health Solutions Corporation	341,780	1,260,860
				55,785	Valeant Pharmaceuticals International, Inc.	1,967,590	2,542,680
						2,703,603	4,049,602
Industrials – 6.0%				Financials – 31.5%			
9,400	Aecon Group Inc.	179,416	110,450	14,800	AGF Management Limited, Class B	304,866	166,648
5,222	Black Diamond Group Ltd.	116,356	119,114	9,399	Allied Properties Real Estate Investment Trust	190,030	272,477
264,560	Bombardier Inc., Class B	2,584,267	1,060,886	18,206	Artis Real Estate Investment Trust	237,188	298,032
47,000	CAE, Inc.	324,093	462,950	117,870	Bank of Montreal	4,964,579	6,624,294
80,224	Canadian National Railway Company	2,597,108	6,884,824	208,465	Bank of Nova Scotia, The	7,352,521	10,979,852
26,808	Canadian Pacific Railway Limited	803,275	1,999,609	7,200	Boardwalk Real Estate Investment Trust*	123,055	421,200
23,600	Chorus Aviation, Inc.	157,331	72,688	98,113	Brookfield Asset Management Inc., Class A	1,519,331	3,305,427
31,800	Finning International Inc.	387,769	750,480	39,535	Brookfield Properties Corporation, Inc.	506,392	700,560
21,057	IESI-BFC Ltd.	454,144	404,926	17,849	Calloway Real Estate Investment Trust	346,872	498,880
11,500	Russel Metals Inc.	151,215	287,500	15,500	Canadian Apartment Properties Real Estate Investment Trust	204,695	367,350
27,545	SNC-Lavalin Group Inc.	517,802	1,047,812	74,260	Canadian Imperial Bank of Commerce	3,865,601	5,317,016
8,250	Stantec Inc.	215,116	238,673	12,300	Canadian Real Estate Investment Trust	264,672	498,888
19,500	Superior Plus Corporation	357,669	118,365	14,000	Canadian Western Bank	197,738	369,040
11,665	Toromont Industries Ltd.	95,156	255,930	25,200	Chartwell Seniors Housing Real Estate Investment Trust	228,765	243,432
12,600	Transcontinental Inc., Class A	130,518	116,676	34,100	CI Financial Corporation	517,075	749,177
13,283	TransForce, Inc.	213,445	221,428	16,900	Cominar Real Estate Investment Trust	346,486	404,417
2,798	Wajax Corporation	132,322	134,444	10,500	Davis + Henderson Income Corporation	189,921	181,125
24,800	WestJet Airlines Ltd.	289,764	396,552	6,962	Dundee Corporation, Class A	135,251	156,784
10,500	Westport Innovations Inc.	203,739	391,020	15,000	Dundee Real Estate Investment Trust	419,591	572,250
11,204	Westshore Terminals Investment Corp.	136,422	275,842	14,200	Extencare Real Estate Investment Trust	144,668	102,240
		10,046,927	15,350,169	3,592	Fairfax Financial Holdings Limited	1,031,360	1,433,172
Consumer Discretionary – 4.6%				Consumer Discretionary – 4.6%			
31,937	Aimia Inc.	523,751	432,108	13,200	First Capital Realty, Inc.	190,476	241,692
9,800	Astral Media Inc., Class A	192,788	478,534	5,100	FirstService Corporation	104,608	145,248
14,460	Canadian Tire Corporation, Limited, Class A	479,459	994,125	7,938	Genworth MI Canada Inc.	201,876	146,377
11,100	Cineplex, Inc.	181,067	339,882	8,200	Granite Real Estate Inc.	295,224	283,064
3,990	Cogeco Cable Inc.	139,252	184,817	48,572	Great-West Lifeco Inc.	892,459	1,070,527
13,300	Corus Entertainment Inc., Class B	259,791	304,570	32,300	H&R Real Estate Investment Trust	593,278	789,412
13,500	Dollarama Inc.	422,209	825,525	6,600	Home Capital Group Inc.	224,634	298,056
5,100	Dorel Industries Inc., Class B	135,549	136,884	19,136	IGM Financial, Inc.	489,193	765,440
22,848	Gildan Activewear Inc.	404,092	639,516	17,100	Industrial Alliance Insurance and Financial Services Inc.	396,774	418,437
9,000	Linamar Corporation	165,791	177,480	23,992	Intact Financial Corporation	927,057	1,515,575
42,816	Magna International Inc.	1,514,886	1,717,350	4,700	Laurentian Bank of Canada	123,763	127,375
13,773	Martinrea International Inc.	119,161	110,046	329,938	Manulife Financial Corporation	6,986,046	3,652,414
8,700	Quebecor Inc., Class B	278,911	319,029	29,718	National Bank of Canada	1,015,851	2,157,527
10,600	Reitmans (Canada) Ltd., Class A	195,901	129,426	5,380	Northern Property Real Estate Investment Trust	179,271	176,625
23,590	RONA Inc.	329,173	252,885	16,700	Onex Corporation	308,620	657,145
65,863	Shaw Communications, Inc., Class B	1,102,757	1,265,887	63,128	Power Corporation of Canada	1,179,583	1,508,128
67,740	Thomson Reuters Corporation	2,627,337	1,959,041	43,391	Power Financial Corporation	772,860	1,099,962
28,320	Tim Hortons, Inc.	891,380	1,517,952	15,500	Primaris Retail Real Estate Investment Trust	230,290	363,320
		9,963,255	11,785,057	51,300	RioCan Real Estate Investment Trust	952,410	1,418,445
Consumer Staples – 3.1%				Consumer Staples – 3.1%			
23,100	Alimentation Couche-Tard Inc., Class B	150,173	1,026,564	263,212	Royal Bank of Canada	8,750,978	13,708,081
19,038	Cott Corporation	170,248	158,396	108,041	Sun Life Financial Inc.	3,224,428	2,390,947
5,600	Empire Company Limited, Class A	181,592	300,440	13,800	TIMX Group Inc.	400,359	639,630
8,700	George Weston Limited	535,023	501,207	166,261	Toronto-Dominion Bank, The	8,197,167	13,234,376
18,700	Jean Coutu Group (PJC) Inc., The, Class A	233,687	280,500			59,727,862	80,560,064
19,100	Loblaws Companies Limited	784,281	618,458	Information Technology – 1.2%			
14,600	Maple Leaf Foods Inc.	170,223	170,090	37,560	Celestica Inc.	1,495,493	277,193
17,858	Metro Inc., Class A	368,444	930,938	41,293	CGI Group Inc., Class A	539,138	1,009,614
9,000	North West Company, Inc.	156,144	194,850	6,173	MacDonald, Dettwiler and Associates Ltd.	193,267	360,071
24,596	Saputo Inc.	491,698	1,039,427	10,900	Open Text Corporation	312,970	552,412
38,176	Shoppers Drug Mart Corporation	1,291,351	1,563,689	86,568	Research In Motion Limited	3,509,661	650,126
67,200	Viteira, Inc.	648,458	1,084,608	20,200	Wi-LAN Inc.	141,129	101,202
		5,181,322	7,869,167			6,191,658	2,950,618
				Telecommunication Services – 5.2%			
				141,432	BCE Inc.	4,613,729	5,933,072
				23,479	Bell Aliant, Inc.	771,346	599,419

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

Scotia Canadian Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
Telecommunication Services (cont'd)			
11,800	Manitoba Telecom Services Inc.	364,809	391,288
77,413	Rogers Communications, Inc., Class B	1,744,955	2,854,991
59,311	TELUS Corporation	2,053,009	3,620,343
		<u>9,547,848</u>	<u>13,399,113</u>
Utilities – 2.0%			
27,176	Algonquin Power & Utilities Corp.	174,152	178,818
7,400	ATCO Ltd., Class I	195,594	534,872
21,599	Atlantic Power Corporation	295,569	281,219
11,200	Canadian Utilities Limited, Class A	335,606	742,107
11,300	Capital Power Corporation	296,289	268,714
22,500	Emera Inc.	405,043	755,100
35,200	Fortis, Inc.	711,018	1,135,552
25,895	Just Energy Group, Inc.	431,469	289,506
16,200	Northland Power Inc.	217,129	289,008
41,023	TransAlta Corporation	859,333	707,237
		<u>3,921,202</u>	<u>5,182,133</u>
	TOTAL INVESTMENT PORTFOLIO	<u>200,879,939</u>	<u>254,468,708</u>
	OTHER ASSETS, LESS LIABILITIES – 0.3%		<u>886,407</u>
	NET ASSETS – 100.0%	<u>255,355,115</u>	

* This security is not actively traded and considered illiquid.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	25.5	27.0
Materials	18.9	20.9
Industrials	6.0	5.7
Consumer Discretionary	4.6	4.0
Consumer Staples	3.1	2.8
Health Care	1.6	1.4
Financials	31.5	29.2
Information Technology	1.2	1.3
Telecommunication Services	5.2	5.2
Utilities	2.0	2.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$25,446,871 (December 31, 2011 – \$25,855,778). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$354,439	\$527,821

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$254,420,332	\$ –	\$ –	\$254,420,332
Rights	–	48,376	–	48,376
	<u>\$254,420,332</u>	<u>\$48,376</u>	<u>\$ –</u>	<u>\$254,468,708</u>

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$258,557,782	\$ –	\$ –	\$258,557,782

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia U.S. Index Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$53,411,029	\$47,631,619
Cash	53,902	52,759
Accrued investment income	51,290	61,264
Receivable for securities sold	50,011	—
Subscriptions receivable	19,860	29,953
	<u>53,586,092</u>	<u>47,775,595</u>
LIABILITIES		
Payable for securities purchased	89,172	—
Distributions payable	—	87
Redemptions payable	18,331	21,515
Accrued expenses	41,694	1,161
Payable for currency spot contracts	—	196
	<u>149,197</u>	<u>22,959</u>
Net Assets	<u>\$53,436,895</u>	<u>\$47,752,636</u>
NET ASSETS PER SERIES		
Series A Units	\$45,806,789	\$39,682,269
Series I Units	\$ 7,630,106	\$ 8,070,367
UNITS OUTSTANDING		
Series A Units	3,631,536	3,416,810
Series I Units	599,903	692,648
NET ASSETS PER UNIT		
Series A Units	\$ 12.61	\$ 11.61
Series I Units	\$ 12.72	\$ 11.65

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 561,640	\$ 472,025
Interest	440	161
Securities lending	394	25
Foreign withholding taxes/tax reclaims	(82,091)	(67,612)
Other income	499	387
	<u>480,882</u>	<u>404,986</u>
EXPENSES		
Management fees (note 5)	173,497	155,374
Harmonized Sales Tax/Goods and Services Tax	24,576	24,825
Audit fees	1,767	7,792
Independent Review Committee fees	320	446
Custodian fees	1,760	3,426
Filing fees	8,800	8,202
Legal fees	649	2,517
Unitholder reporting costs	9,078	10,457
Unitholder administration and service fees	43,625	58,481
Overdraft charges	290	560
	<u>264,362</u>	<u>272,080</u>
Absorbed expenses	<u>(11,715)</u>	<u>(60,053)</u>
	<u>252,647</u>	<u>212,027</u>
Net investment income (loss)	<u>228,235</u>	<u>192,959</u>
Net realized gain (loss) on investments sold	(62,763)	(290,588)
Net gain (loss) foreign exchange	(1,265)	(1,926)
Transaction costs	(735)	(512)
Change in unrealized appreciation (depreciation) of investments	4,027,990	1,039,882
Change in unrealized appreciation (depreciation) of currency spots	196	—
Net gain (loss) on investments and transaction costs	<u>3,963,423</u>	<u>746,856</u>
Increase (decrease) in Net Assets from operations	<u>\$4,191,658</u>	<u>\$ 939,815</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$3,479,522	\$ 709,984
Series F Units	\$ 2,379	\$ —
Series I Units	\$ 709,757	\$ 229,831
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.98	\$ 0.21
Series F Units	\$ 0.32	\$ —
Series I Units	\$ 1.12	\$ 0.30

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$39,682,269	\$37,582,658
Series I Units	8,070,367	9,145,839
	<u>47,752,636</u>	<u>46,728,497</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	3,479,522	709,984
Series F Units	2,379	—
Series I Units	709,757	229,831
	<u>4,191,658</u>	<u>939,815</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	5,748,161	4,757,809
Series F Units	88,889	—
Series I Units	—	12,430
Payments on redemption		
Series A Units	(3,103,163)	(3,860,262)
Series F Units	(91,268)	—
Series I Units	(1,150,018)	(726,175)
	<u>1,492,601</u>	<u>183,802</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	6,124,520	1,607,531
Series I Units	(440,261)	(483,914)
	<u>5,684,259</u>	<u>1,123,617</u>
NET ASSETS – END OF PERIOD		
Series A Units	45,806,789	39,190,189
Series I Units	7,630,106	8,661,925
	<u>\$53,436,895</u>	<u>\$47,852,114</u>

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

Scotia U.S. Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 99.9%				EQUITIES (cont'd)			
Energy – 10.7%				Materials (cont'd)			
944	Alpha Natural Resources Inc.	48,968	8,352	2,229	Monsanto Company	111,753	187,834
2,110	Anadarko Petroleum Corporation	98,033	142,211	1,293	Mosaic Company, The	77,243	72,060
1,681	Apache Corporation	97,937	150,418	2,069	Newmont Mining Corporation	84,200	102,142
1,957	Baker Hughes Incorporated	93,207	81,889	1,268	Nucor Corporation	60,872	48,927
918	Cabot Oil & Gas Corporation	30,865	36,824	600	Owens-Illinois, Inc.	19,913	11,698
1,000	Cameron International Corporation	43,073	43,483	675	PPG Industries, Inc.	51,776	72,928
2,794	Chesapeake Energy Corporation	88,834	52,909	1,280	Praxair, Inc.	62,494	141,681
8,381	Chevron Corporation	595,984	899,774	790	Sealed Air Corporation	30,622	12,402
5,468	ConocoPhillips	186,947	311,027	360	Sherwin-Williams Company, The	21,213	48,483
907	CONSOL Energy Inc.	47,999	27,924	500	Sigma-Aldrich Corporation	23,738	37,634
1,801	Denbury Resources Inc.	34,123	27,687	300	Titanium Metals Corporation	10,319	3,454
1,751	Devon Energy Corporation	100,525	103,379	621	United States Steel Corporation	37,267	13,018
300	Diamond Offshore Drilling, Inc.	26,443	18,060	463	Vulcan Materials Company	30,422	18,714
1,120	EOG Resources, Inc.	70,804	102,750				
665	EQT Corporation	27,807	36,296			1,717,767	1,803,509
19,903	Exxon Mobil Corporation	1,314,229	1,733,929	Industrials – 10.4%			
1,000	FMC Technologies, Inc.	23,394	39,940	2,995	3M Co.	215,777	273,149
3,786	Halliburton Company	108,742	109,430	551	Avery Dennison Corporation	36,766	15,326
431	Heilemeich & Payne, Inc.	19,592	19,075	3,213	Boeing Company, The	215,345	243,047
1,263	Hess Corporation	67,587	55,858	700	C.H. Robinson Worldwide, Inc.	42,318	41,706
2,239	Kinder Morgan Inc/Delaware	73,614	73,401	2,728	Caterpillar Inc.	123,242	235,800
2,890	Marathon Oil Corporation	48,702	75,235	391	Cintas Corporation	15,809	15,362
1,445	Marathon Petroleum Corporation	31,540	66,070	718	Cooper Industries Ltd.	40,847	49,832
800	Murphy Oil Corporation	51,666	40,960	4,458	CSX Corporation	53,940	101,395
1,100	Nabors Industries Ltd.	35,656	16,127	827	Cummins Inc.	47,404	81,579
1,800	National-Oilwell Varco Inc.	81,680	118,073	2,388	Danaher Corporation	72,588	126,570
500	Newfield Exploration Company	35,990	14,920	1,748	Deere & Company	63,610	143,902
1,000	Noble Corporation	36,793	33,098	745	Dover Corporation	37,049	40,655
767	Noble Energy, Inc.	56,743	66,203	262	Dun & Bradstreet Corporation, The	23,071	18,984
3,445	Occidental Petroleum Corporation	159,325	300,791	1,424	Eaton Corporation	45,164	57,426
1,100	Peabody Energy Corporation	47,308	27,449	3,128	Emerson Electric Co.	130,685	148,340
2,734	Phillips 66 Company	90,737	92,523	573	Equifax Inc.	23,876	27,179
500	Pioneer Natural Resources Company	25,690	44,898	880	Expeditors International of Washington, Inc.	40,642	34,699
700	QEP Resources Inc.	21,444	21,359	1,200	Fastenal Company	30,822	49,235
698	Range Resources Corporation	37,821	43,960	1,375	FedEx Corp.	94,422	128,216
516	Rowan Companies plc	17,278	16,979	262	Flowserve Corporation	23,538	30,609
5,734	Schlumberger Limited	324,221	378,931	704	Fluor Corporation	29,258	35,350
1,400	Southwestern Energy Company	64,199	45,497	1,575	General Dynamics Corporation	85,504	105,735
2,685	Spectra Energy Corporation	79,127	79,411	45,074	General Electric Company	1,718,154	955,428
392	Sunoco, Inc.	17,398	18,949	556	Goodrich Corporation	33,890	71,811
600	Tesoro Corporation	30,237	15,247	3,314	Honeywell International Inc.	203,146	188,404
2,300	Valero Energy Corporation	73,425	56,550	2,114	Illinois Tool Works Inc.	99,982	113,790
2,570	Williams Companies Inc., The	77,360	75,382	1,167	Ingersoll-Rand PLC	49,859	50,115
781	WPX Energy Inc.	15,881	12,865	604	Iron Mountain Incorporated	17,618	20,262
		4,658,928	5,736,093	525	Jacobs Engineering Group, Inc.	35,577	20,220
				450	Joy Global Inc.	41,371	25,977
Materials – 3.4%				418	L-3 Communications Holdings, Inc.	39,451	31,496
906	Air Products and Chemicals, Inc.	60,206	74,456	1,177	Lockheed Martin Corporation	82,325	104,336
324	Airgas, Inc.	18,964	27,712	1,316	Masco Corporation	48,320	18,557
4,145	Alcoa Inc.	121,022	36,883	1,376	Norfolk Southern Corporation	56,084	100,515
483	Allegheny Technologies, Inc.	37,433	15,682	1,098	Northrop Grumman Corporation	60,152	71,309
579	Ball Corporation	11,755	24,175	1,484	PACCAR Inc.	36,067	59,165
494	Bemis Company, Inc.	14,155	15,757	524	Pall Corporation	18,803	29,224
291	CF Industries Holdings, Inc.	43,363	57,399	675	Parker-Hannifin Corporation	28,260	52,820
600	Cliffs Natural Resources Inc.	29,962	30,109	690	Pitney Bowes Inc.	47,883	10,516
5,076	Dow Chemical Company, The	188,712	162,737	623	Precision Castparts Corp.	77,033	104,332
4,010	E.I. du Pont de Nemours and Company	232,104	206,375	800	Quanta Services, Inc.	20,546	19,596
516	Eastman Chemical Company	16,781	26,446	718	R. R. Donnelley & Sons Company	24,575	8,597
1,188	Ecolab Inc.	58,476	82,875	1,381	Raytheon Company	79,501	79,565
600	FMC Corporation	16,614	32,644	1,321	Republic Services, Inc.	43,050	35,573
4,120	Freeport-McMoRan Copper & Gold Inc.	116,969	142,825	586	Robert Half International, Inc.	23,578	17,033
368	International Flavors & Fragrances Inc.	20,003	20,509	643	Rockwell Automation, Inc.	43,647	43,232
1,799	International Paper Company	85,006	52,914	653	Rockwell Collins, Inc.	26,802	32,789
787	MeadWestvaco Corporation	24,410	23,036	389	Roper Industries, Inc.	21,919	39,042

For equities, all common shares unless otherwise noted.

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

Scotia U.S. Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Industrials (cont'd)				Consumer Discretionary (cont'd)			
167	Ryder System, Inc.	9,057	6,121	1,106	McGraw-Hill Companies, Inc., The	39,751	50,671
284	Snap-on Incorporated	14,376	17,993	232	Netflix Inc.	40,689	16,166
2,914	Southwest Airlines Co.	47,300	27,353	1,056	Newell Rubbermaid Inc.	42,951	19,481
400	Stericycle, Inc.	30,944	37,307	8,855	News Corporation, Class A	167,556	200,951
1,340	Textron Inc.	48,461	33,915	1,540	NIKE, Inc., Class B	73,978	137,566
1,995	Tyco International Ltd.	78,846	107,304	656	Nordstrom, Inc.	12,033	33,167
2,019	Union Pacific Corporation	96,200	245,227	545	O'Reilly Automotive, Inc.	23,136	46,476
4,057	United Parcel Service, Inc., Class B	346,485	325,272	1,230	Omnicom Group Inc.	58,249	60,848
3,897	United Technologies Corporation	217,145	299,669	290	Polo Ralph Lauren Corporation	34,639	41,338
255	W.W. Grainger, Inc.	30,585	49,649	216	priceline.com Incorporated	55,203	145,690
2,004	Waste Management, Inc.	85,014	68,145	1,410	PulteGroup Inc.	20,638	15,346
700	Xylem, Inc.	18,649	17,931	1,000	Ross Stores, Inc.	22,868	63,591
		<u>5,492,332</u>	<u>5,543,686</u>	335	Scripps Networks Interactive	13,939	19,393
Consumer Discretionary – 11.0%				196	Sears Holdings Corporation	26,393	11,913
400	Abercrombie & Fitch Co.	35,290	13,899	716	Stanley Black & Decker Inc.	42,194	46,909
1,525	Amazon.com, Inc.	137,645	354,537	2,931	Staples, Inc.	66,831	38,912
535	Apollo Group, Inc.	33,601	19,712	3,208	Starbucks Corporation	59,218	173,461
83	AutoNation, Inc.	2,596	2,981	800	Starwood Hotels & Resorts Worldwide, Inc.	39,862	43,184
124	AutoZone, Inc.	17,645	46,274	2,805	Target Corporation	129,911	166,178
1,068	Bed Bath & Beyond Inc.	31,963	67,165	496	Tiffany & Co.	22,243	26,739
1,127	Best Buy Co., Inc.	48,357	24,050	1,366	Time Warner Cable Inc.	177,377	114,123
273	Big Lots, Inc.	8,903	11,337	4,024	Time Warner Inc.	400,427	157,687
500	BorgWarner, Inc.	34,297	33,389	3,264	TJX Companies, Inc., The	41,479	142,594
900	Cablevision Systems Corporation	21,842	12,178	400	TripAdvisor Inc.	12,753	18,183
900	CarlMax, Inc.	24,068	23,759	600	Urban Outfitters, Inc.	20,593	16,854
1,990	Carnival Corporation	92,380	69,412	391	VF Corporation	29,554	53,123
2,759	CBS Corporation, Class B	117,575	92,049	2,254	Viacom Inc., Class B	129,658	107,741
136	Chipotle Mexican Grill, Inc.	35,333	52,581	7,725	Walt Disney Company, The	292,224	381,366
1,200	Cochs, Inc.	35,072	71,446	25	Washington Post Company, The, Class B	19,866	9,515
11,481	Corncast Corporation, Class A	283,672	373,458	317	Whirlpool Corporation	25,925	19,735
952	D.R. Horton, Inc.	43,758	17,805	593	Wynndham Worldwide Corporation	34,648	31,829
534	Darden Restaurants, Inc.	11,982	27,526	356	Wynn Resorts Limited	21,040	37,578
200	DeVry, Inc.	10,234	6,304	1,936	Yum! Brands, Inc.	40,594	126,975
2,738	DIRECTV	86,565	136,089			<u>5,294,353</u>	<u>5,899,196</u>
1,172	Discovery Communications, Inc.	39,494	64,422	Consumer Staples – 11.3%			
1,000	Dollar Tree, Inc.	42,939	54,774	8,748	Altria Group, Inc.	123,283	307,715
400	Expedia, Inc.	11,320	19,576	2,889	Archer-Daniels-Midland Company	68,215	86,827
545	Family Dollar Stores, Inc.	22,994	36,860	1,714	Avon Products, Inc.	50,986	28,287
16,127	Ford Motor Company	289,963	157,293	702	Beam Inc.	28,489	44,648
200	Fossil, Inc.	26,595	15,561	387	Brown-Forman Corporation, Class B	19,061	38,155
500	GameStop Corporation	22,764	9,346	753	Campbell Soup Company	35,525	25,575
1,244	Gannett Co., Inc.	116,661	18,643	570	Clorox Company, The	36,569	42,044
1,557	GAP Inc., The	62,725	43,371	9,651	Coca-Cola Company, The	677,051	768,173
691	Genuine Parts Company	28,707	42,372	1,268	Coca-Cola Enterprises Inc.	37,404	36,185
833	Goodyear Tire & Rubber Company, The	35,229	10,016	2,035	Colgate-Palmolive Company	150,349	215,678
1,196	H&R Block, Inc.	21,479	19,446	1,737	ConAgra Foods, Inc.	54,520	45,820
906	Harley-Davidson, Inc.	42,169	42,181	900	Constellation Brands, Inc., Class A	32,969	24,795
300	Harman International Industries, Incorporated	37,749	12,086	1,819	Costco Wholesale Corporation	111,706	175,915
503	Hasbro, Inc.	16,908	17,325	5,567	CVS Caremark Corporation	177,205	264,855
6,559	Home Depot Inc., The	301,921	353,786	961	Dean Foods Company	23,252	16,652
1,140	International Game Technology	25,613	18,280	988	Dr. Pepper Snapple Group, Inc.	28,123	43,997
1,829	Interpublic Group of Companies, Inc., The	94,900	20,204	1,000	Estee Lauder Companies Inc., The	22,720	55,100
547	J.C. Penney Company, Inc.	22,254	12,976	2,762	General Mills, Inc.	88,296	108,346
2,786	Johnson Controls, Inc.	51,250	78,569	1,368	H.J. Heinz Company	75,365	75,738
1,001	Kohl's Corporation	62,094	46,339	660	Hershey Company, The	25,889	48,394
677	Leggett & Platt, Incorporated	21,092	14,557	600	Hormel Foods Corporation	11,925	18,576
700	Lennar Corporation, Class A	50,332	22,014	500	J.M. Smucker Company, The	26,055	38,423
1,014	Limited Brands, Inc.	23,808	43,906	1,015	Kellogg Company	48,808	50,966
5,120	Lowe's Companies, Inc.	114,268	148,197	1,654	Kimberly-Clark Corporation	123,447	141,030
1,694	Macy's, Inc.	42,418	59,225	7,631	Kraft Foods Inc.	257,980	299,966
1,185	Mariott International Inc., Class A	31,926	47,265	2,592	Kroger Co., The	80,194	61,170
1,356	Mattel, Inc.	32,552	44,771	529	Lorillard, Inc.	40,550	171,065
4,379	McDonald's Corporation	251,031	394,601	500	McCormick & Company, Inc.	18,643	30,864

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

Scotia U.S. Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Consumer Staples (cont'd)				Health Care (cont'd)			
902	Mead Johnson Nutrition Company	44,367	73,925	408	Waters Corporation	24,466	32,990
614	Molson Coors Brewing Company, Class B	28,798	26,011	514	Watson Pharmaceuticals, Inc.	24,258	38,714
700	Monster Beverage Corporation	49,632	50,735	1,424	WellPoint Inc.	69,215	92,481
6,752	PepsiCo, Inc.	394,169	485,664	732	Zimmer Holdings, Inc.	34,012	47,949
7,241	Philip Morris International Inc.	255,775	642,845			<u>6,547,936</u>	<u>6,395,690</u>
11,728	Procter & Gamble Company, The	718,679	731,343	Financials – 14.2%			
1,400	Reynolds American Inc.	39,192	63,912	1,400	ACE Limited	80,169	105,661
1,174	Safeway Inc.	67,409	21,694	1,929	Aflac, Inc.	77,907	83,624
2,382	Sysco Corporation	66,486	72,244	2,227	Allstate Corporation, The	93,758	79,560
1,197	Tyson Foods, Inc.	25,144	22,935	4,358	American Express Company	222,720	258,227
7,319	Wal-Mart Stores, Inc.	458,666	519,443	2,758	American International Group, Inc.	509,092	90,078
3,836	Walgreen Company	150,166	115,484	1,022	Ameriprise Financial, Inc.	38,975	54,356
700	Whole Foods Markets, Inc.	48,137	67,896	1,408	Aon PLC	66,733	67,030
		<u>4,821,199</u>	<u>6,059,090</u>	582	Apartment Investment & Management Company	15,592	16,016
Health Care – 12.0%				400	Assurant, Inc.	23,597	14,184
6,722	Abbott Laboratories	390,488	441,075	425	AvalonBay Communities, Inc.	56,392	61,217
1,422	Aetna Inc.	28,041	56,129	46,180	Bank of America Corporation	1,274,827	384,120
1,548	Agilent Technologies, Inc.	109,315	61,812	4,995	Bank of New York Mellon Corporation, The	220,791	111,625
800	Alexion Pharmaceuticals, Inc.	76,464	80,878	3,049	BB&T Corporation	115,911	95,733
1,289	Allergan, Inc.	67,090	121,430	7,541	Berkshire Hathaway Inc., Class B	605,712	639,613
1,112	AmerisourceBergen Corporation	27,243	44,527	524	BlackRock, Inc.	97,043	90,543
3,350	Amgen Inc.	215,030	249,045	636	Boston Properties, Inc.	59,392	70,139
2,393	Baxter International Inc.	135,417	129,490	2,528	Capital One Financial Corporation	140,360	140,656
929	Becton, Dickinson and Company	49,303	70,671	1,300	CB Richard Ellis Group, Inc.	30,067	21,653
1,011	Biogen Idec Inc.	72,795	148,590	4,918	Charles Schwab Corporation, The	134,528	64,691
5,997	Boston Scientific Corporation	107,027	34,619	1,117	Chubb Corporation, The	55,145	82,790
7,170	Bristol-Myers Squibb Company	467,273	262,354	773	Cincinnati Financial Corporation	33,644	29,953
394	C. R. Bard, Inc.	19,073	43,098	12,512	Citigroup Inc.	1,266,427	348,907
1,450	Cardinal Health, Inc.	83,408	61,988	283	CME Group Inc.	118,857	77,079
875	CareFusion Corporation	19,015	22,868	939	Comerica Incorporated	50,288	29,359
1,900	Celgene Corporation	112,794	124,014	2,200	Discover Financial Services	55,163	77,431
600	Cerner Corporation	26,702	50,451	1,229	E*Trade Financial Corporation	37,943	9,922
1,142	CIGNA Corporation	44,129	51,158	1,254	Equity Residential Real Estate Investment Trust	55,348	79,615
686	Coventry Health Care, Inc.	28,025	22,189	300	Federated Investors, Inc., Class B	11,783	6,671
2,000	Covidien PLC	99,942	108,917	3,929	Fifth Third Bancorp	134,653	53,562
400	DaVita, Inc.	23,282	39,967	794	First Horizon National Corporation	24,182	6,982
674	DENTSPLY International Inc.	25,148	25,911	609	Franklin Resources, Inc.	61,729	68,804
523	Edwards Lifesciences Corporation	43,759	55,004	1,849	Genworth Financial Inc., Class A	56,513	10,655
4,404	Eli Lilly and Company	336,532	192,352	2,116	Goldman Sachs Group, Inc., The	300,159	206,275
3,439	Express Scripts, Inc.	126,538	195,335	1,778	Hartford Financial Services Group, Inc., The	83,903	31,895
1,180	Forest Laboratories, Inc.	54,251	42,024	1,807	HCP, Inc. Real Estate Investment Trust	62,948	81,168
3,274	Gilead Sciences, Inc.	119,824	170,897	833	Health Care Real Estate Investment Trust, Inc.	40,259	49,443
649	Hospira, Inc.	25,080	23,106	3,205	Host Hotels & Resorts Inc.	69,196	51,556
684	Humana Inc.	27,944	53,928	2,345	Hudson City Bancorp, Inc.	34,811	15,184
167	Intuitive Surgical, Inc.	46,804	94,103	4,211	Huntington Bancshares Incorporated	41,716	26,838
11,700	Johnson & Johnson	760,110	804,761	300	IntercontinentalExchange Inc.	38,925	41,520
400	Laboratory Corporation of America Holdings	25,088	37,715	1,917	Invesco Limited	46,827	44,089
786	Life Technologies Corporation	31,384	35,962	16,273	JPMorgan Chase & Co.	817,484	591,959
976	McKesson Corporation	60,296	93,146	4,400	KeyCorp.	68,369	34,628
4,381	Medtronic, Inc.	234,969	172,703	1,600	Kimco Realty Corporation	37,958	30,983
12,861	Merck & Co., Inc.	733,506	546,536	600	Legg Mason, Inc.	52,080	16,096
1,700	Mylan Inc.	39,867	36,969	847	Leucadia National Corporation	31,847	18,342
444	Patterson Companies Inc.	15,572	15,577	1,198	Lincoln National Corporation	59,194	26,675
529	PerkinElmer, Inc.	14,215	13,895	1,270	Loeys Corporation	39,616	52,896
400	Perrigo Company	40,722	48,018	543	M&T Bank Corporation	49,844	45,619
31,809	Pfizer Inc.	1,038,274	744,203	2,404	Marsh & McLennan Companies, Inc.	118,949	78,859
743	Quest Diagnostics Incorporated	38,405	45,304	4,552	MetLife, Inc.	211,563	142,971
1,415	St. Jude Medical, Inc.	47,978	57,495	912	Moody's Corporation	14,958	33,900
1,309	Stryker Corporation	62,347	73,392	6,265	Morgan Stanley	277,808	92,997
1,595	Tenet Healthcare Corporation	26,581	8,509	600	NASDAQ OMX Group, Inc., The	18,739	13,848
1,528	Thermo Fisher Scientific, Inc.	68,464	80,692	958	Northern Trust Corporation	69,838	44,856
4,381	UnitedHealth Group Incorporated	124,145	260,928	1,000	NYSE Euronext	71,931	26,043
482	Varian Medical Systems, Inc.	26,326	29,821	1,300	People's United Financial Inc.	28,568	15,353

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

Scotia U.S. Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Financials (cont'd)				Information Technology (cont'd)			
670	Plum Creek Timber Company, Inc.	29,216	27,053	770	Lam Research Corporation	29,903	29,547
2,283	PNC Financial Services Group, Inc., The	214,211	142,016	427	Lexmark International, Inc.	47,825	11,551
1,300	Principal Financial Group, Inc.	43,402	34,690	1,002	Linear Technology Corporation	52,923	31,941
2,695	Progressive Corporation, The	39,165	57,153	2,144	LSI Corporation	89,550	13,861
2,019	ProLogis	86,194	68,306	451	MasterCard, Inc., Class A	114,897	197,482
1,987	Prudential Financial, Inc.	99,547	97,952	836	Microchip Technology Incorporated	33,402	28,130
600	Public Storage Real Estate Investment Trust	51,117	88,184	4,728	Micron Technology, Inc.	112,234	30,326
6,588	Regions Financial Corporation	110,927	45,207	32,032	Microsoft Corporation	1,226,526	996,291
1,321	Simon Property Group, Inc.	102,239	209,309	575	Molex Incorporated	23,339	14,003
2,283	SLM Corporation	43,986	36,515	1,182	Motorola Solutions, Inc.	128,755	57,871
2,037	State Street Corporation	128,968	92,557	1,508	NetApp, Inc.	68,929	48,822
2,119	SunTrust Banks, Inc.	105,353	52,251	2,473	NVIDIA Corporation	66,904	34,745
1,056	T. Rowe Price Group Inc.	35,182	67,657	16,451	Oracle Corporation	409,039	497,272
462	Torchmark Corporation	12,991	23,767	1,301	Paychex, Inc.	51,324	41,591
1,735	Travelers Companies, Inc., The	99,409	112,750	7,369	QUALCOMM, Inc.	385,290	414,057
8,248	U.S. Bancorp	248,401	269,973	853	Red Hat, Inc.	23,705	49,041
1,311	Unum Group	53,192	25,533	1,100	SAIC, Inc.	22,102	13,551
1,275	Ventas, Inc.	57,155	81,909	554	Salesforce.com, Inc.	57,249	77,971
806	Vornado Realty Trust Real Estate Investment Trust	68,379	68,897	1,108	Sandisk Corporation	61,748	41,152
22,592	Wells Fargo & Company	966,702	768,922	1,600	Seagate Technology PLC	40,258	40,398
2,177	Weyerhaeuser Company	79,382	49,537	3,239	Symantec Corporation	103,722	48,112
1,264	XL Group PLC	79,994	27,076	759	Teradata Corporation	25,066	55,645
622	Zions Bancorporation	30,013	12,292	883	Teradyne, Inc.	39,353	12,640
		<u>11,297,856</u>	<u>7,603,955</u>	4,791	Texas Instruments Incorporated	254,274	139,843
				772	Total System Services, Inc.	15,447	18,801
Information Technology – 19.8%				1,895	Tyco Electronics Ltd.	64,613	61,525
2,714	Accenture PLC, Class A	160,712	165,981	700	VeriSign, Inc.	18,487	31,051
2,164	Adobe Systems Incorporated	58,470	71,295	2,084	Visa Inc.	194,444	262,308
2,400	Advanced Micro Devices, Inc.	56,985	13,977	900	Western Digital Corporation	29,909	27,910
700	Akamai Technologies, Inc.	27,125	22,606	2,743	Western Union Company	59,285	46,972
1,393	Altera Corporation	67,545	47,553	5,616	Xerox Corporation	134,154	44,941
700	Amphenol Corporation	29,307	39,140	1,074	Xilinx, Inc.	65,250	36,707
1,173	Analog Devices, Inc.	65,417	44,951	5,206	Yahoo! Inc.	307,779	83,585
3,982	Apple Inc.	532,540	2,366,570			<u>11,834,425</u>	<u>10,576,083</u>
5,520	Applied Materials, Inc.	147,873	64,236	Telecommunication Services – 3.4%			
948	Autodesk, Inc.	15,732	33,761	1,700	American Tower Corporation	69,967	120,981
2,055	Automatic Data Processing, Inc.	117,730	116,389	24,921	AT&T Inc.	1,438,090	904,515
762	BMC Software, Inc.	36,108	33,088	2,578	CenturyLink Inc.	268,063	103,622
2,155	Broadcom Corporation	268,280	74,114	1,146	Crown Castle International Corp.	61,985	68,430
1,538	CA, Inc.	75,679	42,403	3,653	Frontier Communications Corporation	62,727	14,207
23,145	Cisco Systems, Inc.	927,051	403,179	1,220	MetroPCS Communications, Inc.	20,100	7,502
766	Citrix Systems, Inc.	42,401	65,345	12,108	Sprint Nextel Corporation	501,077	40,063
1,300	Cognizant Technology Solutions Corporation	56,900	79,399	12,135	Verizon Communications Inc.	619,794	548,917
612	Computer Sciences Corporation	52,801	15,459	2,771	Windstream Corporation	33,781	27,196
6,414	Corning Incorporated	257,359	84,434			<u>3,075,584</u>	<u>1,835,433</u>
6,603	Dell Inc.	238,614	84,032	Utilities – 3.7%			
4,932	eBay Inc.	112,617	210,894	2,614	AES Corporation, The	109,508	34,118
1,300	Electronic Arts Inc.	48,395	16,332	408	AGL Resources Inc.	12,232	16,096
9,078	EMC Corporation	338,834	236,881	1,118	Ameren Corporation	49,073	38,154
356	F5 Networks, Inc.	48,339	35,994	2,010	American Electric Power Company, Inc.	84,930	81,630
1,000	Fidelity National Information Service, Inc.	27,252	34,687	1,655	CentrePoint Energy, Inc.	39,966	34,811
200	First Solar, Inc.	31,594	3,052	1,163	CVS Energy Corporation	56,129	27,802
628	Fiserv, Inc.	31,010	46,175	1,237	Consolidated Edison, Inc.	60,353	78,284
600	FLIR Systems, Inc.	19,365	11,906	2,458	Dominion Resources, Inc.	98,336	135,084
1,087	Google Inc.	541,339	641,917	715	DTE Energy Company	35,895	43,174
585	Harris Corporation	26,582	24,914	5,870	Duke Energy Corporation	124,921	137,812
8,359	Hewlett-Packard Company	442,544	170,972	1,305	Edison International	48,489	61,356
21,348	Intel Corporation	822,347	578,136	726	Entergy Corporation	42,303	50,173
4,915	International Business Machines Corporation	670,701	978,126	3,673	Exelon Corporation	160,788	140,680
1,290	Intuit Inc.	48,944	77,921	1,820	FirstEnergy Corp.	97,985	91,109
938	Jabil Circuit, Inc.	24,486	19,405	282	Integrys Energy Group, Inc.	15,216	16,316
791	JDS Uniphase Corporation	918,641	8,850	1,727	NextEra Energy, Inc.	88,209	120,968
2,300	Juniper Networks, Inc.	51,501	38,169				
682	KLA-Tencor Corporation	37,620	34,197				

For equities, all common shares unless otherwise noted.
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Scotia U.S. Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Utilities (cont'd)				Utilities (cont'd)			
1,085	NISource Inc.	36,687	27,318	3,741	Southern Company	138,802	176,267
1,335	Northeast Utilities	42,634	52,736	698	TECO Energy, Inc.	29,211	12,827
1,000	NRG Energy, Inc.	26,445	17,674	1,000	Wisconsin Energy Corporation	25,782	40,286
800	ONEOK, Inc.	19,004	34,444	2,087	Xcel Energy, Inc.	58,234	60,322
800	Pepco Holdings, Inc.	16,727	15,931			<u>1,869,156</u>	<u>1,958,294</u>
1,703	PG&E Corporation	69,357	78,490		TOTAL INVESTMENT PORTFOLIO	<u>56,609,536</u>	<u>53,411,029</u>
414	Pinnacle West Capital Corporation	18,777	21,791		OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>25,866</u>
2,464	PPL Corporation	69,834	69,739		NET ASSETS – 100.0%		<u>53,436,895</u>
1,309	Progress Energy, Inc.	68,114	80,082				
2,058	Public Service Enterprise Group Incorporated	58,833	68,075				
554	SCANA Corporation	23,435	26,972				
967	Sempra Energy	42,947	67,773				

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	10.7	12.2
Materials	3.4	3.5
Industrials	10.4	10.6
Consumer Discretionary	11.0	10.7
Consumer Staples	11.3	11.5
Health Care	12.0	11.9
Financials	14.2	13.4
Information Technology	19.8	19.0
Telecommunication Services	3.4	3.1
Utilities	3.7	3.8
Currency Spot Contracts	–	0.0

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

Scotia U.S. Index Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	53,467,145	100.1	47,671,154	99.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$5,346,715, or approximately 10.0% of total Net Assets (December 31, 2011 – \$4,767,115, or approximately 10.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.9% (December 31, 2011 – 99.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,341,103 (December 31, 2011 – \$4,763,162). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$149,197	\$22,763
Payable for currency spot contracts	–	196
	\$149,197	\$22,959

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$53,411,029	\$ –	\$ –	\$53,411,029

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$47,631,619	\$ –	\$ –	\$47,631,619
Currency Spot Contracts – Liabilities	(196)	–	–	(196)
	\$47,631,423	\$ –	\$ –	\$47,631,423

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia CanAm Index Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$55,900,597	\$54,712,991
Cash	1,588	128,496
Accrued investment income	70	—
Subscriptions receivable	2,773	17,820
Receivable for index futures and currency futures contracts	2,968,527	2,384,973
	<u>58,873,555</u>	<u>57,244,280</u>
LIABILITIES		
Redemptions payable	51,239	66,773
Accrued expenses	53,277	1,641
	<u>104,516</u>	<u>68,414</u>
Net Assets	<u>\$58,769,039</u>	<u>\$57,175,866</u>
NET ASSETS PER SERIES		
Series A Units	\$58,769,039	\$57,175,782
Series F Units	\$ —	\$ 84
UNITS OUTSTANDING		
Series A Units	6,949,097	7,349,473
Series F Units	—	11
NET ASSETS PER UNIT		
Series A Units	\$ 8.46	\$ 7.78
Series F Units	\$ —	\$ 7.85

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 259,585	\$ 58,929
Index futures contract income	5,102,865	3,415,135
Securities lending	7,469	562
Other income	122	63
	<u>5,370,041</u>	<u>3,474,689</u>
EXPENSES		
Management fees (note 5)	233,405	244,817
Harmonized Sales Tax/Goods and Services Tax	33,429	37,211
Audit fees	1,839	7,792
Independent Review Committee fees	520	781
Custodian fees	685	555
Filing fees	8,636	9,046
Legal fees	644	3,239
Unitholder reporting costs	12,637	15,834
Unitholder administration and service fees	69,072	87,238
Overdraft charges	809	5,019
	<u>361,676</u>	<u>411,532</u>
Absorbed expenses	<u>(26,829)</u>	<u>(84,460)</u>
	<u>334,847</u>	<u>327,072</u>
Net investment income (loss)	5,035,194	3,147,617
Net realized gain (loss) on futures contracts	86,528	665,052
Net gain (loss) foreign exchange	(87,616)	(2,923,225)
Transaction costs	(12,008)	(9,798)
Change in unrealized appreciation (depreciation) of investments	—	1,359,288
Change in unrealized appreciation (depreciation) of currency futures	(128,555)	(1,051,079)
Net gain (loss) on investments and transaction costs	<u>(141,651)</u>	<u>(1,959,762)</u>
Increase (decrease) in Net Assets from operations	<u>\$4,893,543</u>	<u>\$ 1,187,855</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$4,893,535	\$ 1,187,891
Series F Units*	\$ 8	\$ (36)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.68	\$ 0.15
Series F Units*	\$ 0.75	\$ (2.02)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$57,175,782	\$62,352,944
Series F Units*	84	—
	<u>57,175,866</u>	<u>62,352,944</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	4,893,535	1,187,891
Series F Units*	8	(36)
	<u>4,893,543</u>	<u>1,187,855</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,263,663	1,058,066
Series F Units*	—	119
Payments on redemption		
Series A Units	(4,563,941)	(4,975,491)
Series F Units*	(92)	—
	<u>(3,300,370)</u>	<u>(3,917,306)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	1,593,257	(2,729,534)
Series F Units*	(84)	83
	<u>1,593,173</u>	<u>(2,729,451)</u>
NET ASSETS – END OF PERIOD		
Series A Units	58,769,039	59,623,410
Series F Units*	—	83
	<u>\$58,769,039</u>	<u>\$59,623,493</u>

* Start date was January 13, 2011.

Scotia CanAm Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 95.1%			
56,020,000	Government of Canada Treasury Bills 0.87% to 1.02% due from Jul. 5, 2012 to Oct. 11, 2012	55,787,697	55,900,597
TOTAL INVESTMENT PORTFOLIO		55,787,697	55,900,597
Futures Contracts – 5.1%			2,968,527
OTHER ASSETS, LESS LIABILITIES – (0.2%)			(100,085)
NET ASSETS – 100.0%		58,769,039	58,769,039

INDEX FUTURES CONTRACTS

Note: As at June 30, 2012, the Scotia CanAm Index Fund held 102 futures contracts to purchase the Standard and Poor's 500 Stock Index ("S&P 500 Index") and held 338 futures contracts to purchase the S&P 500 Index E-Mini futures contracts for settlement in September 2012. These futures contracts are financial agreements to purchase the S&P 500 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase the S&P 500 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
	S&P 500 Composite Stock Index			
102	Futures Contracts - Sep. 2012	34,009,692	35,214,310	1,204,618
338	E-Mini Futures Contracts - Sep. 2012	22,594,314	23,338,112	743,798
				1,948,416

CURRENCY FUTURES CONTRACTS

Number of Contracts	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(566)	Canadian \$ against U.S.\$ Sep. 2012	(55,878,789)	(56,564,273)	(685,484)

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

With respect to the above futures contracts, \$4,576,000 of the October 11, 2012 Government of Canada Treasury Bills are held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	95.1	95.7
Futures Contracts	5.1	4.2

Scotia CanAm Index Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$55,900,597	\$54,712,991
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
Total	\$55,900,597	\$54,712,991

* Excludes cash and preferred shares as applicable

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	2,255,883	3.8	1,895,013	3.3

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$225,588, or approximately 0.4% of total Net Assets (December 31, 2011 – \$189,501, or approximately 0.3% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
R1-High	100.0	95.1	100.0	95.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$104,516	\$68,414

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$55,900,597	\$ –	\$55,900,597
Futures Contracts (Long)	1,948,416	–	–	1,948,416
	1,948,416	55,900,597	–	57,849,013
Futures Contracts (Short)	(685,484)	–	–	(685,484)
	\$1,262,932	\$55,900,597	\$ –	\$57,163,529

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$54,712,991	\$ –	\$54,712,991
Futures Contracts (Long)	28,804	–	–	28,804
	28,804	54,712,991	–	54,741,795
Futures Contracts (Short)	(561,591)	–	–	(561,591)
	\$(532,787)	\$54,712,991	\$ –	\$54,180,204

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Nasdaq Index Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$16,466,764	\$11,490,758
Cash	324,470	2,008,487
Accrued investment income	55	—
Subscriptions receivable	29,171	11,102
Receivable for futures contracts	996,422	447,088
	<u>17,816,882</u>	<u>13,957,435</u>
LIABILITIES		
Redemptions payable	23,395	1,582
Accrued expenses	16,828	425
	<u>40,223</u>	<u>2,007</u>
Net Assets	<u>\$17,776,659</u>	<u>\$13,955,428</u>
NET ASSETS PER SERIES		
Series A Units	\$17,762,801	\$13,943,326
Series F Units	\$ 13,858	\$ 12,102
UNITS OUTSTANDING		
Series A Units	3,017,600	2,706,972
Series F Units	2,333	2,333
NET ASSETS PER UNIT		
Series A Units	\$ 5.89	\$ 5.15
Series F Units	\$ 5.94	\$ 5.19

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$13,943,326	\$12,216,204
Series F Units	12,102	11,528
	<u>13,955,428</u>	<u>12,227,732</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	2,035,028	101,914
Series F Units	1,756	156
	<u>2,036,784</u>	<u>102,070</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	3,802,730	2,948,474
Payments on redemption		
Series A Units	(2,018,283)	(1,680,862)
	<u>1,784,447</u>	<u>1,267,612</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	3,819,475	1,369,526
Series F Units	1,756	156
	<u>3,821,231</u>	<u>1,369,682</u>
NET ASSETS – END OF PERIOD		
Series A Units	17,762,801	13,585,730
Series F Units	13,858	11,684
	<u>\$17,776,659</u>	<u>\$13,597,414</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 6,543	\$ 11,354
Index futures contracts income	2,039,498	573,945
Securities lending	130	5
Other income	2,673	571
	<u>2,048,844</u>	<u>585,875</u>
EXPENSES		
Management fees (note 5)	66,100	53,352
Harmonized Sales Tax/Goods and Services Tax	9,224	8,675
Audit fees	1,447	5,199
Independent Review Committee fees	81	98
Custodian fees	306	295
Filing fees	7,735	7,899
Legal fees	506	1,767
Unitholder reporting costs	4,613	4,883
Unitholder administration and service fees	14,197	30,227
Overdraft charges	525	341
	<u>104,734</u>	<u>112,736</u>
Absorbed expenses	(4,704)	(38,275)
	<u>100,030</u>	<u>74,461</u>
Net investment income (loss)	<u>1,948,814</u>	<u>511,414</u>
Net realized gain (loss) on futures contracts	4,643	—
Net gain (loss) foreign exchange	(29,698)	(641,646)
Transaction costs	(2,408)	(2,497)
Change in unrealized appreciation (depreciation) of investments	115,433	234,799
Net gain (loss) on investments and transaction costs	<u>87,970</u>	<u>(409,344)</u>
Increase (decrease) in Net Assets from operations	<u>\$2,036,784</u>	<u>\$ 102,070</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$2,035,028	\$ 101,914
Series F Units	\$ 1,756	\$ 156
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.70	\$ 0.04
Series F Units	\$ 0.75	\$ 0.07

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

Scotia Nasdaq Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 92.6%			
16,180,000	United States Treasury Bills		
(U.S.)	0.11% to 0.13% due from Aug. 2, 2012 to Nov. 29, 2012	16,335,237	16,466,764
TOTAL INVESTMENT PORTFOLIO		16,335,237	16,466,764
Futures Contracts – 5.6%			996,422
OTHER ASSETS, LESS LIABILITIES – 1.8%			313,473
NET ASSETS – 100.0%		17,776,659	

INDEX FUTURES CONTRACTS

Note: As at June 30, 2012 the Fund held 21 futures contracts to purchase the Nasdaq 100 Index and held 228 futures contracts to purchase the Nasdaq 100 Index E-Mini futures contracts for settlement in September 2012. These futures contracts are financial agreements to purchase the Nasdaq 100 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase the Nasdaq 100 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
21	Nasdaq 100 Index			
228	Futures Contracts - Sep. 2012	13,599,906	13,949,204	349,298
	E-Mini Futures Contracts - Sep. 2012	28,054,486	30,301,307	2,246,821
				2,596,119

With respect to the above futures contracts, \$744,000 of the September 20, 2012 Government of Canada Treasury Bills are held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of A by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	92.6	82.3
Futures Contracts	5.6	3.2

Scotia Nasdaq Index Fund (Unaudited – Continued)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$16,466,764	\$11,490,758
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
Total	\$16,466,764	\$11,490,758

* Excludes cash and preferred shares as applicable

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	17,691,689	99.5	13,771,149	98.7

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$1,769,169 or approximately 10.0% of total Net Assets (December 31, 2011 – \$1,377,115, or approximately 9.9% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit rating of the money market instruments, excluding cash but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)
R1-High	100.0	92.6	100.0	82.3

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$40,223	\$2,007

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$16,466,764	\$ –	\$16,466,764
Futures Contracts (Long)	2,596,119	–	–	2,596,119
	\$2,596,119	\$16,466,764	\$ –	\$19,062,883

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$11,490,758	\$ –	\$11,490,758
Futures Contracts (Long)	(228,511)	–	–	(228,511)
	\$ (228,511)	\$11,490,758	\$ –	\$11,262,247

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia International Index Fund (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$31,353,502	\$33,518,227
Cash	488,273	229,212
Accrued investment income	146	9,397
Subscriptions receivable	4,499	8,934
Receivable for index futures and currency futures contracts	2,215,203	1,911,837
	<u>34,061,623</u>	<u>35,677,607</u>
LIABILITIES		
Redemptions payable	9,705	11,266
Accrued expenses	19,340	733
Payable for index futures and currency futures contracts	–	780,058
	<u>29,045</u>	<u>792,057</u>
Net Assets	<u>\$34,032,578</u>	<u>\$34,885,550</u>
NET ASSETS PER SERIES		
Series A Units	\$19,109,892	\$19,363,792
Series F Units	\$ 1,465	\$ 5,188
Series I Units	\$14,921,221	\$15,516,570
UNITS OUTSTANDING		
Series A Units	3,075,956	3,178,015
Series F Units	234	846
Series I Units	2,226,995	2,375,398
NET ASSETS PER UNIT		
Series A Units	\$ 6.21	\$ 6.09
Series F Units	\$ 6.26	\$ 6.13
Series I Units	\$ 6.70	\$ 6.53

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 204,033	\$ 223,037
Index futures contracts income	1,412,810	454,093
Securities lending	709	820
Other income	125	69
	<u>1,617,677</u>	<u>678,019</u>
EXPENSES		
Management fees (note 5)	77,945	92,177
Harmonized Sales Tax/Goods and Services Tax	11,204	13,664
Audit fees	1,630	5,199
Independent Review Committee fees	182	260
Custodian fees	715	1,177
Filing fees	8,574	8,536
Legal fees	604	2,115
Unitholder reporting costs	6,601	7,462
Unitholder administration and service fees	27,045	42,802
Overdraft charges	3,209	18,749
	<u>137,709</u>	<u>192,141</u>
Absorbed expenses	(1,676)	(17,981)
	<u>136,033</u>	<u>174,160</u>
Net investment income (loss)	1,481,644	503,859
Net realized gain (loss) on investments sold	224	–
Net realized gain (loss) on futures contracts	(998,605)	1,744,652
Net gain (loss) foreign exchange	(38,618)	(98,055)
Transaction costs	(17,585)	(19,911)
Change in unrealized appreciation (depreciation) of investments	(27,676)	6,402
Change in unrealized appreciation (depreciation) of currency futures	471,192	(915,087)
Net gain (loss) on investments and transaction costs	(611,068)	718,001
Increase (decrease) in Net Assets from operations	\$ 870,576	\$1,221,860
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 388,349	\$ 573,123
Series F Units	\$ 88	\$ 44
Series I Units	\$ 482,139	\$ 648,693
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.12	\$ 0.17
Series F Units	\$ 0.13	\$ 0.19
Series I Units	\$ 0.22	\$ 0.26

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$19,363,792	\$23,254,755
Series F Units	5,188	1,596
Series I Units	15,516,570	19,156,367
	<u>34,885,550</u>	<u>42,412,718</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	388,349	573,123
Series F Units	88	44
Series I Units	482,139	648,693
	<u>870,576</u>	<u>1,221,860</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,000,242	1,215,181
Series I Units	531,003	1,134,416
Payments on redemption		
Series A Units	(1,642,491)	(2,349,153)
Series F Units	(3,811)	–
Series I Units	(1,608,491)	(3,660,739)
	<u>(1,723,548)</u>	<u>(3,660,295)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	(253,900)	(560,849)
Series F Units	(3,723)	44
Series I Units	(595,349)	(1,877,630)
	<u>(852,972)</u>	<u>(2,438,435)</u>
NET ASSETS – END OF PERIOD		
Series A Units	19,109,892	22,693,906
Series F Units	1,465	1,640
Series I Units	14,921,221	17,278,737
	<u>\$34,032,578</u>	<u>\$39,974,283</u>

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

Scotia International Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 92.1%				MONEY MARKET INSTRUMENTS (cont'd)			
Treasury Bills – 42.4%				Commercial Paper – 9.7%			
12,340,000	Government of Canada 0.87% to 1.02% due Aug. 16, 2012	12,309,005	12,324,347	1,700,000	General Electric Company 1.14% due Jul. 18, 2012	1,694,390	1,699,047
2,100,000	1.01% due Sep. 13, 2012	2,089,479	2,095,664	1,600,000	Honda Canada Finance Inc. 1.17% due Jul. 31, 2012	1,595,696	1,598,412
		14,398,484	14,420,011			3,290,086	3,297,459
Bankers' Acceptances – 11.7%				Short-Term Bonds – 15.7%			
1,000,000	HSBC Bank Canada 1.28% due Oct. 1, 2012	993,760	996,758	3,300,000	Bank of Montreal (Floating Rate) 1.44% due Jan. 22, 2013	3,300,000	3,297,624
3,000,000	National Bank of Canada 1.12% due Jul. 3, 2012	2,997,420	2,999,724	2,000,000	Royal Bank of Canada 5.20% due Aug. 15, 2012	2,033,520	2,047,574
		3,991,180	3,996,482			5,333,520	5,345,198
Bearers' Deposit Notes – 12.6%				TOTAL INVESTMENT PORTFOLIO			
1,400,000	BNP Paribas 1.17% due Aug. 2, 2012	1,398,124	1,398,526			31,305,676	31,353,502
1,500,000	Deutsche Bank 1.22% due Aug. 29, 2012	1,495,500	1,497,000		Futures Contracts – 6.5%		2,215,203
1,400,000	Sumitomo Mitsui Banking Corp. 1.14% due Jul. 27, 2012	1,398,782	1,398,826		OTHER ASSETS, LESS LIABILITIES – 1.4%		463,873
		4,292,406	4,294,352		NET ASSETS – 100.0%		34,032,578

INDEX FUTURES CONTRACTS

Number of Contracts	Issuer/Country Index	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
59	EUROPE DJ EURO STOXX 50	Sep. 2012	1,632,892	1,722,594	89,703
75	FRANCE CAC 40 Index	Sep. 2012	2,926,514	3,087,957	161,442
13	GERMANY DAX Index	Sep. 2012	2,594,435	2,692,979	98,544
8	ITALY S&P/MIB Index	Sep. 2012	663,815	726,176	62,361
10	NETHERLANDS Amsterdam Index	Jul. 2012	752,276	791,759	39,483
10	SPAIN IBEX 35 Plus Index	Jul. 2012	823,747	902,695	78,949
78	SWEDEN OMX Index	Jul. 2012	1,131,584	1,180,945	49,361
45	SWITZERLAND Swiss Market Index	Sep. 2012	2,844,961	2,924,604	79,643
89	UNITED KINGDOM FTSE 100 Index	Sep. 2012	7,700,680	7,869,932	169,252
28	AUSTRALIA SPI 200	Sep. 2012	2,979,966	2,957,931	(22,035)
13	HONG KONG Hang Seng Index	Jul. 2012	1,616,733	1,659,029	42,296
75	JAPAN Topix Index	Sep. 2012	6,709,816	7,347,211	637,395
					1,486,394

CURRENCY FUTURES CONTRACTS

Number of Contracts	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)	
29	Australian \$ against U.S.\$	Sep. 2012	2,898,897	3,002,393	103,495
75	British Pound against U.S.\$	Sep. 2012	7,374,239	7,481,617	107,378
42	Japanese Yen against U.S.\$	Sep. 2012	6,734,190	6,700,001	(34,189)
20	Swiss Franc against U.S.\$	Sep. 2012	2,656,737	2,688,043	31,307
63	Euro against U.S.\$	Sep. 2012	10,038,141	10,156,635	118,494
(321)	Canadian \$ against U.S.\$	Sep. 2012	(31,690,974)	(32,079,738)	(388,764)
				(62,279)	

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

With respect to the above futures contracts, \$3,224,000 of the August 16, 2012 Government of Canada Treasury Bills are held on margin.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A by Standard & Poor's.

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

Scotia International Index Fund (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	42.4	25.3
Bankers' Acceptances	11.7	30.1
Bearer's Deposit Notes	12.6	17.2
Commercial Paper	9.7	4.6
Short-Term Bonds	15.7	18.9
Futures Contracts	6.5	3.2

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$31,353,502	\$33,518,227
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
Total	\$31,353,502	\$33,518,227

* Excludes cash and preferred shares as applicable

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
Hong Kong Dollar	1,659,029	4.9	1,573,227	4.5
Swedish Krona	1,180,945	3.5	1,142,005	3.3
Japanese Yen	647,210	1.9	(292,066)	(0.8)
British Pound	388,315	1.1	351,064	1.0
Swiss Franc	236,561	0.7	149,233	0.4
Australian Dollar	(44,462)	(0.1)	(73,026)	(0.2)
European Euro	(232,475)	(0.7)	(696,797)	(2.0)
U.S. Dollar	(2,004,404)	(5.9)	(1,945,406)	(5.6)
Total	1,830,719	5.4	208,234	0.6

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$183,072, or approximately 0.5% of total Net Assets (December 31, 2011 – \$20,823, or approximately 0.1% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the money market instruments, excluding cash but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total		Percentage of Total	
	Money Market Instruments (%)	Percentage of Net Assets (%)	Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating				
R1-High	53.6	49.4	49.3	47.4
R1-Middle	24.9	22.9	20.9	20.1
R1-Low	4.5	4.1	10.1	9.7
Bond Credit Rating				
AAA	–	–	7.8	7.4
AA	17.0	15.7	11.9	11.5
Total	100.0	92.1	100.0	96.1

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$29,045	\$ 11,999
Payable for index futures and currency futures contracts	–	780,058
	\$29,045	\$792,057

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$31,353,502	\$ –	\$31,353,502
Futures Contracts (Long)	1,812,879	–	–	1,812,879
	1,812,879	31,353,502	–	33,166,381
Futures Contracts (Short)	(388,764)	–	–	(388,764)
	\$1,424,115	\$31,353,502	\$ –	\$32,777,617

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$33,518,227	\$ –	\$33,518,227
Futures Contracts (Long)	93,004	–	–	93,004
	93,004	33,518,227	–	33,611,231
Futures Contracts (Short)	(349,727)	–	–	(349,727)
	\$(256,723)	\$33,518,227	\$ –	\$33,261,504

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia Selected Income & Modest Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$416,292,148	\$384,241,560
Cash	2,684,730	2,146,627
Accrued investment income	1,483	—
Subscriptions receivable	364,796	396,782
	<u>419,343,157</u>	<u>386,784,969</u>
LIABILITIES		
Distributions payable	—	12,134
Redemptions payable	349,289	273,426
Accrued expenses	606,755	19,216
	<u>956,044</u>	<u>304,776</u>
Net Assets	<u>\$418,387,113</u>	<u>\$386,480,193</u>
NET ASSETS PER SERIES		
Series A Units	\$417,518,222	\$385,574,719
Advisor Series Units	\$ 868,891	\$ 905,474
UNITS OUTSTANDING		
Series A Units	35,985,971	33,964,074
Advisor Series Units	76,215	80,878
NET ASSETS PER UNIT		
Series A Units	\$ 11.60	\$ 11.35
Advisor Series Units	\$ 11.40	\$ 11.20

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 359,705	\$ 334,492
Interest	6,639,574	5,588,637
Other income	3,811	4,645
	<u>7,003,090</u>	<u>5,927,774</u>
EXPENSES		
Management fees (note 5)	3,219,292	2,888,030
Harmonized Sales Tax/Goods and Services Tax	377,312	337,648
Audit fees	5,542	7,336
Independent Review Committee fees	725	652
Custodian fees	236	323
Filing fees	17,916	17,658
Legal fees	1,885	2,961
Unitholder reporting costs	14,115	13,769
Unitholder administration and service fees	77,304	65,083
	<u>3,714,327</u>	<u>3,333,460</u>
Absorbed expenses	(5,909)	(6,014)
	<u>3,708,418</u>	<u>3,327,446</u>
Net investment income (loss)	<u>3,294,672</u>	<u>2,600,328</u>
Net realized gain (loss) on investments sold	107,309	4,715,032
Change in unrealized appreciation (depreciation) of investments	5,196,670	(2,969,718)
Net gain (loss) on investments	<u>5,303,979</u>	<u>1,745,314</u>
Increase (decrease) in Net Assets from operations	<u>\$8,598,651</u>	<u>\$ 4,345,642</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$8,582,169	\$ 4,337,066
Advisor Series Units	\$ 16,482	\$ 8,576
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.24	\$ 0.14
Advisor Series Units	\$ 0.21	\$ 0.13

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$385,574,719	\$351,378,322
Advisor Series Units	905,474	27,969
	<u>386,480,193</u>	<u>351,406,291</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	8,582,169	4,337,066
Advisor Series Units	16,482	8,576
	<u>8,598,651</u>	<u>4,345,642</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	53,837,982	47,907,594
Advisor Series Units	—	908,123
Payments on redemption		
Series A Units	(30,476,648)	(31,752,605)
Advisor Series Units	(53,065)	(24,000)
	<u>23,308,269</u>	<u>17,039,112</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	31,943,503	20,492,055
Advisor Series Units	(36,583)	892,699
	<u>31,906,920</u>	<u>21,384,754</u>
NET ASSETS – END OF PERIOD		
Series A Units	417,518,222	371,870,377
Advisor Series Units	868,891	920,668
	<u>\$418,387,113</u>	<u>\$372,791,045</u>

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

Scotia Selected Income & Modest Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 69.6%			
2,760,469	Dynamic Aurion Total Return Bond Series O	27,553,601	29,122,949
9,539,152	Dynamic High Yield Bond Fund Series O	39,285,095	37,393,475
9,314,345	Scotia Bond Fund Series I	94,577,038	102,042,368
5,217,847	Scotia Canadian Income Fund Series I	67,844,712	73,069,681
4,616,364	Scotia Mortgage Income Fund Series I	49,911,568	49,538,202
		<u>279,172,014</u>	<u>291,166,675</u>
CANADIAN EQUITY FUNDS – 16.0%			
597,111	Dynamic Global Real Estate Fund Series O	3,859,404	4,340,994
937,216	Dynamic Small Business Fund Series O	12,223,382	12,427,489
954,923	Dynamic Value Fund of Canada Series O	9,419,977	8,498,811
663,371	Scotia Canadian Dividend Fund Series I	23,076,994	25,048,423
191,600	Scotia Canadian Growth Fund Series I	10,801,304	10,496,859
327,560	Scotia Resource Fund Series I	6,506,895	5,977,020
		<u>65,887,956</u>	<u>66,789,596</u>
FOREIGN EQUITY FUNDS – 13.9%			
357,126	Dynamic Global Infrastructure Fund Series O	3,792,578	4,117,659
595,513	Scotia Global Dividend Fund Series I	5,985,166	6,365,733
614,769	Scotia Global Growth Fund Series I	18,519,996	18,988,489
764,981	Scotia Global Opportunities Fund Series I	6,069,695	6,204,380
662,230	Scotia Global Small Cap Fund Series I	4,928,079	3,964,773
1,902,031	Scotia International Value Fund Series I	12,172,401	10,354,087
966,137	Scotia U.S. Value Fund Series I	7,488,841	8,340,756
		<u>58,956,756</u>	<u>58,335,877</u>
	TOTAL INVESTMENT PORTFOLIO	<u>404,016,726</u>	<u>416,292,148</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		2,094,965
	NET ASSETS – 100.0%		<u>418,387,113</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	69.6	71.2
Canadian Equity Funds	16.0	15.9
Foreign Equity Funds	13.9	12.3

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.5% (December 31, 2011 – 99.4%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$41,629,215 (December 31, 2011 – \$38,424,156). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$956,044	\$304,773

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$416,292,148	\$ –	\$ –	\$416,292,148

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$384,241,560	\$ –	\$ –	\$384,241,560

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Selected Balanced Income & Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$965,961,201	\$962,467,109
Cash	4,014,126	3,545,331
Accrued investment income	2,239	—
Receivable for securities sold	1,499,990	—
Subscriptions receivable	442,819	627,945
	<u>971,920,375</u>	<u>966,640,385</u>
LIABILITIES		
Distributions payable	—	7,035
Redemptions payable	529,323	669,382
Accrued expenses	1,530,112	52,084
	<u>2,059,435</u>	<u>728,501</u>
Net Assets	<u>\$969,860,940</u>	<u>\$965,911,884</u>
NET ASSETS PER SERIES		
Series A Units	\$969,704,060	\$965,757,793
Advisor Series Units	\$ 68,981	\$ 69,580
Series F Units	\$ 87,899	\$ 84,511
UNITS OUTSTANDING		
Series A Units	80,105,398	81,687,187
Advisor Series Units	5,822	5,972
Series F Units	7,266	7,266
NET ASSETS PER UNIT		
Series A Units	\$ 12.11	\$ 11.82
Advisor Series Units	\$ 11.85	\$ 11.65
Series F Units	\$ 12.10	\$ 11.63

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,619,642	\$ 1,665,012
Interest	11,067,778	10,927,117
Other income	5,681	13,805
	<u>12,693,101</u>	<u>12,605,934</u>
EXPENSES		
Management fees (note 5)	8,482,673	8,872,295
Harmonized Sales Tax/Goods and Services Tax	977,778	1,019,597
Audit fees	11,330	8,745
Independent Review Committee fees	1,680	1,663
Custodian fees	556	605
Filing fees	29,252	30,436
Legal fees	3,825	5,144
Unitholder reporting costs	29,020	30,014
Unitholder administration and service fees	174,575	141,346
Overdraft charges	24	—
	<u>9,710,713</u>	<u>10,109,845</u>
Absorbed expenses	(8,101)	(7,523)
	<u>9,702,612</u>	<u>10,102,322</u>
Net investment income (loss)	<u>2,990,489</u>	<u>2,503,612</u>
Net realized gain (loss) on investments sold	1,110,308	18,145,557
Change in unrealized appreciation (depreciation) of investments	18,893,281	(11,629,856)
Net gain (loss) on investments	<u>20,003,589</u>	<u>6,515,701</u>
Increase (decrease) in Net Assets from operations	<u>\$22,994,078</u>	<u>\$ 9,019,313</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$22,989,528	\$ 9,016,596
Advisor Series Units	\$ 1,162	\$ 236
Series F Units	\$ 3,388	\$ 2,481
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.28	\$ 0.11
Advisor Series Units	\$ 0.20	\$ 0.04
Series F Units	\$ 0.47	\$ 0.33

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$965,757,793	\$1,017,029,891
Advisor Series Units	69,580	81,139
Series F Units	84,511	95,907
	<u>965,911,884</u>	<u>1,017,206,937</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	22,989,528	9,016,596
Advisor Series Units	1,162	236
Series F Units	3,388	2,481
	<u>22,994,078</u>	<u>9,019,313</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	63,259,034	83,187,841
Advisor Series Units	600	10,650
Reinvested distributions		
Series A Units	(110)	1,623
Payments on redemption		
Series A Units	(82,302,185)	(91,690,516)
Advisor Series Units	(2,361)	(16,979)
Series F Units	—	(10,549)
	<u>(19,045,022)</u>	<u>(8,517,930)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	3,946,267	515,544
Advisor Series Units	(599)	(6,093)
Series F Units	3,388	(8,068)
	<u>3,949,056</u>	<u>501,383</u>
NET ASSETS – END OF PERIOD		
Series A Units	969,704,060	1,017,545,435
Advisor Series Units	68,981	75,046
Series F Units	87,899	87,839
	<u>\$969,860,940</u>	<u>\$1,017,708,320</u>

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

Scotia Selected Balanced Income & Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 44.7%			
4,183,594	Dynamic Aurion Total Return Bond Series O	41,674,737	44,136,916
14,922,571	Dynamic High Yield Bond Fund Series O	61,631,434	58,496,477
13,984,942	Scotia Bond Fund Series I	141,675,663	153,210,636
7,522,210	Scotia Canadian Income Fund Series I	97,124,178	105,339,517
6,746,397	Scotia Mortgage Income Fund Series I	72,924,338	72,395,581
		<u>415,030,350</u>	<u>433,579,127</u>
CANADIAN EQUITY FUNDS – 30.2%			
2,257,323	Dynamic Global Real Estate Fund Series O	14,590,002	16,410,735
4,330,899	Dynamic Small Business Fund Series O	56,495,505	57,427,725
4,341,045	Dynamic Value Fund of Canada Series O	43,473,823	38,635,297
2,937,970	Scotia Canadian Dividend Fund Series I	103,241,835	110,935,681
780,978	Scotia Canadian Growth Fund Series I	46,125,360	42,786,031
1,449,397	Scotia Resource Fund Series I	28,850,735	26,447,291
		<u>292,777,260</u>	<u>292,642,760</u>
FOREIGN EQUITY FUNDS – 24.7%			
1,415,034	Dynamic Global Infrastructure Fund Series O	15,027,284	16,315,347
2,386,947	Scotia Global Dividend Fund Series I	23,882,949	25,515,266
2,486,313	Scotia Global Growth Fund Series I	77,680,073	76,795,232
2,986,785	Scotia Global Opportunities Fund Series I	25,116,530	24,224,317
3,944,983	Scotia Global Small Cap Fund Series I	29,640,959	23,618,613
7,846,493	Scotia International Value Fund Series I	51,971,136	42,713,952
3,539,469	Scotia U.S. Value Fund Series I	27,896,053	30,556,587
		<u>251,214,984</u>	<u>239,739,314</u>
	TOTAL INVESTMENT PORTFOLIO	<u>959,022,594</u>	<u>965,961,201</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		3,899,739
	NET ASSETS – 100.0%		<u>969,860,940</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	44.7	47.5
Canadian Equity Funds	30.2	30.4
Foreign Equity Funds	24.7	21.7

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.6% (December 31, 2011 – 99.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$96,596,120 (December 31, 2011 – \$96,246,711). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$2,059,435	\$728,501

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012	Level 1	Level 2	Level 3	Total
	Mutual Funds	\$965,961,201	\$ –	\$ –

December 31, 2011	Level 1	Level 2	Level 3	Total
	Mutual Funds	\$962,467,109	\$ –	\$ –

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Selected Moderate Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$586,214,709	\$579,635,191
Cash	2,127,702	1,955,288
Accrued investment income	972	—
Receivable for securities sold	1,100,011	—
Subscriptions receivable	251,143	438,161
	<u>\$589,694,537</u>	<u>\$582,028,640</u>
LIABILITIES		
Redemptions payable	463,198	523,223
Accrued expenses	1,001,590	34,050
	<u>1,464,788</u>	<u>557,273</u>
Net Assets	<u>\$588,229,749</u>	<u>\$581,471,367</u>
NET ASSETS PER SERIES		
Series A Units	\$588,207,272	\$581,463,401
Advisor Series Units	\$ 94	\$ 120
Series F Units	\$ 22,383	\$ 7,846
UNITS OUTSTANDING		
Series A Units	46,620,305	47,279,495
Advisor Series Units	8	10
Series F Units	1,734	627
NET ASSETS PER UNIT		
Series A Units	\$ 12.62	\$ 12.30
Advisor Series Units	\$ 12.36	\$ 12.13
Series F Units	\$ 12.91	\$ 12.51

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,290,084	\$ 1,406,442
Interest	4,244,431	4,176,306
Other income	3,080	8,827
	<u>5,537,595</u>	<u>5,591,575</u>
EXPENSES		
Management fees (note 5)	5,606,487	5,980,826
Harmonized Sales Tax/Goods and Services Tax	628,574	670,313
Audit fees	7,344	8,447
Independent Review Committee fees	1,033	1,010
Custodian fees	522	400
Filing fees	23,278	23,550
Legal fees	2,550	3,735
Unitholder reporting costs	19,231	19,523
Unitholder administration and service fees	110,211	92,527
	<u>6,399,230</u>	<u>6,800,331</u>
Absorbed expenses	(8,268)	(6,514)
	<u>6,390,962</u>	<u>6,793,817</u>
Net investment income (loss)	(853,367)	(1,202,242)
Net realized gain (loss) on investments sold	203,461	12,483,015
Change in unrealized appreciation (depreciation) of investments	15,663,832	(6,776,478)
Net gain (loss) on investments	<u>15,867,293</u>	<u>5,706,537</u>
Increase (decrease) in Net Assets from operations	<u>\$15,013,926</u>	<u>\$ 4,504,295</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$15,013,441	\$ 4,504,293
Advisor Series Units	\$ 1	\$ 2
Series F Units	\$ 484	\$ —
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.32	\$ 0.09
Advisor Series Units	\$ 0.12	\$ 0.14
Series F Units	\$ 0.29	\$ —

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$581,463,401	\$630,640,671
Advisor Series Units	120	170
Series F Units	7,846	—
	<u>581,471,367</u>	<u>630,640,841</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	15,013,441	4,504,293
Advisor Series Units	1	2
Series F Units	484	—
	<u>15,013,926</u>	<u>4,504,295</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	43,100,470	58,007,282
Advisor Series Units	23	30
Series F Units	14,053	—
Payments on redemption		
Series A Units	(51,370,040)	(64,100,774)
Advisor Series Units	(50)	—
	<u>(8,255,544)</u>	<u>(6,093,462)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	6,743,871	(1,589,199)
Advisor Series Units	(26)	32
Series F Units	14,537	—
	<u>6,758,382</u>	<u>(1,589,167)</u>
NET ASSETS – END OF PERIOD		
Series A Units	588,207,272	629,051,472
Advisor Series Units	94	202
Series F Units	22,383	—
	<u>\$588,229,749</u>	<u>\$629,051,674</u>

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

Scotia Selected Moderate Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 25.0%			
1,455,102	Dynamic Aurion Total Return Bond Series O	14,493,621	15,351,322
4,669,823	Dynamic High Yield Bond Fund Series O	19,286,490	18,305,706
4,765,826	Scotia Bond Fund Series I	48,367,050	52,211,533
2,477,964	Scotia Canadian Income Fund Series I	31,957,250	34,700,907
2,438,420	Scotia Mortgage Income Fund Series I	26,604,691	26,166,682
		<u>140,709,102</u>	<u>146,736,150</u>
CANADIAN EQUITY FUNDS – 39.6%			
1,789,744	Dynamic Global Real Estate Fund Series O	11,567,850	13,011,440
3,285,674	Dynamic Small Business Fund Series O	42,870,099	43,568,039
3,560,457	Dynamic Value Fund of Canada Series O	35,708,406	31,688,067
2,323,383	Scotia Canadian Dividend Fund Series I	83,179,865	87,729,297
636,004	Scotia Canadian Growth Fund Series I	39,730,751	34,843,622
1,199,193	Scotia Resource Fund Series I	23,601,385	21,881,797
		<u>236,658,356</u>	<u>232,722,262</u>
FOREIGN EQUITY FUNDS – 35.1%			
1,116,753	Dynamic Global Infrastructure Fund Series O	11,859,614	12,876,160
2,032,107	Scotia Global Dividend Fund Series I	20,332,549	21,722,208
2,066,254	Scotia Global Growth Fund Series I	66,086,759	63,820,805
2,583,262	Scotia Global Opportunities Fund Series I	21,545,950	20,951,545
3,344,432	Scotia Global Small Cap Fund Series I	25,613,831	20,023,115
7,426,564	Scotia International Value Fund Series I	50,103,583	40,427,984
3,119,908	Scotia U.S. Value Fund Series I	24,928,219	26,934,480
		<u>220,470,505</u>	<u>206,756,297</u>
	TOTAL INVESTMENT PORTFOLIO	<u>597,837,963</u>	<u>586,214,709</u>
	OTHER ASSETS, LESS LIABILITIES – 0.3%		<u>2,015,040</u>
	NET ASSETS – 100.0%		<u>588,229,749</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	25.0	28.5
Canadian Equity Funds	39.6	40.1
Foreign Equity Funds	35.1	31.1

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$58,621,471 (December 31, 2011 – \$57,963,519). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,464,788	\$557,273

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$586,214,709	\$ –	\$ –	\$586,214,709

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$579,635,191	\$ –	\$ –	\$579,635,191

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Selected Aggressive Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$120,436,047	\$115,831,195
Cash	614,625	770,529
Accrued investment income	420	—
Receivable for securities sold	224,992	—
Subscriptions receivable	81,827	106,160
	<u>121,357,911</u>	<u>116,707,884</u>
LIABILITIES		
Redemptions payable	84,860	22,592
Accrued expenses	227,851	7,624
	<u>312,711</u>	<u>30,216</u>
Net Assets	<u>\$121,045,200</u>	<u>\$116,677,668</u>
NET ASSETS PER SERIES		
Series A Units	\$121,014,073	\$116,665,133
Advisor Series Units	\$ 8,189	\$ 12,188
Series F Units	\$ 22,938	\$ 347
UNITS OUTSTANDING		
Series A Units	9,674,931	9,585,339
Advisor Series Units	659	1,007
Series F Units	1,832	28
NET ASSETS PER UNIT		
Series A Units	\$ 12.51	\$ 12.17
Advisor Series Units	\$ 12.42	\$ 12.10
Series F Units	\$ 12.52	\$ 12.20

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 317,117	\$ 348,669
Interest	509,361	444,925
Other income	2,347	1,942
	<u>828,825</u>	<u>795,536</u>
EXPENSES		
Management fees (note 5)	1,262,647	1,339,644
Harmonized Sales Tax/Goods and Services Tax	139,205	147,503
Audit fees	2,542	7,336
Independent Review Committee fees	235	223
Custodian fees	371	305
Filing fees	14,868	14,623
Legal fees	948	2,036
Unitholder reporting costs	7,017	6,882
Unitholder administration and service fees	28,618	32,216
	<u>1,456,451</u>	<u>1,550,768</u>
Absorbed expenses	(7,606)	(6,510)
	<u>1,448,845</u>	<u>1,544,258</u>
Net investment income (loss)	<u>(620,020)</u>	<u>(748,722)</u>
Net realized gain (loss) on investments sold	(89,739)	2,493,222
Change in unrealized appreciation (depreciation) of investments	3,916,239	(1,215,447)
Net gain (loss) on investments	<u>3,826,500</u>	<u>1,277,775</u>
Increase (decrease) in Net Assets from operations	<u>\$3,206,480</u>	<u>\$ 529,053</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$3,205,435	\$ 528,979
Advisor Series Units	\$ 436	\$ 74
Series F Units	\$ 609	\$ —
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.33	\$ 0.05
Advisor Series Units	\$ 0.55	\$ 0.05
Series F Units	\$ 0.87	\$ —

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$116,665,133	\$125,372,405
Advisor Series Units	12,188	19,519
Series F Units	347	—
	<u>116,677,668</u>	<u>125,391,924</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	3,205,435	528,979
Advisor Series Units	436	74
Series F Units	609	—
	<u>3,206,480</u>	<u>529,053</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	11,087,244	16,492,626
Advisor Series Units	570	350
Series F Units	22,346	—
Payments on redemption		
Series A Units	(9,943,739)	(13,506,692)
Advisor Series Units	(5,005)	(876)
Series F Units	(364)	—
	<u>1,161,052</u>	<u>2,985,408</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	4,348,940	3,514,913
Advisor Series Units	(3,999)	(452)
Series F Units	22,591	—
	<u>4,367,532</u>	<u>3,514,461</u>
NET ASSETS – END OF PERIOD		
Series A Units	121,014,073	128,887,318
Advisor Series Units	8,189	19,067
Series F Units	22,938	—
	<u>\$121,045,200</u>	<u>\$128,906,385</u>

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

Scotia Selected Aggressive Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 10.2%			
123,867	Dynamic Aurion Total Return Bond Series O	1,234,487	1,306,800
479,193	Dynamic High Yield Bond Fund Series O	1,979,591	1,878,438
390,736	Scotia Bond Fund Series I	3,965,715	4,280,665
223,176	Scotia Canadian Income Fund Series I	2,875,187	3,125,317
170,423	Scotia Mortgage Income Fund Series I	1,858,717	1,828,813
		<u>11,913,697</u>	<u>12,420,033</u>
CANADIAN EQUITY FUNDS – 46.9%			
447,438	Dynamic Global Real Estate Fund Series O	2,891,978	3,252,877
801,846	Dynamic Small Business Fund Series O	10,462,493	10,632,473
875,163	Dynamic Value Fund of Canada Series O	8,795,841	7,788,952
571,236	Scotia Canadian Dividend Fund Series I	20,688,144	21,569,478
152,293	Scotia Canadian Growth Fund Series I	9,563,998	8,343,412
282,683	Scotia Resource Fund Series I	5,334,093	5,158,144
		<u>57,736,547</u>	<u>56,745,336</u>
FOREIGN EQUITY FUNDS – 42.4%			
281,110	Dynamic Global Infrastructure Fund Series O	2,986,090	3,241,199
515,963	Scotia Global Dividend Fund Series I	5,180,412	5,515,390
523,116	Scotia Global Growth Fund Series I	16,878,475	16,157,601
682,537	Scotia Global Opportunities Fund Series I	5,735,563	5,535,716
768,949	Scotia Global Small Cap Fund Series I	5,833,172	4,603,698
1,761,056	Scotia International Value Fund Series I	11,951,470	9,586,659
768,023	Scotia U.S. Value Fund Series I	6,140,190	6,630,415
		<u>54,705,372</u>	<u>51,270,678</u>
	TOTAL INVESTMENT PORTFOLIO	<u>124,355,616</u>	<u>120,436,047</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		609,153
	NET ASSETS – 100.0%		<u>121,045,200</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	10.2	14.6
Canadian Equity Funds	46.9	47.3
Foreign Equity Funds	42.4	37.4

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.5% (December 31, 2011 – 99.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$12,043,605 (December 31, 2011 – \$11,583,120). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$312,711	\$30,216

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$120,436,047	\$ –	\$ –	\$120,436,047

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$115,831,195	\$ –	\$ –	\$115,831,195

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Partners Diversified Income Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$239,920,729	\$108,851,921
Cash	2,538,865	4,172,003
Accrued investment income	2,089	—
Subscriptions receivable	1,359,248	907,987
	<u>243,820,931</u>	<u>113,931,911</u>
LIABILITIES		
Payable for securities purchased	1,124,994	—
Distributions payable	7,003	14,569
Redemptions payable	193,194	35,725
Accrued expenses	377,898	6,549
	<u>1,703,089</u>	<u>56,843</u>
Net Assets	<u>\$242,117,842</u>	<u>\$113,875,068</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$242,117,842</u>	<u>\$113,875,068</u>
UNITS OUTSTANDING		
Series A Units	<u>23,565,860</u>	<u>11,220,521</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.27</u>	<u>\$ 10.15</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$113,875,068	\$29,641,611
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	4,072,957	970,295
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	(2,537,048)	(716,993)
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	135,975,791	45,108,461
Reinvested distributions		
Series A Units	2,484,533	697,575
Payments on redemption		
Series A Units	(11,753,459)	(4,285,770)
	<u>126,706,865</u>	<u>41,520,266</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	128,242,774	41,773,568
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$242,117,842</u>	<u>\$71,415,179</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$4,387,541	\$1,263,398
Other income	8,142	2,122
	<u>4,395,683</u>	<u>1,265,520</u>
EXPENSES		
Management fees (note 5)	1,619,122	462,058
Harmonized Sales Tax/Goods and Services Tax	185,944	56,922
Audit fees	3,215	5,199
Independent Review Committee fees	262	58
Custodian fees	1,202	3,491
Filing fees	8,891	6,936
Legal fees	1,056	1,682
Unitholder reporting costs	6,170	4,240
Unitholder administration and service fees	26,241	17,856
	<u>1,852,103</u>	<u>558,442</u>
Absorbed expenses	(17)	(15,162)
	<u>1,852,086</u>	<u>543,280</u>
Net investment income (loss)	2,543,597	722,240
Net realized gain (loss) on investments sold	191,805	—
Change in unrealized appreciation (depreciation) of investments	1,337,555	248,055
Net gain (loss) on investments	1,529,360	248,055
Increase (decrease) in Net Assets from operations	<u>\$4,072,957</u>	<u>\$ 970,295</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$4,072,957</u>	<u>\$ 970,295</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.23</u>	<u>\$ 0.19</u>

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

Scotia Partners Diversified Income Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME FUNDS – 71.2%			
1,781,971	AGF Global High Yield Bond Series O	5,895,155	5,933,962
1,267,494	AGF Inflation Plus Bond Series O	11,627,371	11,787,692
3,441,985	CI Signature Corporate Bond Fund Class I	35,549,453	35,727,806
3,681,014	Mackenzie Sentinel Global Bond Series O	35,770,647	35,511,848
844,450	Scotia Canadian Income Fund Series I	11,497,397	11,825,513
4,450,865	Scotia Private Canadian Corporate Bond Pool Series I	46,834,881	47,613,571
1,989,716	Templeton Canada Global Bond Fund Series O	23,999,054	24,055,669
		<u>171,173,958</u>	<u>172,456,061</u>
CANADIAN EQUITY FUNDS – 20.3%			
3,904,451	Dynamic Equity Income Fund Series O	24,011,798	24,207,598
2,802,714	Dynamic Value Fund of Canada Series O	25,209,784	24,944,154
		<u>49,221,582</u>	<u>49,151,752</u>
FOREIGN EQUITY FUNDS – 7.6%			
521,500	Dynamic Global Infrastructure Fund Series O	5,631,180	6,012,897
1,313,824	Mackenzie Ivy Equity Fund Series O	11,768,723	12,300,019
		<u>17,399,903</u>	<u>18,312,916</u>
	TOTAL INVESTMENT PORTFOLIO	<u>237,795,443</u>	<u>239,920,729</u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		<u>2,197,113</u>
	NET ASSETS – 100.0%		<u>242,117,842</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	71.2	68.9
Canadian Equity Funds	20.3	19.5
Foreign Equity Funds	7.6	7.2

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.1% (December 31, 2011 – 95.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$23,992,073 (December 31, 2011 – \$10,885,192). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,703,089	\$56,843

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$239,920,729	\$ –	\$ –	\$239,920,729

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$108,851,921	\$ –	\$ –	\$108,851,921

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Partners Income & Modest Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$464,605,228	\$429,171,206
Cash	2,005,101	3,267,569
Accrued investment income	1,844	—
Receivable for securities sold	324,999	—
Subscriptions receivable	465,783	244,307
	<u>467,402,955</u>	<u>432,683,082</u>
LIABILITIES		
Distributions payable	—	9,044
Redemptions payable	248,969	214,196
Accrued expenses	769,795	24,652
	<u>1,018,764</u>	<u>247,892</u>
Net Assets	<u>\$466,384,191</u>	<u>\$432,435,190</u>
NET ASSETS PER SERIES		
Series A Units	\$466,380,646	\$432,427,942
Series F Units	\$ 3,545	\$ 7,248
UNITS OUTSTANDING		
Series A Units	37,909,945	35,990,001
Series F Units	287	610
NET ASSETS PER UNIT		
Series A Units	\$ 12.30	\$ 12.02
Series F Units	\$ 12.33	\$ 11.89

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 581,314	\$ 409,386
Interest	5,659,805	5,786,554
Other income	6,175	5,651
	<u>6,247,294</u>	<u>6,201,591</u>
EXPENSES		
Management fees (note 5)	4,136,292	3,801,375
Harmonized Sales Tax/Goods and Services Tax	462,712	425,543
Audit fees	5,986	7,336
Independent Review Committee fees	725	637
Custodian fees	210	238
Filing fees	14,404	14,297
Legal fees	1,965	2,930
Unitholder reporting costs	13,843	13,531
Unitholder administration and service fees	76,458	65,862
	<u>4,712,595</u>	<u>4,331,749</u>
Absorbed expenses	(1,872)	(1,571)
	<u>4,710,723</u>	<u>4,330,178</u>
Net investment income (loss)	<u>1,536,571</u>	<u>1,871,413</u>
Net realized gain (loss) on investments sold	6,736,211	349,741
Change in unrealized appreciation (depreciation) of investments	2,181,888	4,274,279
Net gain (loss) on investments	<u>8,918,099</u>	<u>4,624,020</u>
Increase (decrease) in Net Assets from operations	<u>\$10,454,670</u>	<u>\$6,495,433</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$10,454,415	\$6,495,189
Series F Units	\$ 255	\$ 244
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.28	\$ 0.19
Series F Units	\$ 0.53	\$ 0.39

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$432,427,942	\$401,238,513
Series F Units	7,248	8,559
	<u>432,435,190</u>	<u>401,247,072</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	10,454,415	6,495,189
Series F Units	255	244
	<u>10,454,670</u>	<u>6,495,433</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	57,220,151	53,792,656
Reinvested distributions		
Series A Units	—	335
Payments on redemption		
Series A Units	(33,721,862)	(36,759,976)
Series F Units	(3,958)	(1,526)
	<u>23,494,331</u>	<u>17,031,489</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	33,952,704	23,528,204
Series F Units	(3,703)	(1,282)
	<u>33,949,001</u>	<u>23,526,922</u>
NET ASSETS – END OF PERIOD		
Series A Units	466,380,646	424,766,717
Series F Units	3,545	7,277
	<u>\$466,384,191</u>	<u>\$424,773,994</u>

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

Scotia Partners Income & Modest Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 64.3%			
982,963	AGF Inflation Plus Bond Series O	8,783,924	9,141,553
5,469,496	Mackenzie Sentinel Bond Fund Series O	60,374,239	65,660,204
12,842,797	Scotia Canadian Income Fund Series I	173,743,878	179,847,961
4,209,757	Scotia Private Canadian Corporate Bond Pool Series I	41,974,336	45,034,300
		<u>284,876,377</u>	<u>299,684,018</u>
CANADIAN EQUITY FUNDS – 16.2%			
1,061,864	CI Canadian Investment Fund Class I	26,825,516	24,805,145
722,252	Dynamic Global Real Estate Fund Series O	4,116,676	5,250,775
344,423	Dynamic Small Business Fund Series O	4,571,395	4,567,045
1,081,541	Scotia Canadian Dividend Fund Series I	40,781,608	40,838,219
		<u>76,295,195</u>	<u>75,461,184</u>
FOREIGN EQUITY FUNDS – 19.2%			
787,056	AGF Emerging Markets Fund Series O	7,831,679	9,279,385
465,578	CI American Value Fund Class I	8,784,309	9,427,951
566,590	Dynamic American Value Fund Series O	3,817,962	4,566,716
210,107	Dynamic Global Dividend Value Fund Series O	2,068,943	2,409,932
784,457	Mackenzie Cundill Value Fund Series O	4,861,467	4,628,844
661,813	Mackenzie Universal American Growth Class(Unhedged)Series O	9,516,528	13,118,517
4,599,668	Mackenzie Universal International Stock Fund Series O	21,059,973	18,722,947
288,504	Mutual Discovery Fund Series O	4,493,278	4,662,223
1,317,249	Templeton International Stock Fund Series O	25,329,732	22,643,511
		<u>87,763,871</u>	<u>89,460,026</u>
	TOTAL INVESTMENT PORTFOLIO	<u>448,935,443</u>	<u>464,605,228</u>
	OTHER ASSETS, LESS LIABILITIES – 0.3%		<u>1,778,963</u>
	NET ASSETS – 100.0%		<u>466,384,191</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	64.3	64.5
Canadian Equity Funds	16.2	16.0
Foreign Equity Funds	19.2	18.7

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$46,460,523 (December 31, 2011 – \$42,917,121). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,018,764	\$247,892

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$464,605,228	\$ –	\$ –	\$464,605,228

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$429,171,206	\$ –	\$ –	\$429,171,206

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Partners Balanced Income & Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$1,486,771,597	\$1,438,844,070
Cash	3,175,357	5,708,223
Accrued investment income	2,259	—
Receivable for securities sold	1,899,994	—
Subscriptions receivable	709,349	652,410
	<u>1,492,558,556</u>	<u>1,445,204,703</u>
LIABILITIES		
Distributions payable	—	20,795
Redemptions payable	1,672,521	1,030,985
Accrued expenses	2,637,682	88,162
	<u>4,310,203</u>	<u>1,139,942</u>
Net Assets	<u>\$1,488,248,353</u>	<u>\$1,444,064,761</u>
NET ASSETS PER SERIES		
Series A Units	\$1,488,124,749	\$1,443,897,577
Series F Units	\$ 123,604	\$ 167,184
UNITS OUTSTANDING		
Series A Units	115,234,122	115,288,598
Series F Units	9,062	12,771
NET ASSETS PER UNIT		
Series A Units	\$ 12.91	\$ 12.52
Series F Units	\$ 13.64	\$ 13.09

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$1,443,897,577	\$1,480,546,560
Series F Units	167,184	242,098
	<u>1,444,064,761</u>	<u>1,480,788,658</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	44,646,447	20,747,198
Series F Units	6,652	6,134
	<u>44,653,099</u>	<u>20,753,332</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	108,576,955	148,194,475
Series F Units	4,800	11,637
Payments on redemption		
Series A Units	(108,996,230)	(111,293,859)
Series F Units	(55,032)	(35,251)
	<u>(469,507)</u>	<u>36,877,002</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	44,227,172	57,647,814
Series F Units	(43,580)	(17,480)
	<u>44,183,592</u>	<u>57,630,334</u>
NET ASSETS – END OF PERIOD		
Series A Units	1,488,124,749	1,538,194,374
Series F Units	123,604	224,618
	<u>\$1,488,248,353</u>	<u>\$1,538,418,992</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,937,805	\$ 1,538,468
Interest	13,498,215	14,549,842
Other income	11,507	15,865
	<u>15,447,527</u>	<u>16,104,175</u>
EXPENSES		
Management fees (note 5)	14,712,802	15,100,735
Harmonized Sales Tax/Goods and Services Tax	1,629,620	1,662,188
Audit fees	16,132	8,746
Independent Review Committee fees	2,269	2,086
Custodian fees	439	293
Filing fees	35,319	35,350
Legal fees	5,419	6,057
Unitholder reporting costs	36,715	36,800
Unitholder administration and service fees	228,952	177,614
	<u>16,667,667</u>	<u>17,029,869</u>
Absorbed expenses	(1,909)	(1,429)
	<u>16,665,758</u>	<u>17,028,440</u>
Net investment income (loss)	<u>(1,218,231)</u>	<u>(924,265)</u>
Net realized gain (loss) on investments sold	8,667,435	1,960,084
Change in unrealized appreciation (depreciation) of investments	37,203,895	19,717,513
Net gain (loss) on investments	<u>45,871,330</u>	<u>21,677,597</u>
Increase (decrease) in Net Assets from operations	<u>\$44,653,099</u>	<u>\$20,753,332</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$44,646,447	\$20,747,198
Series F Units	\$ 6,652	\$ 6,134
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.39	\$ 0.18
Series F Units	\$ 0.65	\$ 0.37

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

Scotia Partners Balanced Income & Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 39.8%			
4,349,972	AGF Inflation Plus Bond Series O	38,871,140	40,454,743
9,386,399	CI Signature Corporate Bond Fund Class I	91,794,087	97,430,825
8,093,304	Mackenzie Sentinel Bond Fund Series O	89,355,896	97,158,497
18,275,911	Scotia Canadian Income Fund Series I	246,528,866	255,932,203
9,442,994	Scotia Private Canadian Corporate Bond Pool Series I	94,235,552	101,017,373
		<u>560,785,541</u>	<u>591,993,641</u>
CANADIAN EQUITY FUNDS – 27.1%			
7,027,649	CI Cambridge Canadian Equity Corporate Class I	68,056,552	84,120,958
2,789,820	CI Canadian Investment Fund Class I	72,636,534	65,170,194
4,479,612	Dynamic Global Real Estate Fund Series O	28,210,245	32,566,779
2,248,693	Dynamic Small Business Fund Series O	27,826,782	29,817,667
6,549,117	Dynamic Value Fund of Canada Series O	58,308,633	58,287,140
3,516,996	Scotia Canadian Dividend Fund Series I	137,252,188	132,799,300
		<u>392,290,934</u>	<u>402,762,038</u>
FOREIGN EQUITY FUNDS – 33.0%			
4,871,701	AGF Emerging Markets Fund Series O	48,680,043	57,437,349
1,554,269	CI American Value Fund Class I	29,731,844	31,473,953
1,510,629	CI Global Small Companies Fund Class I	28,092,746	29,599,224
3,934,969	Dynamic American Value Fund Series O	26,304,014	31,715,854
1,414,745	Dynamic Global Dividend Value Fund Series O	13,737,555	16,227,129
5,987,730	Mackenzie Cundill Value Fund Series O	38,448,505	35,331,799
2,524,421	Mackenzie Universal American Growth Class(Unhedged)Series O	35,767,970	50,039,324
17,201,705	Mackenzie Universal International Stock Fund Series O	82,242,523	70,019,539
1,474,170	Mutual Discovery Fund Series O	23,394,778	23,822,593
1,301,066	Templeton Global Smaller Companies Fund Series O	25,381,644	26,437,658
6,976,003	Templeton International Stock Fund Series O	138,714,158	119,917,496
		<u>490,495,780</u>	<u>492,015,918</u>
TOTAL INVESTMENT PORTFOLIO		<u>1,443,572,255</u>	<u>1,486,771,597</u>
OTHER ASSETS, LESS LIABILITIES – 0.1%			<u>1,476,756</u>
NET ASSETS – 100.0%			<u>1,488,248,353</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	39.8	39.6
Canadian Equity Funds	27.1	26.4
Foreign Equity Funds	33.0	33.7

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.9% (December 31, 2011 – 99.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$148,677,160 (December 31, 2011 – \$143,884,407). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$ 4,310,203	\$ 1,139,942

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,486,771,597	\$ –	\$ –	\$1,486,771,597

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,438,844,070	\$ –	\$ –	\$1,438,844,070

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Partners Moderate Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$1,649,812,276	\$1,582,445,866
Cash	2,831,476	5,450,691
Accrued investment income	2,578	—
Receivable for securities sold	2,900,012	—
Subscriptions receivable	652,461	991,039
	<u>1,656,198,803</u>	<u>1,588,887,596</u>
LIABILITIES		
Distributions payable	—	3,091
Redemptions payable	898,783	865,903
Accrued expenses	3,122,498	104,135
	<u>4,021,281</u>	<u>973,129</u>
Net Assets	<u>\$1,652,177,522</u>	<u>\$1,587,914,467</u>
NET ASSETS PER SERIES		
Series A Units	\$1,650,890,049	\$1,586,716,855
Series F Units	\$ 1,287,473	\$ 1,197,612
UNITS OUTSTANDING		
Series A Units	113,009,520	112,374,869
Series F Units	81,689	78,907
NET ASSETS PER UNIT		
Series A Units	\$ 14.61	\$ 14.12
Series F Units	\$ 15.76	\$ 15.18

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$1,586,716,855	\$1,604,210,556
Series F Units	1,197,612	990,374
	<u>1,587,914,467</u>	<u>1,605,200,930</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	54,262,306	14,911,712
Series F Units	46,841	16,021
	<u>54,309,147</u>	<u>14,927,733</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	132,241,664	213,974,030
Series F Units	92,535	396,091
Payments on redemption		
Series A Units	(122,330,776)	(117,123,798)
Series F Units	(49,515)	(162,937)
	<u>9,953,908</u>	<u>97,083,386</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	64,173,194	111,761,944
Series F Units	89,861	249,175
	<u>64,263,055</u>	<u>112,011,119</u>
NET ASSETS – END OF PERIOD		
Series A Units	1,650,890,049	1,715,972,500
Series F Units	1,287,473	1,239,549
	<u>\$1,652,177,522</u>	<u>\$1,717,212,049</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 2,412,601	\$ 1,889,394
Interest	11,401,344	11,318,191
Other income	12,818	14,362
	<u>13,826,763</u>	<u>13,221,947</u>
EXPENSES		
Management fees (note 5)	17,574,035	17,918,622
Harmonized Sales Tax/Goods and Services Tax	1,901,093	1,932,645
Audit fees	17,718	8,746
Independent Review Committee fees	2,360	1,983
Custodian fees	426	317
Filing fees	42,948	39,639
Legal fees	5,981	5,831
Unitholder reporting costs	37,381	35,131
Unitholder administration and service fees	234,240	170,784
	<u>19,816,182</u>	<u>20,113,698</u>
Absorbed expenses	(1)	(944)
	<u>19,816,181</u>	<u>20,112,754</u>
Net investment income (loss)	<u>(5,989,418)</u>	<u>(6,890,807)</u>
Net realized gain (loss) on investments sold	17,662,825	1,836,379
Change in unrealized appreciation (depreciation) of investments	42,635,740	19,982,161
Net gain (loss) on investments	<u>60,298,565</u>	<u>21,818,540</u>
Increase (decrease) in Net Assets from operations	<u>\$54,309,147</u>	<u>\$14,927,733</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$54,262,306	\$14,911,712
Series F Units	\$ 46,841	\$ 16,021
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.48	\$ 0.13
Series F Units	\$ 0.59	\$ 0.25

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

Scotia Partners Moderate Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 24.7%			
11,882,132	CI Signature Corporate Bond Fund Class I	116,788,799	123,336,530
16,132,722	Scotia Canadian Income Fund Series I	217,112,687	225,919,410
5,415,201	Scotia Private Canadian Corporate Bond Pool Series I	54,162,865	57,929,655
		<u>388,064,351</u>	<u>407,185,595</u>
CANADIAN EQUITY FUNDS – 36.0%			
10,502,817	CI Cambridge Canadian Equity Corporate Class I	102,153,130	125,718,723
2,721,749	CI Canadian Investment Fund Class I	69,450,977	63,580,059
7,199,214	Dynamic Global Real Estate Fund Series O	45,927,389	52,338,287
4,909,819	Dynamic Small Business Fund Series O	52,176,294	65,104,205
13,898,852	Dynamic Value Fund of Canada Series O	125,623,414	123,699,782
4,348,318	Scotia Canadian Dividend Fund Series I	172,941,975	164,189,456
		<u>568,273,179</u>	<u>594,630,512</u>
FOREIGN EQUITY FUNDS – 39.2%			
7,544,857	AGF Emerging Markets Fund Series O	77,145,026	88,953,863
1,760,000	CI American Value Fund Class I	29,152,463	35,639,990
2,525,886	CI Global Small Companies Fund Class I	47,829,229	49,482,107
6,366,362	Dynamic American Value Fund Series O	45,637,872	51,312,876
3,068,109	Dynamic Global Dividend Value Fund Series O	30,030,940	35,191,215
5,797,431	Dynamic Global Value Fund Series O	38,941,458	35,596,226
8,961,747	Mackenzie Cundill Value Fund Series O	58,087,948	52,880,583
1,814,498	Mackenzie Universal American Growth Class(Unhedged)Series O	25,740,058	35,967,151
16,334,237	Mackenzie Universal International Stock Fund Series O	80,313,081	66,488,510
2,123,320	Mutual Discovery Fund Series O	33,846,969	34,312,857
2,357,733	Templeton Global Smaller Companies Fund Series O	48,228,185	47,909,135
6,646,984	Templeton International Stock Fund Series O	135,759,183	114,261,656
		<u>650,712,412</u>	<u>647,996,169</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,607,049,942</u>	<u>1,649,812,276</u>
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>2,365,246</u>
	NET ASSETS – 100.0%		<u>1,652,177,522</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	24.7	24.9
Canadian Equity Funds	36.0	34.7
Foreign Equity Funds	39.2	40.1

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.9% (December 31, 2011 – 99.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$164,981,228 (December 31, 2011 – \$158,244,587). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$4,021,281	\$973,129

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,649,812,276	\$ –	\$ –	\$1,649,812,276

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,582,445,866	\$ –	\$ –	\$1,582,445,866

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Partners Aggressive Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$380,049,844	\$367,411,688
Cash	1,675,845	2,398,623
Accrued investment income	911	—
Receivable for securities sold	200,000	—
Subscriptions receivable	205,640	144,991
	<u>382,132,240</u>	<u>369,955,302</u>
LIABILITIES		
Redemptions payable	159,287	169,329
Accrued expenses	786,626	26,616
	<u>945,913</u>	<u>195,945</u>
Net Assets	<u>\$381,186,327</u>	<u>\$369,759,357</u>
NET ASSETS PER SERIES		
Series A Units	\$380,837,161	\$369,390,479
Series F Units	\$ 349,166	\$ 368,878
UNITS OUTSTANDING		
Series A Units	26,287,068	26,474,037
Series F Units	22,264	24,508
NET ASSETS PER UNIT		
Series A Units	\$ 14.49	\$ 13.95
Series F Units	\$ 15.68	\$ 15.05

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 616,871	\$ 503,848
Interest	1,710,284	1,503,360
Other income	1,719	3,714
	<u>2,328,874</u>	<u>2,010,922</u>
EXPENSES		
Management fees (note 5)	4,476,417	4,802,330
Harmonized Sales Tax/Goods and Services Tax	478,475	510,153
Audit fees	5,338	7,336
Independent Review Committee fees	578	500
Custodian fees	307	261
Filing fees	15,452	15,167
Legal fees	1,737	2,635
Unitholder reporting costs	11,777	11,336
Unitholder administration and service fees	62,018	55,387
Overdraft charges	30	—
	<u>5,052,129</u>	<u>5,405,105</u>
Absorbed expenses	(1,254)	(1,296)
	<u>5,050,875</u>	<u>5,403,809</u>
Net investment income (loss)	<u>(2,722,001)</u>	<u>(3,392,887)</u>
Net realized gain (loss) on investments sold	3,179,222	592,279
Change in unrealized appreciation (depreciation) of investments	13,538,588	2,839,044
Net gain (loss) on investments	<u>16,717,810</u>	<u>3,431,323</u>
Increase (decrease) in Net Assets from operations	<u>\$13,995,809</u>	<u>\$ 38,436</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$13,979,944	\$ 36,452
Series F Units	\$ 15,865	\$ 1,984
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.53	\$ —
Series F Units	\$ 0.69	\$ 0.08

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$369,390,479	\$396,733,543
Series F Units	368,878	393,010
	<u>369,759,357</u>	<u>397,126,553</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	13,979,944	36,452
Series F Units	15,865	1,984
	<u>13,995,809</u>	<u>38,436</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	30,047,485	53,090,499
Series F Units	12,821	13,658
Payments on redemption		
Series A Units	(32,580,747)	(33,604,103)
Series F Units	(48,398)	(284)
	<u>(2,568,839)</u>	<u>19,499,770</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	11,446,682	19,522,848
Series F Units	(19,712)	15,358
	<u>11,426,970</u>	<u>19,538,206</u>
NET ASSETS – END OF PERIOD		
Series A Units	380,837,161	416,256,391
Series F Units	349,166	408,368
	<u>\$381,186,327</u>	<u>\$416,664,759</u>

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

Scotia Partners Aggressive Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 10.0%			
6,291,597	AGF Global High Yield Bond Series O	21,416,476	20,951,019
1,225,203	Scotia Canadian Income Fund Series I	16,426,630	17,157,497
		<u>37,843,106</u>	<u>38,108,516</u>
CANADIAN EQUITY FUNDS – 42.8%			
3,205,890	CI Cambridge Canadian Equity Corporate Class I	31,360,709	38,374,509
1,658,164	Dynamic Global Real Estate Fund Series O	10,739,627	12,054,855
2,516,255	Dynamic Small Business Fund Series O	28,263,181	33,365,537
4,241,664	Dynamic Value Fund of Canada Series O	38,768,640	37,750,805
1,105,120	Scotia Canadian Dividend Fund Series I	44,330,723	41,728,562
		<u>153,462,880</u>	<u>163,274,268</u>
FOREIGN EQUITY FUNDS – 46.9%			
2,566,334	AGF Emerging Markets Fund Series O	26,529,922	30,257,078
219,725	CI Global Small Companies Fund Class I	4,157,915	4,304,409
1,463,513	Dynamic American Value Fund Series O	10,518,922	11,795,916
2,154,026	Dynamic Global Dividend Value Fund Series O	21,085,366	24,706,678
4,546,933	Dynamic Global Value Fund Series O	31,185,570	27,918,170
3,244,278	Mackenzie Cundill Value Fund Series O	20,956,813	19,143,513
227,822	Mackenzie Universal American Growth Class(Unhedged)Series O	3,664,485	4,515,905
4,769,849	Mackenzie Universal International Stock Fund Series O	23,832,072	19,415,672
714,003	Templeton Global Smaller Companies Fund Series O	14,925,006	14,508,542
1,285,700	Templeton International Stock Fund Series O	26,969,356	22,101,177
		<u>183,825,427</u>	<u>178,667,060</u>
	TOTAL INVESTMENT PORTFOLIO	<u>375,131,413</u>	<u>380,049,844</u>
	OTHER ASSETS, LESS LIABILITIES – 0.3%		<u>1,136,483</u>
	NET ASSETS – 100.0%		<u>381,186,327</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	10.0	10.0
Canadian Equity Funds	42.8	41.8
Foreign Equity Funds	46.9	47.6

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.4%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$38,004,984 (December 31, 2011 – \$36,741,169). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$945,913	\$195,945

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$380,049,844	\$ –	\$ –	\$380,049,844

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$367,411,688	\$ –	\$ –	\$367,411,688

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Conservative 2010 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$20,330,976	\$22,989,136
Cash	225,743	218,541
Accrued investment income	2,843	2,971
Receivable for securities sold	30,001	–
Subscriptions receivable	645	1,245
	<u>20,590,208</u>	<u>23,211,893</u>
LIABILITIES		
Distributions payable	–	33
Redemptions payable	15,000	8,497
Accrued expenses	31,863	1,326
	<u>46,863</u>	<u>9,856</u>
Net Assets	<u>\$20,543,345</u>	<u>\$23,202,037</u>
NET ASSETS PER SERIES		
Series A Units	\$20,543,345	\$23,202,037
UNITS OUTSTANDING		
Series A Units	<u>2,019,374</u>	<u>2,307,447</u>
NET ASSETS PER UNIT		
Series A Units	\$ 10.17	\$ 10.06

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$23,202,037	\$33,043,683
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>264,475</u>	<u>269,303</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series A Units	<u>–</u>	<u>(16)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	160,560	235,675
Reinvested distributions		
Series A Units	–	8
Payments on redemption		
Series A Units	<u>(3,083,727)</u>	<u>(6,713,099)</u>
	<u>(2,923,167)</u>	<u>(6,477,416)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(2,658,692)</u>	<u>(6,208,129)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$20,543,345</u>	<u>\$26,835,554</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 27,200	\$ 27,909
Interest	231,285	345,646
Other income	43	128
	<u>258,528</u>	<u>373,683</u>
EXPENSES		
Management fees (note 5)	173,184	233,512
Harmonized Sales Tax/Goods and Services Tax	20,392	28,131
Audit fees	1,471	5,199
Independent Review Committee fees	31	35
Custodian fees	773	832
Filing fees	7,180	7,327
Legal fees	481	1,630
Unitholder reporting costs	3,513	3,863
Unitholder administration and service fees	6,855	17,433
Overdraft charges	127	180
	<u>214,007</u>	<u>298,142</u>
Net investment income (loss)	<u>44,521</u>	<u>75,541</u>
Net realized gain (loss) on investments sold	137,800	419,448
Change in unrealized appreciation (depreciation) of investments	82,154	(225,686)
Net gain (loss) on investments	<u>219,954</u>	<u>193,762</u>
Increase (decrease) in Net Assets from operations	<u>\$264,475</u>	<u>\$ 269,303</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$264,475</u>	<u>\$ 269,303</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.12	\$ 0.09

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

Scotia Vision Conservative 2010 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CASH EQUIVALENT FUND – 12.8%			
262,366	Scotia Money Market Fund Series I	2,623,658	2,623,663
FIXED INCOME FUNDS – 52.1%			
399,061	Scotia Canadian Bond Index Fund Series I	4,312,460	4,650,574
303,458	Scotia Canadian Income Fund Series I	3,974,738	4,249,565
198,792	Scotia Global Bond Fund Series I	1,700,935	1,797,382
		9,988,133	10,697,521
CANADIAN EQUITY FUNDS – 22.8%			
23,159	Scotia Canadian Blue Chip Fund Series I	550,950	614,187
48,641	Scotia Canadian Dividend Fund Series I	1,663,927	1,836,632
101,965	Scotia Canadian Index Fund Series I	1,971,735	2,026,017
9,472	Scotia Canadian Small Cap Fund Series I	233,680	200,443
		4,420,292	4,677,279
FOREIGN EQUITY FUNDS – 11.3%			
55,060	Scotia Global Opportunities Fund Series I	479,397	446,567
119,984	Scotia International Index Fund Series I	887,111	802,822
74,886	Scotia International Value Fund Series I	502,176	407,658
33,741	Scotia U.S. Index Fund Series I	431,085	429,357
28,508	Scotia U.S. Value Fund Series I	241,964	246,109
		2,541,733	2,332,513
	TOTAL INVESTMENT PORTFOLIO	19,573,816	20,330,976
	OTHER ASSETS, LESS LIABILITIES – 1.0%		212,369
	NET ASSETS – 100.0%		20,543,345

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Cash Equivalent Fund	12.8	12.7
Fixed Income Funds	52.1	52.2
Canadian Equity Funds	22.8	23.1
Foreign Equity Funds	11.3	11.1

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.0% (December 31, 2011 – 99.1%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,033,098 (December 31, 2011 – \$2,298,914). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$46,863	\$9,856

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$20,330,976	\$ –	\$ –	\$20,330,976

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$22,989,136	\$ –	\$ –	\$22,989,136

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Aggressive 2010 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$2,882,559	\$3,645,389
Cash	33,668	37,628
Accrued investment income	255	292
Subscriptions receivable	54	427
	<u>2,916,536</u>	<u>3,683,736</u>
LIABILITIES		
Distributions payable	–	10
Accrued expenses	5,246	216
	<u>5,246</u>	<u>226</u>
Net Assets	<u>\$2,911,290</u>	<u>\$3,683,510</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$2,911,290</u>	<u>\$3,683,510</u>
UNITS OUTSTANDING		
Series A Units	<u>289,483</u>	<u>370,220</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.06</u>	<u>\$ 9.95</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	<u>\$3,683,510</u>	<u>\$4,789,418</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>37,974</u>	<u>30,694</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	92,178	124,042
Payments on redemption		
Series A Units	(902,372)	(791,855)
	<u>(810,194)</u>	<u>(667,813)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(772,220)</u>	<u>(637,119)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$2,911,290</u>	<u>\$4,152,299</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 4,176	\$ 4,288
Interest	34,398	49,088
Other income	24	6
	<u>38,598</u>	<u>53,382</u>
EXPENSES		
Management fees (note 5)	28,240	36,077
Harmonized Sales Tax/Goods and Services Tax	3,540	4,961
Audit fees	1,300	5,199
Independent Review Committee fees	5	6
Custodian fees	472	963
Filing fees	6,909	6,883
Legal fees	420	1,569
Unitholder reporting costs	3,135	3,397
Unitholder administration and service fees	3,623	14,581
Overdraft charges	34	132
	<u>47,678</u>	<u>73,768</u>
Absorbed expenses	<u>(10,179)</u>	<u>(26,647)</u>
	<u>37,499</u>	<u>47,121</u>
Net investment income (loss)	<u>1,099</u>	<u>6,261</u>
Net realized gain (loss) on investments sold	28,511	51,524
Change in unrealized appreciation (depreciation) of investments	8,364	(27,091)
Net gain (loss) on investments	<u>36,875</u>	<u>24,433</u>
Increase (decrease) in Net Assets from operations	<u>\$ 37,974</u>	<u>\$ 30,694</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$ 37,974</u>	<u>\$ 30,694</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.11</u>	<u>\$ 0.07</u>

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

Scotia Vision Aggressive 2010 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CASH EQUIVALENT FUND – 7.8%			
22,832	Scotia Money Market Fund Series I	228,316	228,316
FIXED INCOME FUNDS – 51.4%			
51,966	Scotia Canadian Bond Index Fund Series I	564,986	605,606
45,309	Scotia Canadian Income Fund Series I	591,137	634,498
28,480	Scotia Global Bond Fund Series I	241,832	257,500
		1,397,955	1,497,604
CANADIAN EQUITY FUNDS – 25.4%			
5,370	Scotia Canadian Blue Chip Fund Series I	134,706	142,407
6,836	Scotia Canadian Dividend Fund Series I	240,225	258,122
12,855	Scotia Canadian Index Fund Series I	248,500	255,434
3,937	Scotia Canadian Small Cap Fund Series I	90,177	83,314
		713,608	739,277
FOREIGN EQUITY FUNDS – 14.3%			
4,168	Scotia Global Opportunities Fund Series I	36,487	33,801
25,853	Scotia International Index Fund Series I	187,754	172,982
16,414	Scotia International Value Fund Series I	120,949	89,352
6,888	Scotia U.S. Index Fund Series I	83,258	87,646
3,890	Scotia U.S. Value Fund Series I	33,015	33,581
		461,463	417,362
	TOTAL INVESTMENT PORTFOLIO	2,801,342	2,882,559
	OTHER ASSETS, LESS LIABILITIES – 1.0%		28,731
	NET ASSETS – 100.0%		2,911,290

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Cash Equivalent Fund	7.8	7.9
Fixed Income Funds	51.4	50.9
Canadian Equity Funds	25.4	26.1
Foreign Equity Funds	14.3	14.1

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 98.9% (December 31, 2011 – 99.0%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$288,256 (December 31, 2011 – \$364,539). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$5,246	\$226

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,882,559	\$ –	\$ –	\$2,882,559

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$3,645,389	\$ –	\$ –	\$3,645,389

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Conservative 2015 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$50,625,839	\$55,497,411
Cash	446,262	382,344
Accrued investment income	4,332	4,468
Subscriptions receivable	3,044	5,175
	<u>51,079,477</u>	<u>55,889,398</u>
LIABILITIES		
Distributions payable	—	474
Redemptions payable	9,358	92,042
Accrued expenses	80,208	3,055
	<u>89,566</u>	<u>95,571</u>
Net Assets	<u>\$50,989,911</u>	<u>\$55,793,827</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$50,989,911</u>	<u>\$55,793,827</u>
UNITS OUTSTANDING		
Series A Units	<u>4,950,994</u>	<u>5,480,846</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.30</u>	<u>\$ 10.18</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$55,793,827	\$67,425,739
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>655,939</u>	<u>464,072</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,070,019	1,325,048
Payments on redemption		
Series A Units	<u>(6,529,874)</u>	<u>(9,167,541)</u>
	<u>(5,459,855)</u>	<u>(7,842,493)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(4,803,916)</u>	<u>(7,378,421)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$50,989,911</u>	<u>\$60,047,318</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 89,888	\$ 78,581
Interest	497,753	674,618
Other income	148	104
	<u>587,789</u>	<u>753,303</u>
EXPENSES		
Management fees (note 5)	451,068	533,094
Harmonized Sales Tax/Goods and Services Tax	51,321	61,398
Audit fees	1,769	5,779
Independent Review Committee fees	74	75
Custodian fees	606	532
Filing fees	7,626	7,830
Legal fees	586	1,715
Unitholder reporting costs	4,137	4,491
Unitholder administration and service fees	10,765	20,179
Overdraft charges	3	6
	<u>527,955</u>	<u>635,099</u>
Net investment income (loss)	<u>59,834</u>	<u>118,204</u>
Net realized gain (loss) on investments sold	226,500	562,542
Change in unrealized appreciation (depreciation) of investments	369,605	(216,674)
Net gain (loss) on investments	<u>596,105</u>	<u>345,868</u>
Increase (decrease) in Net Assets from operations	<u>\$655,939</u>	<u>\$ 464,072</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$655,939</u>	<u>\$ 464,072</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.13</u>	<u>\$ 0.08</u>

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

Scotia Vision Conservative 2015 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CASH EQUIVALENT FUND – 7.8%			
398,639	Scotia Money Market Fund Series I	3,986,392	3,986,392
FIXED INCOME FUNDS – 47.2%			
817,887	Scotia Canadian Bond Index Fund Series I	8,852,309	9,531,494
716,362	Scotia Canadian Income Fund Series I	9,332,380	10,031,790
495,418	Scotia Global Bond Fund Series I	4,203,179	4,479,320
		<u>22,387,868</u>	<u>24,042,604</u>
CANADIAN EQUITY FUNDS – 28.7%			
58,911	Scotia Canadian Blue Chip Fund Series I	1,438,115	1,562,367
160,769	Scotia Canadian Dividend Fund Series I	5,569,678	6,070,533
19,856	Scotia Canadian Growth Fund Series I	1,160,435	1,087,814
227,368	Scotia Canadian Index Fund Series I	4,395,728	4,517,743
66,370	Scotia Canadian Small Cap Fund Series I	1,633,571	1,404,548
		<u>14,197,527</u>	<u>14,643,005</u>
FOREIGN EQUITY FUNDS – 15.6%			
68,952	Scotia Global Opportunities Fund Series I	605,513	559,236
93,260	Scotia Global Small Cap Fund Series I	789,951	558,350
463,540	Scotia International Index Fund Series I	3,358,559	3,101,591
280,359	Scotia International Value Fund Series I	2,057,747	1,526,189
125,992	Scotia U.S. Index Fund Series I	1,611,131	1,603,265
70,103	Scotia U.S. Value Fund Series I	575,909	605,207
		<u>8,998,810</u>	<u>7,953,838</u>
	TOTAL INVESTMENT PORTFOLIO	<u>49,570,597</u>	<u>50,625,839</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		364,072
	NET ASSETS – 100.0%		<u>50,989,911</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Cash Equivalent Fund	7.8	8.0
Fixed Income Funds	47.2	47.5
Canadian Equity Funds	28.7	28.0
Foreign Equity Funds	15.6	16.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.3% (December 31, 2011 – 99.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,062,584 (December 31, 2011 – \$5,549,741). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$89,566	\$95,571

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$50,625,839	\$ –	\$ –	\$50,625,839

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$55,497,411	\$ –	\$ –	\$55,497,411

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Aggressive 2015 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$14,585,280	\$16,135,149
Cash	71,181	163,972
Accrued investment income	510	496
Receivable for securities sold	74,981	–
Subscriptions receivable	840	5,252
	<u>14,732,792</u>	<u>16,304,869</u>
LIABILITIES		
Redemptions payable	–	43,014
Accrued expenses	24,883	1,003
	<u>24,883</u>	<u>44,017</u>
Net Assets	<u>\$14,707,909</u>	<u>\$16,260,852</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$14,707,909</u>	<u>\$16,260,852</u>
UNITS OUTSTANDING		
Series A Units	<u>1,464,485</u>	<u>1,639,052</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.04</u>	<u>\$ 9.92</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$16,260,852	\$19,675,656
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>205,729</u>	<u>65,032</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	309,207	766,933
Payments on redemption		
Series A Units	<u>(2,067,879)</u>	<u>(2,390,606)</u>
	<u>(1,758,672)</u>	<u>(1,623,673)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(1,552,943)</u>	<u>(1,558,641)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$14,707,909</u>	<u>\$18,117,015</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 21,740	\$ 18,551
Interest	130,375	171,350
Other income	33	404
	<u>152,148</u>	<u>190,305</u>
EXPENSES		
Management fees (note 5)	134,172	162,975
Harmonized Sales Tax/Goods and Services Tax	15,580	19,287
Audit fees	1,412	5,199
Independent Review Committee fees	23	23
Custodian fees	549	818
Filing fees	7,092	7,115
Legal fees	460	1,605
Unitholder reporting costs	3,388	3,660
Unitholder administration and service fees	5,393	15,876
Overdraft charges	142	53
	<u>168,211</u>	<u>216,611</u>
Absorbed expenses	–	(6,356)
	<u>168,211</u>	<u>210,255</u>
Net investment income (loss)	<u>(16,063)</u>	<u>(19,950)</u>
Net realized gain (loss) on investments sold	55,279	204,402
Change in unrealized appreciation (depreciation) of investments	166,513	(119,420)
Net gain (loss) on investments	<u>221,792</u>	<u>84,982</u>
Increase (decrease) in Net Assets from operations	<u>\$205,729</u>	<u>\$ 65,032</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$205,729</u>	<u>\$ 65,032</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.13</u>	<u>\$ 0.04</u>

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

Scotia Vision Aggressive 2015 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CASH EQUIVALENT FUND – 2.9%			
43,098	Scotia Money Market Fund Series I	430,979	430,979
FIXED INCOME FUNDS – 44.0%			
185,455	Scotia Canadian Bond Index Fund Series I	2,007,568	2,161,255
227,007	Scotia Canadian Income Fund Series I	2,964,549	3,178,957
125,689	Scotia Global Bond Fund Series I	1,064,977	1,136,416
		6,037,094	6,476,628
CANADIAN EQUITY FUNDS – 30.5%			
27,156	Scotia Canadian Blue Chip Fund Series I	669,190	720,186
38,492	Scotia Canadian Dividend Fund Series I	1,357,722	1,453,426
5,814	Scotia Canadian Growth Fund Series I	355,052	318,532
65,859	Scotia Canadian Index Fund Series I	1,307,150	1,308,604
32,606	Scotia Canadian Small Cap Fund Series I	723,495	690,020
		4,412,609	4,490,768
FOREIGN EQUITY FUNDS – 21.7%			
39,159	Scotia Global Opportunities Fund Series I	326,456	317,601
28,044	Scotia Global Small Cap Fund Series I	227,989	167,901
158,517	Scotia International Index Fund Series I	1,175,558	1,060,651
104,733	Scotia International Value Fund Series I	761,660	570,136
6,237	Scotia Latin American Fund Series I	153,039	143,083
48,073	Scotia U.S. Index Fund Series I	578,613	611,730
36,580	Scotia U.S. Value Fund Series I	300,004	315,803
		3,523,319	3,186,905
	TOTAL INVESTMENT PORTFOLIO	14,404,001	14,585,280
	OTHER ASSETS, LESS LIABILITIES – 0.8%		122,629
	NET ASSETS – 100.0%		14,707,909

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Cash Equivalent Fund	2.9	3.0
Fixed Income Funds	44.0	44.1
Canadian Equity Funds	30.5	30.3
Foreign Equity Funds	21.7	21.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.1% (December 31, 2011 – 99.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,458,528 (December 31, 2011 – \$1,613,515). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$24,883	\$44,017

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$14,585,280	\$ –	\$ –	\$14,585,280

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$16,135,149	\$ –	\$ –	\$16,135,149

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Conservative 2020 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$57,438,020	\$60,838,079
Cash	423,332	477,591
Accrued investment income	3,823	3,739
Receivable for securities sold	159,994	–
Subscriptions receivable	18,716	30,212
	<u>58,043,885</u>	<u>61,349,621</u>
LIABILITIES		
Distributions payable	–	9
Redemptions payable	47,485	73,529
Accrued expenses	95,808	3,524
	<u>143,293</u>	<u>77,062</u>
Net Assets	<u>\$57,900,592</u>	<u>\$61,272,559</u>
NET ASSETS PER SERIES		
Series A Units	\$57,900,592	\$61,272,559
UNITS OUTSTANDING		
Series A Units	<u>5,698,167</u>	<u>6,099,099</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.16</u>	<u>\$ 10.05</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$61,272,559	\$70,907,733
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>720,915</u>	<u>273,712</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,524,919	2,042,500
Reinvested distributions		
Series A Units	–	16
Payments on redemption		
Series A Units	(5,617,801)	(8,073,633)
	<u>(4,092,882)</u>	<u>(6,031,117)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(3,371,967)</u>	<u>(5,757,405)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$57,900,592</u>	<u>\$65,150,328</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$101,538	\$ 84,408
Interest	505,744	641,328
Other income	531	419
	<u>607,813</u>	<u>726,155</u>
EXPENSES		
Management fees (note 5)	533,330	607,320
Harmonized Sales Tax/Goods and Services Tax	61,222	70,058
Audit fees	1,829	5,779
Independent Review Committee fees	91	93
Custodian fees	568	730
Filing fees	7,751	7,958
Legal fees	607	1,757
Unitholder reporting costs	4,406	4,796
Unitholder administration and service fees	12,601	21,672
Overdraft charges	–	23
	<u>622,405</u>	<u>720,186</u>
Net investment income (loss)	<u>(14,592)</u>	<u>5,969</u>
Net realized gain (loss) on investments sold	171,853	614,381
Change in unrealized appreciation (depreciation) of investments	563,654	(346,638)
Net gain (loss) on investments	<u>735,507</u>	<u>267,743</u>
Increase (decrease) in Net Assets from operations	<u>\$720,915</u>	<u>\$ 273,712</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$720,915</u>	<u>\$ 273,712</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.12</u>	<u>\$ 0.04</u>

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

Scotia Vision Conservative 2020 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CASH EQUIVALENT FUND – 6.0%			
348,749	Scotia Money Market Fund Series I	3,487,488	3,487,487
FIXED INCOME FUNDS – 43.2%			
925,771	Scotia Canadian Bond Index Fund Series I	10,018,745	10,788,753
688,552	Scotia Canadian Income Fund Series I	8,975,209	9,642,345
502,890	Scotia Global Bond Fund Series I	4,245,500	4,546,884
		23,239,454	24,977,982
CANADIAN EQUITY FUNDS – 30.8%			
67,858	Scotia Canadian Blue Chip Fund Series I	1,690,554	1,799,652
182,557	Scotia Canadian Dividend Fund Series I	6,390,486	6,893,222
32,363	Scotia Canadian Growth Fund Series I	1,900,979	1,773,020
260,067	Scotia Canadian Index Fund Series I	5,015,653	5,167,450
103,956	Scotia Canadian Small Cap Fund Series I	2,488,564	2,199,969
		17,486,236	17,833,313
FOREIGN EQUITY FUNDS – 19.2%			
77,876	Scotia Global Opportunities Fund Series I	688,834	631,611
195,633	Scotia Global Small Cap Fund Series I	1,519,133	1,171,257
520,823	Scotia International Index Fund Series I	3,887,151	3,484,880
318,106	Scotia International Value Fund Series I	2,412,958	1,731,676
23,168	Scotia Latin American Fund Series I	627,342	531,467
51,202	Scotia Pacific Rim Fund Series I	549,982	552,563
141,594	Scotia U.S. Index Fund Series I	1,803,187	1,801,803
142,936	Scotia U.S. Value Fund Series I	1,169,443	1,233,981
		12,658,030	11,139,238
	TOTAL INVESTMENT PORTFOLIO	56,871,208	57,438,020
	OTHER ASSETS, LESS LIABILITIES – 0.8%		462,572
	NET ASSETS – 100.0%	57,900,592	

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Cash Equivalent Fund	6.0	6.1
Fixed Income Funds	43.2	43.2
Canadian Equity Funds	30.8	30.2
Foreign Equity Funds	19.2	19.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.2% (December 31, 2011 – 99.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,743,802 (December 31, 2011 – \$6,083,808). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$143,293	\$77,062

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$57,438,020	\$ –	\$ –	\$57,438,020

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$60,838,079	\$ –	\$ –	\$60,838,079

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Aggressive 2020 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$26,106,001	\$27,234,694
Cash	201,002	221,226
Accrued investment income	118	—
Receivable for securities sold	96,015	—
Subscriptions receivable	2,914	19,219
	<u>26,406,050</u>	<u>27,475,139</u>
LIABILITIES		
Redemptions payable	46,844	59,315
Accrued expenses	45,379	1,741
	<u>92,223</u>	<u>61,056</u>
Net Assets	<u>\$26,313,827</u>	<u>\$27,414,083</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$26,313,827</u>	<u>\$27,414,083</u>
UNITS OUTSTANDING		
Series A Units	<u>2,661,098</u>	<u>2,803,418</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 9.89</u>	<u>\$ 9.78</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$27,414,083	\$32,165,450
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>330,937</u>	<u>35,915</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,010,050	1,505,523
Payments on redemption		
Series A Units	<u>(2,441,243)</u>	<u>(3,555,308)</u>
	<u>(1,431,193)</u>	<u>(2,049,785)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(1,100,256)</u>	<u>(2,013,870)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$26,313,827</u>	<u>\$30,151,580</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 42,703	\$ 36,295
Interest	191,434	244,689
Other income	105	654
	<u>234,242</u>	<u>281,638</u>
EXPENSES		
Management fees (note 5)	249,539	287,606
Harmonized Sales Tax/Goods and Services Tax	28,009	33,053
Audit fees	1,524	5,199
Independent Review Committee fees	41	41
Custodian fees	437	569
Filing fees	7,276	7,338
Legal fees	500	1,641
Unitholder reporting costs	3,656	3,941
Unitholder administration and service fees	7,179	17,217
Overdraft charges	3	72
	<u>298,164</u>	<u>356,677</u>
Net investment income (loss)	<u>(63,922)</u>	<u>(75,039)</u>
Net realized gain (loss) on investments sold	53,056	280,273
Change in unrealized appreciation (depreciation) of investments	341,803	(169,319)
Net gain (loss) on investments	<u>394,859</u>	<u>110,954</u>
Increase (decrease) in Net Assets from operations	<u>\$330,937</u>	<u>\$ 35,915</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$330,937</u>	<u>\$ 35,915</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.12</u>	<u>\$ 0.01</u>

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

Scotia Vision Aggressive 2020 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 37.4%			
291,356	Scotia Canadian Bond Index Fund Series I	3,157,680	3,395,401
348,644	Scotia Canadian Income Fund Series I	4,556,344	4,882,338
173,660	Scotia Global Bond Fund Series I	1,467,565	1,570,149
		<u>9,181,589</u>	<u>9,847,888</u>
CANADIAN EQUITY FUNDS – 34.5%			
48,828	Scotia Canadian Blue Chip Fund Series I	1,217,630	1,294,964
76,323	Scotia Canadian Dividend Fund Series I	2,647,292	2,881,906
10,290	Scotia Canadian Growth Fund Series I	633,305	563,725
117,006	Scotia Canadian Index Fund Series I	2,233,660	2,324,883
94,623	Scotia Canadian Small Cap Fund Series I	2,140,067	2,002,459
		<u>8,871,954</u>	<u>9,067,937</u>
FOREIGN EQUITY FUNDS – 27.3%			
70,052	Scotia Global Opportunities Fund Series I	593,598	568,155
173,043	Scotia Global Small Cap Fund Series I	1,303,109	1,036,007
278,794	Scotia International Index Fund Series I	2,168,721	1,865,437
232,560	Scotia International Value Fund Series I	1,700,901	1,265,985
22,493	Scotia Latin American Fund Series I	540,256	515,992
85,867	Scotia U.S. Index Fund Series I	1,039,653	1,092,663
97,988	Scotia U.S. Value Fund Series I	740,624	845,937
		<u>8,086,862</u>	<u>7,190,176</u>
	TOTAL INVESTMENT PORTFOLIO	<u>26,140,405</u>	<u>26,106,001</u>
	OTHER ASSETS, LESS LIABILITIES – 0.8%		<u>207,826</u>
	NET ASSETS – 100.0%		<u>26,313,827</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	37.4	37.1
Canadian Equity Funds	34.5	34.2
Foreign Equity Funds	27.3	28.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.2% (December 31, 2011 – 99.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,610,600 (December 31, 2011 – \$2,723,469). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$92,223	\$61,056

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$26,106,001	\$ –	\$ –	\$26,106,001

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$27,234,694	\$ –	\$ –	\$27,234,694

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Conservative 2030 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$30,195,560	\$31,955,013
Cash	276,741	316,599
Accrued investment income	146	—
Receivable for securities sold	40,000	—
Subscriptions receivable	3,756	11,234
	<u>30,516,203</u>	<u>32,282,846</u>
LIABILITIES		
Redemptions payable	23,061	—
Accrued expenses	56,378	2,156
	<u>79,439</u>	<u>2,156</u>
Net Assets	<u>\$30,436,764</u>	<u>\$32,280,690</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$30,436,764</u>	<u>\$32,280,690</u>
UNITS OUTSTANDING		
Series A Units	<u>3,089,237</u>	<u>3,311,356</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 9.85</u>	<u>\$ 9.75</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$32,280,690	\$37,584,872
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>377,114</u>	<u>7,162</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	893,457	1,245,585
Payments on redemption		
Series A Units	<u>(3,114,497)</u>	<u>(3,733,581)</u>
	<u>(2,221,040)</u>	<u>(2,487,996)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(1,843,926)</u>	<u>(2,480,834)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$30,436,764</u>	<u>\$35,104,038</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 58,351	\$ 49,835
Interest	191,645	244,390
Other income	102	178
	<u>250,098</u>	<u>294,403</u>
EXPENSES		
Management fees (note 5)	313,932	363,986
Harmonized Sales Tax/Goods and Services Tax	34,972	41,093
Audit fees	1,565	5,199
Independent Review Committee fees	55	61
Custodian fees	495	595
Filing fees	7,395	7,473
Legal fees	514	1,686
Unitholder reporting costs	3,901	4,266
Unitholder administration and service fees	8,861	18,845
Overdraft charges	68	—
	<u>371,758</u>	<u>443,204</u>
Net investment income (loss)	<u>(121,660)</u>	<u>(148,801)</u>
Net realized gain (loss) on investments sold	45,963	307,345
Change in unrealized appreciation (depreciation) of investments	452,811	(151,382)
Net gain (loss) on investments	<u>498,774</u>	<u>155,963</u>
Increase (decrease) in Net Assets from operations	<u>\$ 377,114</u>	<u>\$ 7,162</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$ 377,114</u>	<u>\$ 7,162</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.12</u>	<u>\$ —</u>

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

Scotia Vision Conservative 2030 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 32.3%			
332,181	Scotia Canadian Bond Index Fund Series I	3,599,178	3,871,173
296,504	Scotia Canadian Income Fund Series I	3,869,785	4,152,182
199,453	Scotia Global Bond Fund Series I	1,692,477	1,803,354
		<u>9,161,440</u>	<u>9,826,709</u>
CANADIAN EQUITY FUNDS – 37.6%			
46,738	Scotia Canadian Blue Chip Fund Series I	1,180,882	1,239,537
104,159	Scotia Canadian Dividend Fund Series I	3,640,361	3,932,989
17,336	Scotia Canadian Growth Fund Series I	1,036,435	949,735
150,957	Scotia Canadian Index Fund Series I	2,915,167	2,999,463
109,246	Scotia Canadian Small Cap Fund Series I	2,545,530	2,311,913
		<u>11,318,375</u>	<u>11,433,637</u>
FOREIGN EQUITY FUNDS – 29.3%			
81,096	Scotia Global Opportunities Fund Series I	719,606	657,730
153,722	Scotia Global Small Cap Fund Series I	1,226,190	920,335
365,467	Scotia International Index Fund Series I	2,772,990	2,445,376
217,134	Scotia International Value Fund Series I	1,643,379	1,182,013
24,801	Scotia Latin American Fund Series I	631,440	568,935
57,332	Scotia Pacific Rim Fund Series I	687,385	618,722
77,296	Scotia U.S. Index Fund Series I	909,202	983,594
180,527	Scotia U.S. Value Fund Series I	1,479,030	1,558,509
		<u>10,069,222</u>	<u>8,935,214</u>
	TOTAL INVESTMENT PORTFOLIO	<u>30,549,037</u>	<u>30,195,560</u>
	OTHER ASSETS, LESS LIABILITIES – 0.8%		<u>241,204</u>
	NET ASSETS – 100.0%		<u>30,436,764</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	32.3	32.6
Canadian Equity Funds	37.6	37.0
Foreign Equity Funds	29.3	29.4

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.2% (December 31, 2011 – 99.0%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$3,019,556 (December 31, 2011 – \$3,195,501). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$79,439	\$2,156

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$30,195,560	\$ –	\$ –	\$30,195,560

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$31,955,013	\$ –	\$ –	\$31,955,013

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Vision Aggressive 2030 Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$19,730,572	\$19,661,079
Cash	173,777	184,392
Accrued investment income	107	—
Receivable for securities sold	108,996	—
Subscriptions receivable	4,272	8,217
	<u>20,017,724</u>	<u>19,853,688</u>
LIABILITIES		
Payable for securities purchased	70,008	—
Redemptions payable	20,830	—
Accrued expenses	38,052	1,405
	<u>128,890</u>	<u>1,405</u>
Net Assets	<u>\$19,888,834</u>	<u>\$19,852,283</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$19,888,834</u>	<u>\$19,852,283</u>
UNITS OUTSTANDING		
Series A Units	<u>2,051,394</u>	<u>2,066,389</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 9.70</u>	<u>\$ 9.61</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$19,852,283	\$23,272,102
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>182,844</u>	<u>(103,556)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	932,904	1,226,505
Payments on redemption		
Series A Units	<u>(1,079,197)</u>	<u>(2,466,256)</u>
	<u>(146,293)</u>	<u>(1,239,751)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>36,551</u>	<u>(1,343,307)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$19,888,834</u>	<u>\$21,928,795</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 37,909	\$ 29,933
Interest	79,794	94,604
Other income	27	41
	<u>117,730</u>	<u>124,578</u>
EXPENSES		
Management fees (note 5)	206,625	233,129
Harmonized Sales Tax/Goods and Services Tax	23,439	26,990
Audit fees	1,460	5,199
Independent Review Committee fees	32	33
Custodian fees	357	437
Filing fees	7,194	7,215
Legal fees	477	1,626
Unitholder reporting costs	3,532	3,823
Unitholder administration and service fees	6,351	16,629
	<u>249,467</u>	<u>295,081</u>
Absorbed expenses	—	(835)
	<u>249,467</u>	<u>294,246</u>
Net investment income (loss)	<u>(131,737)</u>	<u>(169,668)</u>
Net realized gain (loss) on investments sold	50,445	226,913
Change in unrealized appreciation (depreciation) of investments	264,136	(160,801)
Net gain (loss) on investments	<u>314,581</u>	<u>66,112</u>
Increase (decrease) in Net Assets from operations	<u>\$ 182,844</u>	<u>\$(103,556)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$ 182,844</u>	<u>\$(103,556)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.09</u>	<u>\$ (0.05)</u>

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

Scotia Vision Aggressive 2030 Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 20.7%			
117,322	Scotia Canadian Bond Index Fund Series I	1,271,462	1,367,247
151,632	Scotia Canadian Income Fund Series I	1,991,767	2,123,418
69,546	Scotia Global Bond Fund Series I	587,440	628,804
		<u>3,850,669</u>	<u>4,119,469</u>
CANADIAN EQUITY FUNDS – 42.3%			
37,551	Scotia Canadian Blue Chip Fund Series I	949,673	995,874
67,427	Scotia Canadian Dividend Fund Series I	2,383,538	2,545,982
14,803	Scotia Canadian Growth Fund Series I	877,667	811,010
97,369	Scotia Canadian Index Fund Series I	1,892,935	1,934,688
100,819	Scotia Canadian Small Cap Fund Series I	2,323,998	2,133,590
		<u>8,427,811</u>	<u>8,421,144</u>
FOREIGN EQUITY FUNDS – 36.2%			
50,455	Scotia European Fund Series I	554,767	439,168
76,250	Scotia Global Opportunities Fund Series I	661,180	618,424
130,219	Scotia Global Small Cap Fund Series I	970,569	779,624
294,018	Scotia International Index Fund Series I	2,256,629	1,967,304
107,484	Scotia International Value Fund Series I	863,504	585,110
16,176	Scotia Latin American Fund Series I	403,698	371,078
36,525	Scotia Pacific Rim Fund Series I	460,884	394,179
80,138	Scotia U.S. Index Fund Series I	903,752	1,019,761
117,607	Scotia U.S. Value Fund Series I	927,475	1,015,311
		<u>8,002,458</u>	<u>7,189,959</u>
	TOTAL INVESTMENT PORTFOLIO	<u>20,280,938</u>	<u>19,730,572</u>
	OTHER ASSETS, LESS LIABILITIES – 0.8%		<u>158,262</u>
	NET ASSETS – 100.0%		<u>19,888,834</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	20.7	20.6
Canadian Equity Funds	42.3	42.2
Foreign Equity Funds	36.2	36.2

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.2% (December 31, 2011 – 99%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,973,057 (December 31, 2011 – \$1,966,108). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$128,890	\$1,405

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$19,730,572	\$ –	\$ –	\$19,730,572

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$19,661,079	\$ –	\$ –	\$19,661,079

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Income Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$1,244,287,956	\$920,670,079
Cash*	42,900,076	11,587,705
Accrued investment income	464,522	—
Receivable for securities sold	5,634,491	—
Subscriptions receivable	5,147,863	2,399,362
	<u>1,298,434,908</u>	<u>934,657,146</u>
LIABILITIES		
Payable for securities purchased	13,168,750	—
Distributions payable	295,393	333,836
Redemptions payable	1,426,180	417,703
Accrued expenses	1,784,104	46,106
Payable for futures contracts	536,275	—
	<u>17,210,702</u>	<u>797,645</u>
Net Assets	<u>\$1,281,224,206</u>	<u>\$933,859,501</u>
NET ASSETS PER SERIES		
Series A Units	\$1,083,089,213	\$802,517,527
Series T Units	\$ 198,134,993	\$131,341,974
UNITS OUTSTANDING		
Series A Units	88,990,028	67,933,522
Series T Units	12,766,567	8,490,207
NET ASSETS PER UNIT		
Series A Units	\$ 12.17	\$ 11.81
Series T Units	\$ 15.52	\$ 15.47

* 1,250,000 held by brokers as collateral for currency futures (December 31, 2011 – nil).

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,536,793	\$ 470,578
Interest	16,550,398	9,864,032
Securities lending	610	—
Other income	25,619	13,863
	<u>18,113,420</u>	<u>10,348,473</u>
EXPENSES		
Management fees (note 5)	8,750,083	5,128,194
Harmonized Sales Tax/Goods and Services Tax	984,581	577,303
Audit fees	12,622	7,336
Independent Review Committee fees	864	182
Custodian fees	652	839
Filing fees	34,514	20,193
Legal fees	4,493	1,946
Unitholder reporting costs	11,162	6,213
Unitholder administration and service fees	67,376	26,879
Overdraft charges	1,128	—
	<u>9,867,475</u>	<u>5,769,085</u>
Net investment income (loss)	<u>8,245,945</u>	<u>4,579,388</u>
Net realized gain (loss) on investments sold	6,766,078	—
Net realized gain (loss) on futures contracts	(600,325)	—
Net gain (loss) foreign exchange	219,347	—
Transaction costs	(4,380)	—
Change in unrealized appreciation (depreciation) of investments	15,179,815	6,098,052
Change in unrealized appreciation (depreciation) of currency futures	69,690	—
Net gain (loss) on investments and transaction costs	<u>21,630,225</u>	<u>6,098,052</u>
Increase (decrease) in Net Assets from operations	<u>\$29,876,170</u>	<u>\$10,677,440</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$26,963,656	\$10,245,314
Series T Units	\$ 2,912,514	\$ 432,126
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.34	\$ 0.21
Series T Units	\$ 0.28	\$ 0.08

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 802,517,527	\$490,304,681
Series T Units	131,341,974	62,616,628
	<u>933,859,501</u>	<u>552,921,309</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	26,963,656	10,245,314
Series T Units	2,912,514	432,126
	<u>29,876,170</u>	<u>10,677,440</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series T Units	(2,430,183)	(1,210,780)
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	329,477,106	197,578,689
Series T Units	82,333,317	46,105,664
Reinvested distributions		
Series T Units	946,861	483,971
Payments on redemption		
Series A Units	(75,869,076)	(54,913,110)
Series T Units	(16,969,490)	(10,026,196)
	<u>319,918,718</u>	<u>179,229,018</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	280,571,686	152,910,893
Series T Units	66,793,019	35,784,785
	<u>347,364,705</u>	<u>188,695,678</u>
NET ASSETS – END OF PERIOD		
Series A Units	1,083,089,213	643,215,574
Series T Units	198,134,993	98,401,413
	<u>\$1,281,224,206</u>	<u>\$741,616,987</u>

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

Scotia INNOVA Income Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO CURRENCY FUTURES CONTRACTS

Number of Contracts	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
77	Canadian \$ against U.S.\$ Sep. 2012	7,625,450	7,695,140	69,690

The above currency futures contracts are financial agreements to purchase foreign currencies at a contracted price on a specific future date. However, the Fund does not intend to purchase foreign currencies on settlement.

Rather, it intends to close out each currency futures contract before settlement by entering into equal, but offsetting currency futures contracts.

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Bond and Debenture Instruments	5.3	–
Fixed Income Funds	66.6	73.7
Canadian Equity Funds	12.1	12.1
Foreign Equity Funds	13.1	12.8
Futures Contracts	0.0	–

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 666,120	\$ –
1-3 years	–	–
3-5 years	19,115,354	–
5-10 years	21,451,260	–
> 10 years	26,874,066	–
Total	\$68,106,800	\$ –

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased by approximately \$2,475,453, or 0.2% of total Net Assets (December 31, 2011 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The Fund could also be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	10,531,649	0.8	–	–

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$1,053,165, or approximately 0.1% of total Net Assets, (December 31, 2011 – nil or approximately 0.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other

price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 91.8% (December 31, 2011 – 98.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$117,618,116 (December 31, 2011 – \$92,067,008). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	25.9	1.4	–	–
AA	25.8	1.4	–	–
A	34.8	1.7	–	–
BBB	10.5	0.6	–	–
BB	3.0	0.2	–	–
Total	100.0	5.3	–	–

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

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$16,674,427	\$797,645
Payable for futures contracts	536,275	–
	\$17,210,702	\$797,645

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012	Level 1	Level 2	Level 3	Total
	Mutual Funds	\$1,176,181,156	\$ –	\$ –
Bond and Debenture Instruments	–	68,106,800	–	68,106,800
Futures Contracts (Long)	69,690	–	–	69,690
	\$1,176,250,846	\$68,106,800	\$ –	\$1,244,357,646

December 31, 2011

	Level 1	Level 2	Level 3	Total
	Mutual Funds	\$920,670,079	\$ –	\$ –

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

Scotia INNOVA Balanced Income Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$953,599,644	\$750,679,079
Cash*	24,542,493	9,543,514
Accrued investment income	265,470	—
Receivable for securities sold	3,262,204	—
Subscriptions receivable	2,035,922	1,268,540
	<u>983,705,733</u>	<u>761,491,133</u>
LIABILITIES		
Payable for securities purchased	5,850,796	—
Distributions payable	298,634	312,468
Redemptions payable	1,130,422	428,177
Accrued expenses	1,451,725	39,937
Payable for futures contracts	327,900	—
	<u>9,059,477</u>	<u>780,582</u>
Net Assets	<u>\$974,646,256</u>	<u>\$760,710,551</u>
NET ASSETS PER SERIES		
Series A Units	\$847,652,147	\$663,867,843
Series T Units	\$126,994,109	\$96,842,708
UNITS OUTSTANDING		
Series A Units	67,827,840	54,827,959
Series T Units	8,427,103	6,438,373
NET ASSETS PER UNIT		
Series A Units	\$ 12.50	\$ 12.11
Series T Units	\$ 15.07	\$ 15.04

* \$720,000 held by brokers as collateral for currency futures (December 31, 2011 – nil).

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,395,260	\$ 647,110
Interest	10,606,315	7,226,961
Securities lending	298	—
Other income	11,828	11,662
	<u>12,013,701</u>	<u>7,885,733</u>
EXPENSES		
Management fees (note 5)	7,305,777	4,971,478
Harmonized Sales Tax/Goods and Services Tax	826,047	562,495
Audit fees	10,290	7,336
Independent Review Committee fees	693	174
Custodian fees	533	871
Filing fees	28,867	18,616
Legal fees	3,670	1,930
Unitholder reporting costs	10,207	6,088
Unitholder administration and service fees	56,022	26,262
Overdraft charges	292	—
	<u>8,242,398</u>	<u>5,595,250</u>
Net investment income (loss)	<u>3,771,303</u>	<u>2,290,483</u>
Net realized gain (loss) on investments sold	6,103,044	—
Net realized gain (loss) on futures contracts	(362,399)	—
Net gain (loss) foreign exchange	130,300	—
Transaction costs	(2,536)	—
Change in unrealized appreciation (depreciation) of investments	14,614,669	6,843,471
Change in unrealized appreciation (depreciation) of currency futures	39,472	—
Net gain (loss) on investments and transaction costs	<u>20,522,550</u>	<u>6,843,471</u>
Increase (decrease) in Net Assets from operations	<u>\$24,293,853</u>	<u>\$9,133,954</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$22,041,103	\$9,004,084
Series T Units	\$ 2,252,750	\$ 129,870
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.36	\$ 0.21
Series T Units	\$ 0.30	\$ 0.03

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$663,867,843	\$437,274,306
Series T Units	96,842,708	48,372,454
	<u>760,710,551</u>	<u>485,646,760</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	22,041,103	9,004,084
Series T Units	2,252,750	129,870
	<u>24,293,853</u>	<u>9,133,954</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series T Units	(2,277,370)	(1,264,259)
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	217,289,318	201,251,421
Series T Units	42,041,348	42,382,500
Reinvested distributions		
Series T Units	655,571	351,197
Payments on redemption		
Series A Units	(55,546,117)	(39,742,850)
Series T Units	(12,520,898)	(8,355,194)
	<u>191,919,222</u>	<u>195,887,074</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	183,784,304	170,512,655
Series T Units	30,151,401	33,244,114
	<u>213,935,705</u>	<u>203,756,769</u>
NET ASSETS – END OF PERIOD		
Series A Units	847,652,147	607,786,961
Series T Units	126,994,109	81,616,568
	<u>\$974,646,256</u>	<u>\$689,403,529</u>

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

Scotia INNOVA Balanced Income Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)/ Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 3.9%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
551,000	American Express Company 3.60% due Jun. 3, 2016	567,780	568,917	210,000	Owens Corning Inc. 9.00% due Jun. 15, 2019	270,283	267,600
785,000	Bank of Montreal 2.96% due Aug. 2, 2016	798,212	803,115	340,000	Plenary Properties LTAP LP 6.29% due Jan. 31, 2044	420,342	433,430
540,000	Bank of Nova Scotia, The 4.10% due Jun. 8, 2017	579,420	580,426	925,000	Province of British Columbia 4.30% due Jun. 18, 2042	1,100,067	1,100,852
1,150,000	bdMC Realty Corporation 3.51% due Jun. 29, 2022	1,149,713	1,152,557	3,600,000	Province of Ontario 1.90% due Sep. 8, 2017	3,558,853	3,590,882
450,000	Bell Canada 3.35% due Jun. 18, 2019	449,276	451,507	2,025,000	Province of Quebec 3.50% due Dec. 1, 2022	2,085,794	2,131,173
931,000	BP PLC 2.74% due Feb. 24, 2017	933,808	936,911	2,725,000	4.25% due Dec. 1, 2043	3,010,311	3,092,036
379,000	Brookfield Asset Management Inc. 5.30% due Mar. 1, 2021	402,574	411,868	500,000	Royal Bank of Canada 2.58% due Apr. 13, 2017	499,930	502,971
1,500,000	Canada Housing Trust No. 1 3.75% due Mar. 15, 2020	1,682,040	1,683,011	592,000	Sheritt International Corporation 8.00% due Nov. 15, 2017	632,565	629,783
432,000	Canadian Imperial Bank of Commerce 2.65% due Nov. 8, 2016	435,715	436,365	424,000	Suncor Energy, Inc. 5.80% due May 22, 2018	490,650	489,534
720,000	Canadian Western Bank (callable) 4.39% due Nov. 30, 2020-(2015)	744,278	741,377	402,000	Tim Hortons, Inc. 4.20% due Jun. 1, 2017	437,876	436,889
370,000	Caterpillar Financial Services Limited 2.63% due Jun. 1, 2017	374,288	372,409	612,000	Toronto-Dominion Bank, The 2.95% due Aug. 2, 2016	628,585	627,747
214,000	CI Investments Inc. 3.94% due Dec. 14, 2016	221,490	221,341	3,300,000	United States Treasury Note 3.00% due May 15, 2042	3,531,316	3,524,027
430,000	Co-operators Financial Services Limited 5.78% due Mar. 10, 2020	440,363	457,367	300,000	Veresen Inc. 3.95% due Mar. 14, 2017	299,826	304,565
376,000	Corus Entertainment Inc. (callable) 7.25% due Feb. 10, 2017-(2013)	400,440	401,380	432,000	Wells Fargo Financial Canada Corporation 2.77% due Feb. 9, 2017	430,013	433,163
605,000	Enbridge Inc. 5.17% due May 19, 2016	674,286	668,459	700,000	Westcoast Energy Inc. 3.28% due Jan. 15, 2016	726,726	723,862
232,000	First Capital Realty Inc. 5.85% due Jan. 31, 2017	255,757	256,778			<u>38,185,173</u>	<u>38,504,390</u>
565,000	Ford Credit Canada Limited 4.88% due Feb. 8, 2017	568,469	583,979	FIXED INCOME FUNDS – 53.6%			
605,000	GE Capital Canada Funding Company 5.68% due Sep. 10, 2019	684,775	689,223	20,520,841	Scotia Canadian Income Fund Series I	273,877,304	287,369,754
432,000	George Weston Limited 3.78% due Oct. 25, 2016	448,157	450,835	6,040,324	Scotia Private American Core-Plus Bond Pool Series I	53,396,684	57,634,345
1,200,000	Government of Canada 2.75% due Jun. 1, 2022	1,307,520	1,309,843	5,382,591	Scotia Private Canadian Corporate Bond Pool Series I	56,376,648	57,580,807
1,625,000	Great-West Lifeco Inc. 1.50% due Dec. 1, 2044	2,166,904	2,230,030	5,255,355	Scotia Private High Yield Income Pool Series I	47,801,838	47,948,278
180,000	Hewlett-Packard Company 7.13% due Jun. 26, 2018	201,366	203,630	6,526,685	Scotia Private Short-Mid Government Bond Pool Series I	69,902,687	71,911,009
670,000	Hospital Infrastructure Partners (NOH) Partnership 4.65% due Dec. 9, 2021	713,107	717,592			<u>501,355,161</u>	<u>522,444,193</u>
390,000	HSBC Bank of Canada 5.44% due Jan. 31, 2045	436,098	443,584	CANADIAN EQUITY FUNDS – 18.1%			
396,000	Integrated Team Solutions SJHC Partnership 3.56% due Oct. 4, 2017	411,800	412,736	2,582,333	Scotia Canadian Dividend Fund Series I	98,011,172	97,507,088
380,000	International Business Machines Corporation 5.95% due Nov. 30, 2042	442,320	452,684	5,138,888	Scotia Private Canadian Equity Pool Series I	55,765,140	53,859,139
525,000	John Deere Credit Inc. 2.20% due Feb. 10, 2017	525,877	527,207	1,074,808	Scotia Private Canadian Small Cap Pool Series I	22,111,753	24,705,315
260,000	Loblaw Companies Limited 2.30% due Jul. 5, 2016	259,940	260,279			<u>175,888,065</u>	<u>176,071,542</u>
470,000	Master Credit Card Trust 6.15% due Jan. 29, 2035	524,877	529,784	FOREIGN EQUITY FUNDS – 22.2%			
550,000	Molson Coors International LP 2.63% due Jan. 21, 2017	556,991	555,499	2,368,347	Scotia Private Emerging Markets Pool Series I	22,256,210	19,774,512
432,000	NBC Asset Trust 3.95% due Oct. 6, 2017	448,649	449,115	3,012,636	Scotia Private Global Equity Pool Series I	36,669,222	39,386,303
216,000	NBC Asset Trust 7.24% due Jun. 30, 2018	255,746	256,068	1,540,793	Scotia Private Global Real Estate Pool Series I	17,986,356	19,970,989
				8,259,011	Scotia Private International Equity Pool Series I	74,627,454	73,786,004
				2,340,027	Scotia Private U.S. Equity Pool Series I	17,922,627	19,515,119
				3,849,613	Scotia Private U.S. Value Pool Series I	39,043,246	44,146,592
						<u>208,505,115</u>	<u>216,579,519</u>
					TOTAL INVESTMENT PORTFOLIO	<u>923,933,514</u>	<u>953,599,644</u>
					Futures Contracts – 0.0%		(327,900)
					OTHER ASSETS, LESS LIABILITIES – 2.2%		<u>21,374,512</u>
					NET ASSETS – 100.0%		<u>974,646,256</u>

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

Scotia INNOVA Balanced Income Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO CURRENCY FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
43	Canadian \$ against U.S. \$	Sep. 2012	4,257,814	4,297,286	39,472

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

The futures contracts outstanding at June 30, 2012 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Bond and Debenture Instruments	3.9	–
Fixed Income Funds	53.6	59.0
Canadian Equity Funds	18.1	18.1
Foreign Equity Funds	22.2	21.6
Futures Contracts	0.0	–

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

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

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 401,380	\$ –
1-3 years	–	–
3-5 years	10,993,093	–
5-10 years	12,019,760	–
> 10 years	15,090,157.00	–
Total	\$ 38,504,390	\$ –

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased by approximately \$1,387,031, or 0.1% of total Net Assets (December 31, 2011 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The Fund could also be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	5,612,966	0.6	–	–

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$561,297 or approximately 0.1% of total Net Assets, (December 31, 2011 - nil, or approximately 0.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its

issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 93.9% (December 31, 2011 – 98.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$91,509,525 (December 31, 2011 – \$75,067,908). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	24.2	1.0	–	–
AA	26.4	1.0	–	–
A	35.5	1.4	–	–
BBB	10.7	0.4	–	–
BB	3.2	0.1	–	–
Total	100.0	3.9	–	–

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

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$8,731,577	\$780,582
Futures contracts	327,900	–
	\$9,059,477	\$780,582

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012	Level 1	Level 2	Level 3	Total
	Mutual Funds	\$915,095,254	\$ –	\$ –
Bond and Debenture Instruments	–	38,504,390	–	38,504,390
Futures Contracts (Long)	39,472	–	–	39,472
	\$915,134,726	\$38,504,390	\$ –	\$953,639,116

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$750,679,079	\$ –	\$ –	\$750,679,079

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Futures contracts reflect the total appreciation (depreciation) of the contracts and not the current amount receivable (payable) as disclosed in the Statement of Net Assets.

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

Scotia INNOVA Balanced Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$1,068,462,093	\$890,890,676
Cash	5,879,735	8,895,338
Accrued investment income	4,295	—
Subscriptions receivable	1,418,872	699,516
	<u>1,075,764,995</u>	<u>900,485,530</u>
LIABILITIES		
Payable for securities purchased	1,000,003	—
Distributions payable	279,437	241,830
Redemptions payable	609,530	612,646
Accrued expenses	1,691,973	49,764
	<u>3,580,943</u>	<u>904,240</u>
Net Assets	<u>\$1,072,184,052</u>	<u>\$899,581,290</u>
NET ASSETS PER SERIES		
Series A Units	\$ 965,984,012	\$814,855,668
Series T Units	\$ 106,200,040	\$ 84,725,622
UNITS OUTSTANDING		
Series A Units	76,786,263	66,798,192
Series T Units	7,439,323	5,921,451
NET ASSETS PER UNIT		
Series A Units	\$ 12.58	\$ 12.20
Series T Units	\$ 14.28	\$ 14.31

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 2,113,459	\$1,236,636
Interest	8,011,751	6,149,185
Other income	13,208	15,476
	<u>10,138,418</u>	<u>7,401,297</u>
EXPENSES		
Management fees (note 5)	8,894,467	6,714,301
Harmonized Sales Tax/Goods and Services Tax	989,497	744,302
Audit fees	11,489	7,336
Independent Review Committee fees	803	228
Custodian fees	659	809
Filing fees	32,750	20,960
Legal fees	4,095	2,046
Unitholder reporting costs	11,971	6,952
Unitholder administration and service fees	65,406	29,622
	<u>10,011,137</u>	<u>7,526,556</u>
Net investment income (loss)	<u>127,281</u>	<u>(125,259)</u>
Net realized gain (loss) on investments sold	6,497,647	—
Change in unrealized appreciation (depreciation) of investments	20,176,645	9,752,366
Net gain (loss) on investments	<u>26,674,292</u>	<u>9,752,366</u>
Increase (decrease) in Net Assets from operations	<u>\$26,801,573</u>	<u>\$9,627,107</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$24,874,491	\$9,681,507
Series T Units	\$ 1,927,082	\$ (54,400)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.35	\$ 0.18
Series T Units	\$ 0.29	\$ (0.01)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 814,855,668	\$551,335,965
Series T Units	84,725,622	42,421,348
	<u>899,581,290</u>	<u>593,757,313</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	24,874,491	9,681,507
Series T Units	1,927,082	(54,400)
	<u>26,801,573</u>	<u>9,627,107</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Series T Units	(2,524,543)	(1,504,833)
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	190,919,599	276,989,936
Series T Units	30,304,942	39,194,636
Reinvested distributions		
Series T Units	976,542	563,757
Payments on redemption		
Series A Units	(64,665,746)	(37,705,484)
Series T Units	(9,209,605)	(6,447,753)
	<u>148,325,732</u>	<u>272,595,092</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	151,128,344	248,965,959
Series T Units	21,474,418	31,751,407
	<u>172,602,762</u>	<u>280,717,366</u>
NET ASSETS – END OF PERIOD		
Series A Units	965,984,012	800,301,924
Series T Units	106,200,040	74,172,755
	<u>\$1,072,184,052</u>	<u>\$874,474,679</u>

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

Scotia INNOVA Balanced Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 39.7%			
20,521,919	Scotia Canadian Income Fund Series I	276,078,235	287,384,850
4,252,763	Scotia Canadian Preferred Share Pool Series I	42,571,804	42,474,898
5,561,507	Scotia Private American Core-Plus Bond Pool Series I	49,322,611	53,065,672
4,640,189	Scotia Private High Yield Income Pool Series I	42,172,134	42,335,688
		<u>410,144,784</u>	<u>425,261,108</u>
CANADIAN EQUITY FUNDS – 27.0%			
3,397,434	Scotia Canadian Dividend Fund Series I	129,448,134	128,284,730
7,148,147	Scotia Private Canadian Equity Pool Series I	78,234,489	74,917,577
2,424,467	Scotia Private Canadian Growth Pool Series I	28,500,000	26,681,255
2,568,907	Scotia Private Canadian Small Cap Pool Series I	52,314,742	59,048,382
		<u>288,497,365</u>	<u>288,931,944</u>
FOREIGN EQUITY FUNDS – 33.0%			
3,844,581	Scotia Private Emerging Markets Pool Series I	36,648,185	32,100,327
4,915,000	Scotia Private Global Equity Pool Series I	59,520,898	64,257,228
2,523,071	Scotia Private Global Real Estate Pool Series I	29,398,931	32,702,787
13,856,635	Scotia Private International Equity Pool Series I	125,268,098	123,795,180
3,211,137	Scotia Private U.S. Equity Pool Series I	24,501,149	26,779,918
1,310,464	Scotia Private U.S. Mid Cap Growth Pool Series I	21,421,752	21,307,611
4,650,063	Scotia Private U.S. Value Pool Series I	45,890,369	53,325,990
		<u>342,649,382</u>	<u>354,269,041</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,041,291,531</u>	<u>1,068,462,093</u>
	OTHER ASSETS, LESS LIABILITIES – 0.3%		3,721,959
	NET ASSETS – 100.0%		<u>1,072,184,052</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	39.7	39.7
Canadian Equity Funds	27.0	27.2
Foreign Equity Funds	33.0	32.2

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.0%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$106,846,210 (December 31, 2011 – \$89,089,068). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$3,580,943	\$904,240

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,068,462,093	\$ –	\$ –	\$1,068,462,093

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$890,890,676	\$ –	\$ –	\$890,890,676

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$470,030,968	\$399,586,800
Cash	2,584,639	4,112,991
Accrued investment income	1,723	—
Subscriptions receivable	1,037,517	489,925
	<u>473,654,847</u>	<u>404,189,716</u>
LIABILITIES		
Payable for securities purchased	650,014	—
Distributions payable	—	2,533
Redemptions payable	125,360	28,000
Accrued expenses	782,331	23,628
	<u>1,557,705</u>	<u>54,161</u>
Net Assets	<u>\$472,097,142</u>	<u>\$404,135,555</u>
NET ASSETS PER SERIES		
Series A Units	\$472,097,142	\$404,135,555
UNITS OUTSTANDING		
Series A Units	<u>36,508,031</u>	<u>32,207,678</u>
NET ASSETS PER UNIT		
Series A Units	\$ 12.93	\$ 12.55

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$404,135,555	\$263,694,848
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>11,672,494</u>	<u>3,546,552</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	85,437,347	146,736,486
Payments on redemption		
Series A Units	<u>(29,148,254)</u>	<u>(15,254,254)</u>
	<u>56,289,093</u>	<u>131,482,232</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>67,961,587</u>	<u>135,028,784</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$472,097,142</u>	<u>\$398,723,632</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 902,381	\$ 707,101
Interest	2,279,627	1,744,986
Other income	1,783	4,830
	<u>3,183,791</u>	<u>2,456,917</u>
EXPENSES		
Management fees (note 5)	4,191,231	3,220,664
Harmonized Sales Tax/Goods and Services Tax	455,457	348,328
Audit fees	5,946	7,336
Independent Review Committee fees	363	108
Custodian fees	587	748
Filing fees	18,429	12,297
Legal fees	2,048	1,786
Unitholder reporting costs	7,137	5,022
Unitholder administration and service fees	31,318	21,256
	<u>4,712,516</u>	<u>3,617,545</u>
Net investment income (loss)	<u>(1,528,725)</u>	<u>(1,160,628)</u>
Net realized gain (loss) on investments sold	1,947,239	—
Change in unrealized appreciation (depreciation) of investments	11,253,980	4,707,180
Net gain (loss) on investments	<u>13,201,219</u>	<u>4,707,180</u>
Increase (decrease) in Net Assets from operations	<u>\$11,672,494</u>	<u>\$ 3,546,552</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$11,672,494</u>	<u>\$ 3,546,552</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	\$ 0.34	\$ 0.14

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

Scotia INNOVA Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 25.1%			
5,101,622	Scotia Canadian Income Fund Series I	68,266,950	71,442,102
1,387,520	Scotia Canadian Preferred Share Pool Series I	13,888,847	13,857,991
1,967,375	Scotia Private American Core-Plus Bond Pool Series I	17,630,804	18,771,908
1,549,013	Scotia Private High Yield Income Pool Series I	14,076,815	14,132,733
		<u>113,863,416</u>	<u>118,204,734</u>
CANADIAN EQUITY FUNDS – 33.2%			
1,486,734	Scotia Canadian Dividend Fund Series I	56,839,895	56,138,045
3,574,324	Scotia Private Canadian Equity Pool Series I	38,995,033	37,461,418
2,124,823	Scotia Private Canadian Growth Pool Series I	25,050,009	23,383,680
1,735,790	Scotia Private Canadian Small Cap Pool Series I	36,397,471	39,898,520
		<u>157,282,408</u>	<u>156,881,663</u>
FOREIGN EQUITY FUNDS – 41.3%			
2,227,462	Scotia Private Emerging Markets Pool Series I	21,267,213	18,598,195
2,687,577	Scotia Private Global Equity Pool Series I	32,313,116	35,136,570
1,484,999	Scotia Private Global Real Estate Pool Series I	17,006,521	19,247,810
7,384,396	Scotia Private International Equity Pool Series I	66,746,569	65,972,197
1,701,459	Scotia Private U.S. Equity Pool Series I	13,031,220	14,189,659
707,306	Scotia Private U.S. Mid Cap Growth Pool Series I	11,526,653	11,500,518
2,642,148	Scotia Private U.S. Value Pool Series I	25,748,069	30,299,622
		<u>187,639,361</u>	<u>194,944,571</u>
	TOTAL INVESTMENT PORTFOLIO	<u>458,785,185</u>	<u>470,030,968</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		2,066,174
	NET ASSETS – 100.0%		<u>472,097,142</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	25.1	24.7
Canadian Equity Funds	33.2	33.7
Foreign Equity Funds	41.3	40.5

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.6% (December 31, 2011 – 98.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$47,003,097 (December 31, 2011 – \$39,958,680). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$1,557,705	\$54,161

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$470,030,968	\$ –	\$ –	\$470,030,968

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$399,586,800	\$ –	\$ –	\$399,586,800

During the period ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Maximum Growth Portfolio (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$104,110,219	\$86,984,515
Cash	618,091	640,023
Accrued investment income	400	—
Receivable for securities sold	185,001	—
Subscriptions receivable	23,659	188,622
	<u>104,937,370</u>	<u>87,813,160</u>
LIABILITIES		
Payable for securities purchased	99,994	—
Redemptions payable	162,861	50,000
Accrued expenses	182,435	5,555
	<u>445,290</u>	<u>55,555</u>
Net Assets	<u>\$104,492,080</u>	<u>\$87,757,605</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$104,492,080</u>	<u>\$87,757,605</u>
UNITS OUTSTANDING		
Series A Units	<u>8,034,362</u>	<u>6,970,152</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 13.01</u>	<u>\$ 12.59</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 87,757,605	\$55,747,936
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>2,581,800</u>	<u>386,959</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	21,613,375	38,585,980
Payments on redemption		
Series A Units	(7,460,700)	(4,365,651)
	<u>14,152,675</u>	<u>34,220,329</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>16,734,475</u>	<u>34,607,288</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$104,492,080</u>	<u>\$90,355,224</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 230,898	\$ 211,416
Interest	4,106	2,127
Other income	1,036	1,053
	<u>236,040</u>	<u>214,596</u>
EXPENSES		
Management fees (note 5)	976,774	761,325
Harmonized Sales Tax/Goods and Services Tax	102,186	79,802
Audit fees	2,215	5,199
Independent Review Committee fees	82	23
Custodian fees	642	639
Filing fees	8,895	7,777
Legal fees	875	1,606
Unitholder reporting costs	3,973	3,673
Unitholder administration and service fees	9,413	15,589
	<u>1,105,055</u>	<u>875,633</u>
Net investment income (loss)	<u>(869,015)</u>	<u>(661,037)</u>
Net realized gain (loss) on investments sold	8,830	10,856
Change in unrealized appreciation (depreciation) of investments	<u>3,441,985</u>	<u>1,037,140</u>
Net gain (loss) on investments	<u>3,450,815</u>	<u>1,047,996</u>
Increase (decrease) in Net Assets from operations	<u>\$2,581,800</u>	<u>\$ 386,959</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$2,581,800</u>	<u>\$ 386,959</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.34</u>	<u>\$ 0.07</u>

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

Scotia INNOVA Maximum Growth Portfolio (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CANADIAN EQUITY FUNDS – 45.2%			
423,852	Scotia Canadian Dividend Fund Series I	16,293,466	16,004,369
649,780	Scotia Private Canadian Equity Pool Series I	7,150,591	6,810,148
1,037,115	Scotia Private Canadian Growth Pool Series I	12,193,662	11,413,451
566,946	Scotia Private Canadian Small Cap Pool Series I	12,146,326	13,031,705
		<u>47,784,045</u>	<u>47,259,673</u>
FOREIGN EQUITY FUNDS – 54.4%			
625,727	Scotia Private Emerging Markets Pool Series I	5,989,166	5,224,504
796,369	Scotia Private Global Equity Pool Series I	9,600,047	10,411,491
408,884	Scotia Private Global Real Estate Pool Series I	4,678,652	5,299,744
2,154,129	Scotia Private International Equity Pool Series I	19,538,870	19,244,985
500,410	Scotia Private U.S. Equity Pool Series I	3,850,007	4,173,271
222,482	Scotia Private U.S. Mid Cap Growth Pool Series I	3,630,123	3,617,472
774,262	Scotia Private U.S. Value Pool Series I	7,606,055	8,879,079
		<u>54,892,920</u>	<u>56,850,546</u>
	TOTAL INVESTMENT PORTFOLIO	<u>102,676,965</u>	<u>104,110,219</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		<u>381,861</u>
	NET ASSETS – 100.0%		<u>104,492,080</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equity Funds	45.2	45.8
Foreign Equity Funds	54.4	53.4

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.6% (December 31, 2011 – 99.1%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$10,411,022 (December 31, 2011 – \$8,698,452). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$445,290	\$55,555

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$104,110,219	\$ –	\$ –	\$104,110,219

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$86,984,515	\$ –	\$ –	\$86,984,515

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Short Term Yield Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$149,700
Cash	370
Accrued investment income	34
	<u>150,104</u>
LIABILITIES	
Accrued expenses	10
	<u>10</u>
Net Assets	<u>\$150,094</u>
NET ASSETS PER SERIES	
Series M Shares	<u>\$150,094</u>
SHARES OUTSTANDING	
Series M Shares	<u>15,000</u>
NET ASSETS PER SHARE	
Series M Shares	<u>\$ 10.01</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series M Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>94</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series M Shares	<u>150,000</u>
INCREASE (DECREASE) IN NET ASSETS	
Series M Shares	<u>150,094</u>
NET ASSETS – END OF PERIOD	
Series M Shares	<u>\$150,094</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Interest	\$ 105
EXPENSES	
Management fees (note 5)	8
Administration fees (note 6)	1
Harmonized Sales Tax/Goods and Services Tax	2
Independent Review Committee fees	–
	<u>11</u>
Net investment income (loss)	<u>94</u>
Increase (decrease) in Net Assets from operations	<u>\$ 94</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>\$ 94</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series M Shares	<u>\$0.01</u>

Scotia Short Term Yield Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CASH EQUIVALENT FUND – 99.7%			
14,970	Scotia Money Market Fund Series I	149,700	149,700
TOTAL INVESTMENT PORTFOLIO		<u>149,700</u>	<u>149,700</u>
OTHER ASSETS, LESS LIABILITIES – 0.3%			394
NET ASSETS – 100.0%			<u>150,094</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%) June 30, 2012
Cash Equivalent Fund	99.7

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$14,970. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the Fund's indirect proportional exposure to the underlying fund's investments in the preferred shares, bond and debenture instruments, excluding cash and money market instruments.

	June 30, 2012	
	Indirect Proportional Percentage of Total Bond and Debenture Instruments (%)	Indirect Proportional Percentage of Net Assets (%)
Short-Term Rating		
R1-High	7.9	7.9
R1-Middle	8.3	8.3
R1-Low	17.2	17.2
Bond Credit Rating		
AAA	17.7	17.7
AA	33.2	33.3
A	15.7	15.7
Total	100.0	100.1

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$10

Fair value classification (note 2)

The table below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$149,700	\$–	\$–	\$149,700

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Conservative Government Bond Capital Yield Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
<hr/>	
ASSETS	
Investments at fair value	\$5,910,051
Cash	132,780
Subscriptions receivable	617,722
	<u>6,660,553</u>
LIABILITIES	
Payable for securities purchased	746,500
Accrued expenses	3,502
	<u>750,002</u>
Net Assets	<u>\$5,910,551</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$5,910,551</u>
SHARES OUTSTANDING	
Series A Shares	<u>586,057</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.09</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
<hr/>	
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>12,052</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	<u>5,898,499</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>5,910,551</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$5,910,551</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
<hr/>	
INVESTMENT INCOME	
Interest	<u>\$14,920</u>
EXPENSES	
Management fees (note 5)	2,854
Administration fees (note 6)	258
Harmonized Sales Tax/Goods and Services Tax	406
Independent Review Committee fees	1
	<u>3,519</u>
Net investment income (loss)	<u>11,401</u>
Net realized gain (loss) on investments sold	873
Change in unrealized appreciation (depreciation) of investments	(222)
Net gain (loss) on investments	<u>651</u>
Increase (decrease) in Net Assets from operations	<u>\$12,052</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$12,052</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.03</u>

Scotia Conservative Government Bond Capital Yield Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUND – 100.0%			
536,400	Scotia Private Short-Mid Government Bond Pool Series I	5,910,273	5,910,051
	TOTAL INVESTMENT PORTFOLIO	5,910,273	5,910,051
	OTHER ASSETS, LESS LIABILITIES – 0.0%		500
	NET ASSETS – 100.0%		5,910,551

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Fixed Income Fund	100.0	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Interest rate risk (note 3)

As at June 30, 2012, the Fund invested in underlying funds, which are exposed to interest rate risk. As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$74,671, or approximately 1.3% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the Fund's indirect proportional exposure to the underlying fund's investments in the preferred shares, bond and debenture instruments, excluding cash and money market instruments.

	June 30, 2012	
	Indirect Proportional Total Bond and Debenture Instruments (%)	Indirect Proportional Percentage of Net Assets (%)
AAA	49.3	47.6
AA	26.9	26.0
A	23.8	22.9
Total	100.0	96.5

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$750,002

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$5,910,051	\$ –	\$ –	\$5,910,051

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Canadian Corporate Bond Capital Yield Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$205,249
Cash	55,960
	<u>261,209</u>
LIABILITIES	
Payable for securities purchased	55,500
Accrued expenses	13
	<u>55,513</u>
Net Assets	<u>\$205,696</u>
NET ASSETS PER SERIES	
Series M Shares	<u>\$205,696</u>
SHARES OUTSTANDING	
Series M Shares	<u>20,557</u>
NET ASSETS PER SHARE	
Series M Shares	<u>\$ 10.01</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series M Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>106</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series M Shares	<u>205,590</u>
INCREASE (DECREASE) IN NET ASSETS	
Series M Shares	<u>205,696</u>
NET ASSETS – END OF PERIOD	
Series M Shares	<u>\$205,696</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Interest	\$ 761
EXPENSES	
Management fees (note 5)	10
Administration fees (note 6)	2
Harmonized Sales Tax/Goods and Services Tax	2
Independent Review Committee fees	–
	<u>14</u>
Net investment income (loss)	<u>747</u>
Change in unrealized appreciation (depreciation) of investments	<u>(641)</u>
Net gain (loss) on investments	<u>(641)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 106</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>\$ 106</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series M Shares	<u>\$0.01</u>

Scotia Canadian Corporate Bond Capital Yield Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUND – 99.8%			
19,186	Scotia Private Canadian Corporate Bond Pool Series I	205,890	205,249
	TOTAL INVESTMENT PORTFOLIO	205,890	205,249
	OTHER ASSETS, LESS LIABILITIES – 0.2%		447
	NET ASSETS – 100.0%		205,696

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Fixed Income Fund	99.8	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Interest rate risk (note 3)

As at June 30, 2012, the Fund invested in underlying funds, which are exposed to interest rate risk. As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased, respectively, by \$2,543, or approximately 1.2% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the Fund's indirect proportional exposure to the underlying fund's investments in the preferred shares, bond and debenture instruments, excluding cash and money market instruments.

	June 30, 2012	
	Indirect Proportional Percentage of Total Bond and Debenture Instruments (%)	Indirect Proportional Percentage of Net Assets (%)
AAA	7.9	7.7
AA	22.9	22.6
A	54.1	53.2
BBB	15.1	14.9
Total	100.0	98.4

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$55,513

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$205,249	\$ –	\$ –	\$205,249

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Canadian Dividend Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$1,451,107
Cash	71,352
Subscriptions receivable	193,195
	<u>1,715,654</u>
LIABILITIES	
Payable for securities purchased	263,000
Accrued expenses	987
	<u>263,987</u>
Net Assets	<u>\$1,451,667</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$1,451,667</u>
SHARES OUTSTANDING	
Series A Shares	<u>144,259</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.06</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>20,164</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	<u>1,431,503</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>1,451,667</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$1,451,667</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$ 9,939
Interest	72
	<u>10,011</u>
EXPENSES	
Management fees (note 5)	841
Administration fees (note 6)	56
Harmonized Sales Tax/Goods and Services Tax	118
Independent Review Committee fees	0
	<u>1,015</u>
Net investment income (loss)	<u>8,996</u>
Change in unrealized appreciation (depreciation) of investments	<u>11,168</u>
Net gain (loss) on investments	<u>11,168</u>
Increase (decrease) in Net Assets from operations	<u>\$20,164</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$20,164</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.29</u>

Scotia Canadian Dividend Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CANADIAN EQUITY FUND – 100.0%			
38,430	Scotia Canadian Dividend Fund Series I	1,439,939	1,451,107
	TOTAL INVESTMENT PORTFOLIO	<u>1,439,939</u>	<u>1,451,107</u>
	OTHER ASSETS, LESS LIABILITIES – 0.0%		560
	NET ASSETS – 100.0%		<u>1,451,667</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%) June 30, 2012
Canadian Equity Fund	100.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant indirect exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the underlying fund's financial instruments.

Currency	June 30, 2012	
	Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	200,330	13.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$20,033, or approximately 1.4% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 100.0% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$145,111. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$263,987

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,451,107	\$ –	\$ –	\$1,451,107

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Equity Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$178,145
Cash	24,430
	<u>202,575</u>
LIABILITIES	
Payable for securities purchased	24,400
Accrued expenses	12
	<u>24,412</u>
Net Assets	<u>\$178,163</u>
NET ASSETS PER SERIES	
Series M Shares	<u>\$178,163</u>
SHARES OUTSTANDING	
Series M Shares	<u>17,400</u>
NET ASSETS PER SHARE	
Series M Shares	<u>\$ 10.24</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series M Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>4,153</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series M Shares	<u>174,010</u>
INCREASE (DECREASE) IN NET ASSETS	
Series M Shares	<u>178,163</u>
NET ASSETS – END OF PERIOD	
Series M Shares	<u>\$178,163</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Interest	\$ 70
EXPENSES	
Management fees (note 5)	9
Administration fees (note 6)	2
Harmonized Sales Tax/Goods and Services Tax	1
Independent Review Committee fees	–
	<u>12</u>
Net investment income (loss)	<u>58</u>
Change in unrealized appreciation (depreciation) of investments	<u>4,095</u>
Net gain (loss) on investments	<u>4,095</u>
Increase (decrease) in Net Assets from operations	<u>\$4,153</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>\$4,153</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series M Shares	<u>\$ 0.24</u>

Scotia Private Canadian Equity Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
CANADIAN EQUITY FUND – 100.0%			
16,997	Scotia Private Canadian Equity Pool Series I	174,050	178,145
	TOTAL INVESTMENT PORTFOLIO	<u>174,050</u>	<u>178,145</u>
	OTHER ASSETS, LESS LIABILITIES – 0.0%		18
	NET ASSETS – 100.0%		<u>178,163</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%) June 30, 2012
Canadian Equity Fund	100.0

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 100.0% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$17,815. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$24,412

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Level 1	Level 2	Level 3	Total
Mutual Funds	\$178,145	\$ –	\$ –	\$178,145

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Dividend Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$155,888
Cash	3,340
	<u>159,228</u>
LIABILITIES	
Payable for securities purchased	3,000
Accrued expenses	12
	<u>3,012</u>
Net Assets	<u>\$156,216</u>
NET ASSETS PER SERIES	
Series M Shares	<u>\$156,216</u>
SHARES OUTSTANDING	
Series M Shares	<u>15,292</u>
NET ASSETS PER SHARE	
Series M Shares	<u>\$ 10.22</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$ 664
Interest	70
	<u>734</u>
EXPENSES	
Management fees (note 5)	8
Administration fees (note 6)	3
Harmonized Sales Tax/Goods and Services Tax	1
Independent Review Committee fees	—
	<u>12</u>
Net investment income (loss)	<u>722</u>
Change in unrealized appreciation (depreciation) of investments	<u>2,574</u>
Net gain (loss) on investments	<u>2,574</u>
Increase (decrease) in Net Assets from operations	<u>\$3,296</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>\$3,296</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series M Shares	<u>\$ 0.22</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series M Shares	\$ —
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>3,296</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series M Shares	<u>152,920</u>
INCREASE (DECREASE) IN NET ASSETS	
Series M Shares	<u>156,216</u>
NET ASSETS – END OF PERIOD	
Series M Shares	<u>\$156,216</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

Scotia Private U.S. Dividend Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITY FUND – 99.8%			
15,328	Scotia Private U.S. Dividend Pool Series I	153,314	155,888
	TOTAL INVESTMENT PORTFOLIO	<u>153,314</u>	<u>155,888</u>
	OTHER ASSETS, LESS LIABILITIES – 0.2%		<u>328</u>
	NET ASSETS – 100.0%		<u>156,216</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%) June 30, 2012
Foreign Equity Fund	99.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant indirect exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the underlying fund's financial instruments.

Currency	June 30, 2012	
	Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	98,416	63.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$9,841, or approximately 6.3% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.8% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$15,589. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$3,012

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Level 1	Level 2	Level 3	Total
Mutual Funds	\$155,888	\$ –	\$ –	\$155,888

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Equity Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
<hr/>	
ASSETS	
Investments at fair value	\$168,989
Cash	<u>17,910</u>
	<u>186,899</u>
LIABILITIES	
Payable for securities purchased	17,500
Accrued expenses	<u>13</u>
	<u>17,513</u>
Net Assets	<u>\$169,386</u>
NET ASSETS PER SERIES	
Series M Shares	<u>\$169,386</u>
SHARES OUTSTANDING	
Series M Shares	<u>16,743</u>
NET ASSETS PER SHARE	
Series M Shares	<u>\$ 10.12</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
<hr/>	
NET ASSETS – BEGINNING OF PERIOD	
Series M Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>1,946</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series M Shares	<u>167,440</u>
INCREASE (DECREASE) IN NET ASSETS	
Series M Shares	<u>169,386</u>
NET ASSETS – END OF PERIOD	
Series M Shares	<u>\$169,386</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
<hr/>	
INVESTMENT INCOME	
Interest	\$ 70
EXPENSES	
Management fees (note 5)	9
Administration fees (note 6)	3
Harmonized Sales Tax/Goods and Services Tax	1
Independent Review Committee fees	<u>–</u>
	<u>13</u>
Net investment income (loss)	<u>57</u>
Change in unrealized appreciation (depreciation) of investments	<u>1,889</u>
Net gain (loss) on investments	<u>1,889</u>
Increase (decrease) in Net Assets from operations	<u>\$1,946</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series M Shares	<u>\$1,946</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series M Shares	<u>\$ 0.12</u>

Scotia Private U.S. Equity Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITY FUND – 99.8%			
20,263	Scotia Private U.S. Equity Pool Series I	167,100	168,989
	TOTAL INVESTMENT PORTFOLIO	167,100	168,989
	OTHER ASSETS, LESS LIABILITIES – 0.2%		397
	NET ASSETS – 100.0%		169,386

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%) June 30, 2012
Foreign Equity Fund	99.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant indirect exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the underlying fund's financial instruments.

Currency	June 30, 2012	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	169,217	99.9

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$16,922, or approximately 10.0% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.8% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$16,899. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$17,513

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Level 1	Level 2	Level 3	Total
Mutual Funds	\$168,989	\$ –	\$ –	\$168,989

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia Global Dividend Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
<hr/>	
ASSETS	
Investments at fair value	\$246,521
Cash	838
	<u>247,359</u>
LIABILITIES	
Accrued expenses	440
	<u>440</u>
Net Assets	<u>\$246,919</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$246,919</u>
SHARES OUTSTANDING	
Series A Shares	<u>24,070</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.26</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
<hr/>	
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>7,319</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	<u>239,600</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>246,919</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$246,919</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
<hr/>	
INVESTMENT INCOME	
Interest	\$ 70
EXPENSES	
Management fees (note 5)	363
Administration fees (note 6)	55
Harmonized Sales Tax/Goods and Services Tax	54
Independent Review Committee fees	–
	<u>472</u>
Net investment income (loss)	<u>(402)</u>
Net realized gain (loss) on investments sold	13
Change in unrealized appreciation (depreciation) of investments	7,708
Net gain (loss) on investments	<u>7,721</u>
Increase (decrease) in Net Assets from operations	<u>\$7,319</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$7,319</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.33</u>

Scotia Global Dividend Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITY FUND – 99.8%			
23,062	Scotia Global Dividend Fund Series I	238,813	246,521
TOTAL INVESTMENT PORTFOLIO		238,813	246,521
OTHER ASSETS, LESS LIABILITIES – 0.2%			398
NET ASSETS – 100.0%			246,919

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%) June 30, 2012
Foreign Equity Fund	99.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant indirect exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the underlying fund's financial instruments.

Currency	June 30, 2012	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	75,557	30.6
British Pound	7,654	3.1
Swiss Franc	6,420	2.6
European Euro	5,432	2.2
Thai Baht	4,198	1.7
Hong Kong Dollar	3,457	1.4
Japanese Yen	3,457	1.4
Brazilian Real	2,716	1.1
Australian Dollar	988	0.4
Swedish Krona	0.0	0.0
Total	109,879	44.5

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$10,988, or approximately 4.5% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the Fund's indirect proportional exposure to the underlying fund's investments in the preferred shares, bond and debenture instruments, excluding cash and money market instruments.

	June 30, 2012	
	Indirect Proportional Percentage of Total Bond and Debenture Instruments (%)	Indirect Proportional Percentage of Net Assets (%)
AA	16.5	0.3
BBB	44.5	0.8
BB	39.0	0.7
Total	100.0	1.8

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.8% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$24,652. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months
Accounts payable and accrued liabilities	\$440

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Level 1	Level 2	Level 3	Total
Mutual Funds	\$246,521	\$ –	\$ –	\$246,521

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Income Portfolio Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
<hr/>	
ASSETS	
Investments at fair value	\$23,893,620
Cash	2,203,809
Subscriptions receivable	2,027,224
	<u>28,124,653</u>
LIABILITIES	
Payable for securities purchased	3,979,976
Accrued expenses	14,733
	<u>3,994,709</u>
Net Assets	<u>\$24,129,944</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$24,129,944</u>
SHARES OUTSTANDING	
Series A Shares	<u>2,398,314</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.06</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
<hr/>	
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>116,924</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	24,014,020
Payments on redemption	
Series A Shares	<u>(1,000)</u>
	<u>24,013,020</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>24,129,944</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$24,129,944</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
<hr/>	
INVESTMENT INCOME	
Dividends	\$ 14,894
Interest	67,746
	<u>82,640</u>
EXPENSES	
Management fees (note 5)	12,351
Administration fees (note 6)	770
Harmonized Sales Tax/Goods and Services Tax	1,707
Independent Review Committee fees	2
	<u>14,830</u>
Net investment income (loss)	<u>67,810</u>
Change in unrealized appreciation (depreciation) of investments	49,114
Net gain (loss) on investments	<u>49,114</u>
Increase (decrease) in Net Assets from operations	<u>\$116,924</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$116,924</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.12</u>

Scotia INNOVA Income Portfolio Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 74.4%			
15,000	Scotia Canadian Corporate Bond LP Series I	150,000	150,063
625,565	Scotia Canadian Income Fund Series I	8,776,791	8,760,281
15,000	Scotia Canadian Income LP Series I	150,000	150,063
15,000	Scotia Conservative Government Bond LP Series I	150,000	150,063
122,461	Scotia Private American Core-Plus Bond Pool Series I	1,175,773	1,168,476
240,157	Scotia Private Canadian Corporate Bond Pool Series I	2,574,594	2,569,107
114,734	Scotia Private High Yield Income Pool Series I	1,063,648	1,046,796
360,447	Scotia Private Short-Mid Government Bond Pool Series I	3,978,412	3,971,401
		<u>18,019,218</u>	<u>17,966,250</u>
CANADIAN EQUITY FUNDS – 11.8%			
53,178	Scotia Canadian Dividend Fund Series I	1,988,287	2,007,955
56,570	Scotia Private Canadian Equity Pool Series I	583,380	592,896
10,365	Scotia Private Canadian Small Cap Pool Series I	235,191	238,240
		<u>2,806,858</u>	<u>2,839,091</u>
FOREIGN EQUITY FUNDS – 12.8%			
118,305	Scotia Private Global Equity Pool Series I	1,512,792	1,546,687
18,276	Scotia Private Global Real Estate Pool Series I	229,038	236,889
79,856	Scotia Private International Equity Pool Series I	696,045	713,437
51,559	Scotia Private U.S. Value Pool Series I	580,555	591,266
		<u>3,018,430</u>	<u>3,088,279</u>
	TOTAL INVESTMENT PORTFOLIO	<u>23,844,506</u>	<u>23,893,620</u>
	OTHER ASSETS, LESS LIABILITIES – 1.0%		236,324
	NET ASSETS – 100.0%		<u>24,129,944</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Fixed Income Funds	74.4	
Canadian Equity Funds	11.8	
Foreign Equity Funds	12.8	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.0% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,389,362. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012
	<u>Less than 3 months</u>
Accounts payable and accrued liabilities	\$3,994,709

Fair value classification (note 2)

The table below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$23,893,620	\$ –	\$ –	\$23,893,620

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Balanced Income Portfolio Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$5,164,681
Cash	303,275
Subscriptions receivable	477,128
	<u>5,945,084</u>
LIABILITIES	
Payable for securities purchased	723,725
Accrued expenses	4,660
	<u>728,385</u>
Net Assets	<u>\$5,216,699</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$5,216,699</u>
SHARES OUTSTANDING	
Series A Shares	<u>518,663</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.06</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>41,613</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	5,175,286
Payments on redemption	
Series A Shares	<u>(200)</u>
	<u>5,175,086</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>5,216,699</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$5,216,699</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$ 3,772
Interest	13,415
	<u>17,187</u>
EXPENSES	
Management fees (note 5)	3,915
Administration fees (note 6)	229
Harmonized Sales Tax/Goods and Services Tax	541
Independent Review Committee fees	1
	<u>4,686</u>
Net investment income (loss)	<u>12,501</u>
Change in unrealized appreciation (depreciation) of investments	<u>29,112</u>
Net gain (loss) on investments	<u>29,112</u>
Increase (decrease) in Net Assets from operations	<u>\$41,613</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$41,613</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.14</u>

Scotia INNOVA Balanced Income Portfolio Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 59.0%			
130,173	Scotia Canadian Income Fund Series I	1,826,297	1,822,918
32,305	Scotia Private American Core-Plus Bond Pool Series I	309,823	308,237
28,795	Scotia Private Canadian Corporate Bond Pool Series I	308,588	308,038
28,024	Scotia Private High Yield Income Pool Series I	259,831	255,678
34,953	Scotia Private Short-Mid Government Bond Pool Series I	385,615	385,117
		<u>3,090,154</u>	<u>3,079,988</u>
CANADIAN EQUITY FUNDS – 18.0%			
13,748	Scotia Canadian Dividend Fund Series I	513,008	519,113
27,352	Scotia Private Canadian Equity Pool Series I	281,532	286,669
5,694	Scotia Private Canadian Small Cap Pool Series I	129,612	130,892
		<u>924,152</u>	<u>936,674</u>
FOREIGN EQUITY FUNDS – 22.0%			
12,609	Scotia Private Emerging Markets Pool Series I	103,478	105,279
15,994	Scotia Private Global Equity Pool Series I	204,018	209,100
8,034	Scotia Private Global Real Estate Pool Series I	100,272	104,129
43,870	Scotia Private International Equity Pool Series I	381,226	391,938
12,433	Scotia Private U.S. Equity Pool Series I	102,736	103,684
20,395	Scotia Private U.S. Value Pool Series I	229,533	233,889
		<u>1,121,263</u>	<u>1,148,019</u>
	TOTAL INVESTMENT PORTFOLIO	<u><u>5,135,569</u></u>	<u><u>5,164,681</u></u>
	OTHER ASSETS, LESS LIABILITIES – 1.0%		<u>52,018</u>
	NET ASSETS – 100.0%		<u><u>5,216,699</u></u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Fixed Income Funds	59.0	
Canadian Equity Funds	18.0	
Foreign Equity Funds	22.0	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.0% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$516,468. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$728,385

Fair value classification (note 2)

The table below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$5,164,681	\$ –	\$ –	\$5,164,681

During the period ended June 31, 2012, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Balanced Growth Portfolio Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$4,042,631
Cash	232,379
Subscriptions receivable	250,747
	<u>4,525,757</u>
LIABILITIES	
Payable for securities purchased	438,823
Accrued expenses	3,180
	<u>442,003</u>
Net Assets	<u>\$4,083,754</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$4,083,754</u>
SHARES OUTSTANDING	
Series A Shares	<u>404,798</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.09</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>40,655</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	<u>4,043,099</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>4,083,754</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$4,083,754</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$ 4,572
Interest	7,636
	<u>12,208</u>
EXPENSES	
Management fees (note 5)	2,696
Administration fees (note 6)	150
Harmonized Sales Tax/Goods and Services Tax	371
Independent Review Committee fees	0
	<u>3,217</u>
Net investment income (loss)	<u>8,991</u>
Change in unrealized appreciation (depreciation) of investments	<u>31,664</u>
Net gain (loss) on investments	<u>31,664</u>
Increase (decrease) in Net Assets from operations	<u>\$40,655</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$40,655</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.22</u>

Scotia INNOVA Balanced Growth Portfolio Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 39.2%			
77,197	Scotia Canadian Income Fund Series I	1,082,598	1,081,048
16,089	Scotia Canadian Preferred Share Pool Series I	161,093	160,694
20,990	Scotia Private American Core-Plus Bond Pool Series I	201,473	200,283
17,476	Scotia Private High Yield Income Pool Series I	162,047	159,450
		<u>1,607,211</u>	<u>1,601,475</u>
CANADIAN EQUITY FUNDS – 26.9%			
12,869	Scotia Canadian Dividend Fund Series I	481,856	485,937
27,161	Scotia Private Canadian Equity Pool Series I	280,349	284,666
9,239	Scotia Private Canadian Growth Pool Series I	100,315	101,670
9,778	Scotia Private Canadian Small Cap Pool Series I	222,440	224,754
		<u>1,084,960</u>	<u>1,097,027</u>
FOREIGN EQUITY FUNDS – 32.9%			
14,766	Scotia Private Emerging Markets Pool Series I	121,649	123,290
18,727	Scotia Private Global Equity Pool Series I	239,888	244,832
9,358	Scotia Private Global Real Estate Pool Series I	117,352	121,294
52,496	Scotia Private International Equity Pool Series I	458,046	468,997
12,124	Scotia Private U.S. Equity Pool Series I	100,538	101,107
5,034	Scotia Private U.S. Mid Cap Growth Pool Series I	81,646	81,850
17,681	Scotia Private U.S. Value Pool Series I	199,677	202,759
		<u>1,318,796</u>	<u>1,344,129</u>
	TOTAL INVESTMENT PORTFOLIO	<u>4,010,967</u>	<u>4,042,631</u>
	OTHER ASSETS, LESS LIABILITIES – 1.0%		41,123
	NET ASSETS – 100.0%		<u>4,083,754</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Fixed Income Funds	39.2	
Canadian Equity Funds	26.9	
Foreign Equity Funds	32.9	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.0% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$404,263. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012
	Less than 3 months
Accounts payable and accrued liabilities	\$442,003

Fair value classification (note 2)

The table below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$4,042,631	\$ –	\$ –	\$4,042,631

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Growth Portfolio Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
ASSETS	
Investments at fair value	\$1,576,359
Cash	16,409
Subscriptions receivable	64,000
	<u>1,656,768</u>
LIABILITIES	
Payable for securities purchased	63,045
Accrued expenses	1,656
	<u>64,701</u>
Net Assets	<u>\$1,592,067</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$1,592,067</u>
SHARES OUTSTANDING	
Series A Shares	<u>158,188</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.06</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>24,404</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	<u>1,567,663</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>1,592,067</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$1,592,067</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
INVESTMENT INCOME	
Dividends	\$ 1,630
Interest	2,002
	<u>3,632</u>
EXPENSES	
Management fees (note 5)	1,415
Administration fees (note 6)	74
Harmonized Sales Tax/Goods and Services Tax	194
Independent Review Committee fees	0
	<u>1,683</u>
Net investment income (loss)	<u>1,949</u>
Change in unrealized appreciation (depreciation) of investments	<u>22,455</u>
Net gain (loss) on investments	<u>22,455</u>
Increase (decrease) in Net Assets from operations	<u>\$24,404</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$24,404</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.26</u>

Scotia INNOVA Growth Portfolio Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 24.5%			
16,684	Scotia Canadian Income Fund Series I	233,877	233,634
4,696	Scotia Canadian Preferred Share Pool Series I	46,993	46,898
6,532	Scotia Private American Core-Plus Bond Pool Series I	62,583	62,324
5,098	Scotia Private High Yield Income Pool Series I	47,226	46,509
		<u>390,679</u>	<u>389,365</u>
CANADIAN EQUITY FUNDS – 33.3%			
5,003	Scotia Canadian Dividend Fund Series I	186,455	188,910
12,070	Scotia Private Canadian Equity Pool Series I	124,023	126,500
7,182	Scotia Private Canadian Growth Pool Series I	77,549	79,035
5,875	Scotia Private Canadian Small Cap Pool Series I	133,566	135,044
		<u>521,593</u>	<u>529,489</u>
FOREIGN EQUITY FUNDS – 41.3%			
7,651	Scotia Private Emerging Markets Pool Series I	62,632	63,879
9,101	Scotia Private Global Equity Pool Series I	115,902	118,986
4,876	Scotia Private Global Real Estate Pool Series I	60,759	63,198
24,846	Scotia Private International Equity Pool Series I	215,625	221,973
5,659	Scotia Private U.S. Equity Pool Series I	46,685	47,190
2,446	Scotia Private U.S. Mid Cap Growth Pool Series I	39,565	39,774
8,938	Scotia Private U.S. Value Pool Series I	100,464	102,505
		<u>641,632</u>	<u>657,505</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,553,904</u>	<u>1,576,359</u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		15,708
	NET ASSETS – 100.0%		<u>1,592,067</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Fixed Income Funds	24.5	
Canadian Equity Funds	33.3	
Foreign Equity Funds	41.3	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

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

Credit Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.1% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$157,636. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012
	<u>Less than 3 months</u>
Accounts payable and accrued liabilities	\$64,701

Fair value classification (note 2)

The tables below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,576,359	\$ –	\$ –	\$1,576,359

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Scotia INNOVA Maximum Growth Portfolio Class (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012
<hr/>	
ASSETS	
Investments at fair value	\$302,676
Cash	3,055
Subscriptions receivable	500
	<u>306,231</u>
LIABILITIES	
Accrued expenses	418
Net Assets	<u>\$305,813</u>
NET ASSETS PER SERIES	
Series A Shares	<u>\$305,813</u>
SHARES OUTSTANDING	
Series A Shares	<u>30,417</u>
NET ASSETS PER SHARE	
Series A Shares	<u>\$ 10.05</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012*
<hr/>	
NET ASSETS – BEGINNING OF PERIOD	
Series A Shares	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>3,514</u>
CAPITAL SHARE TRANSACTIONS	
Proceeds from issue	
Series A Shares	<u>302,299</u>
INCREASE (DECREASE) IN NET ASSETS	
Series A Shares	<u>305,813</u>
NET ASSETS – END OF PERIOD	
Series A Shares	<u>\$305,813</u>

* Fund's inception date was May 28, 2012. Accordingly, there were no comparative figures shown.

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012*
<hr/>	
INVESTMENT INCOME	
Dividends	\$ 342
Interest	70
	<u>412</u>
EXPENSES	
Management fees (note 5)	377
Administration fees (note 6)	19
Harmonized Sales Tax/Goods and Services Tax	51
Independent Review Committee fees	–
	<u>447</u>
Net investment income (loss)	<u>(35)</u>
Change in unrealized appreciation (depreciation) of investments	3,549
Net gain (loss) on investments	<u>3,549</u>
Increase (decrease) in Net Assets from operations	<u>\$3,514</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Series A Shares	<u>\$3,514</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE	
Series A Shares	<u>\$ 0.12</u>

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

Scotia INNOVA Maximum Growth Portfolio Class (Unaudited – Continued)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
CANADIAN EQUITY FUNDS – 44.9%			
1,242	Scotia Canadian Dividend Fund Series I	46,547	46,900
1,875	Scotia Private Canadian Equity Pool Series I	19,386	19,647
3,028	Scotia Private Canadian Growth Pool Series I	32,891	33,320
1,633	Scotia Private Canadian Small Cap Pool Series I	37,326	37,525
		<u>136,150</u>	<u>137,392</u>
FOREIGN EQUITY FUNDS – 54.1%			
1,805	Scotia Private Emerging Markets Pool Series I	14,951	15,070
2,325	Scotia Private Global Equity Pool Series I	29,908	30,397
1,189	Scotia Private Global Real Estate Pool Series I	14,883	15,411
6,304	Scotia Private International Equity Pool Series I	55,191	56,319
1,431	Scotia Private U.S. Equity Pool Series I	11,886	11,937
646	Scotia Private U.S. Mid Cap Growth Pool Series I	10,684	10,511
2,236	Scotia Private U.S. Value Pool Series I	25,474	25,639
		<u>162,977</u>	<u>165,284</u>
	TOTAL INVESTMENT PORTFOLIO	<u>299,127</u>	<u>302,676</u>
	OTHER ASSETS, LESS LIABILITIES – 1.0%		<u>3,137</u>
	NET ASSETS – 100.0%		<u>305,813</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	
Canadian Equity Funds	44.9	
Foreign Equity Funds	54.1	

SUPPLEMENTARY SCHEDULES

As at June 30, 2012

Currency Risk (note 3)

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

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.0% of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$30,268. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Portfolio's financial liabilities.

	June 30, 2012
	<u>Less than 3 months</u>
Accounts payable and accrued liabilities	\$418

Fair value classification (note 2)

The table below illustrate the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2012.

June 30, 2012	Fair Value Classification			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$302,676	\$ –	\$ –	\$302,676

During the period ended June 30, 2012, there were no transfers between Level 1 and Level 2.

Notes to Financial Statements (Unaudited)

June 30, 2012

1. The Funds

The funds presented in these financial statements (individually a “Fund” and collectively, the “Funds”) are open-ended mutual fund trusts and/or share classes of a mutual fund corporation. The open-ended mutual fund trusts are established under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust (“Declaration of Trust”) dated as of November 24, 2011. Scotia Corporate Class Inc. (the “Corporation”) is a multi-class open-ended mutual fund corporation formed by articles of incorporation under the laws of Canada on April 17, 2012, as amended from time to time. Each corporate class fund is a class of shares of the Corporation. The Corporation is authorized to issue a class of special voting shares and 200 classes of mutual fund shares, although the Corporation may issue more in the future. Each Fund is authorized to issue 25 series of shares.

Mutual fund trusts issue units and corporate class funds issue shares. Throughout this document, where applicable, reference to units and unitholders also refers to shares and shareholders, reference to Funds also refers to Portfolios and Classes. The inception date for each Fund is as follows:

Scotia T-Bill Fund	October 3, 1991	Scotia Private North American Equity Pool (formerly, Scotia North American Equity Fund)	June 10, 2005
Scotia Premium T-Bill Fund	July 10, 1992	Scotia Private Cyclical Opportunities Pool (formerly, Scotia Cyclical Opportunities Fund)	November 3, 2008
Scotia Money Market Fund	August 30, 1990	Scotia Private U.S. Dividend Pool	November 25, 2011
Scotia U.S. \$ Money Market Fund	September 3, 1996	Scotia Private U.S. Equity Pool (formerly, Scotia U.S. Equity Fund)	June 10, 2005
Scotia Short Term Bond Fund	August 26, 2010	Scotia U.S. Blue Chip Fund (formerly, Scotia U.S. Growth Fund)	December 31, 1986
Scotia Private Short-Mid Government Bond Pool (formerly, Scotia Short-Mid Government Bond Fund)	September 30, 2007	Scotia U.S. Value Fund	November 30, 2000
Scotia Mortgage Income Fund	September 22, 1992	Scotia Private International Core Equity Pool (formerly, Scotia International Equity Fund)	June 10, 2005
Scotia Bond Fund	August 17, 2009	Scotia International Value Fund	November 30, 2000
Scotia Canadian Income Fund	November 1, 1957	Scotia European Fund	September 3, 1996
Scotia Private Canadian Corporate Bond Pool (formerly, Scotia Canadian Corporate Bond Fund)	October 30, 2003	Scotia Pacific Rim Fund	August 18, 1994
Scotia U.S. \$ Bond Fund	November 27, 1991	Scotia Latin American Fund	August 18, 1994
Scotia Global Bond Fund	July 4, 1994	Scotia Global Dividend Fund	August 26, 2010
Scotia Private Advantaged Income Pool (formerly, Scotia Advantaged Income Fund)	September 30, 2007	Scotia Global Growth Fund	February 20, 1961
Scotia Diversified Monthly Income Fund	June 10, 2005	Scotia Global Small Cap Fund	November 30, 2000
Scotia Income Advantage Fund	July 6, 2011	Scotia Global Opportunities Fund	November 30, 2000
Scotia Canadian Balanced Fund	May 7, 1990	Scotia Global Climate Change Fund	January 25, 2008
Scotia Canadian Dividend Income Fund	August 26, 2010	Scotia Canadian Bond Index Fund	September 20, 1999
Scotia Canadian Tactical Asset Allocation Fund	February 20, 1961	Scotia Canadian Index Fund	December 13, 1996
Scotia Global Balanced Fund	August 26, 2010	Scotia U.S. Index Fund	December 13, 1996
Scotia U.S. \$ Balanced Fund	July 6, 2011	Scotia CanAm Index Fund	July 9, 1993
Scotia Private Canadian Preferred Share Pool	November 25, 2011	Scotia Nasdaq Index Fund	November 30, 2000
Scotia Canadian Dividend Fund	October 28, 1992	Scotia International Index Fund	September 20, 1999
Scotia Canadian Blue Chip Fund	December 31, 1986	Scotia Selected Income & Modest Growth Portfolio	April 22, 2003
Scotia Private Canadian Equity Pool (formerly, Scotia Canadian Equity Fund)	June 10, 2005	Scotia Selected Balanced Income & Growth Portfolio	April 22, 2003
Scotia Canadian Growth Fund	February 20, 1961	Scotia Selected Moderate Growth Portfolio	April 22, 2003
Scotia Canadian Small Cap Fund	October 28, 1992	Scotia Selected Aggressive Growth Portfolio	April 22, 2003
Scotia Resource Fund	July 6, 1993	Scotia Partners Diversified Income Portfolio	August 26, 2010
		Scotia Partners Income & Modest Growth Portfolio	November 29, 2002
		Scotia Partners Balanced Income & Growth Portfolio	November 29, 2002
		Scotia Partners Moderate Growth Portfolio	November 29, 2002
		Scotia Partners Aggressive Growth Portfolio	November 29, 2002
		Scotia Vision Conservative 2010 Portfolio	June 10, 2005
		Scotia Vision Aggressive 2010 Portfolio	June 10, 2005
		Scotia Vision Conservative 2015 Portfolio	June 10, 2005
		Scotia Vision Aggressive 2015 Portfolio	June 10, 2005
		Scotia Vision Conservative 2020 Portfolio	June 10, 2005
		Scotia Vision Aggressive 2020 Portfolio	June 10, 2005
		Scotia Vision Conservative 2030 Portfolio	June 10, 2005
		Scotia Vision Aggressive 2030 Portfolio	June 10, 2005
		Scotia INNOVA Income Portfolio	January 13, 2009
		Scotia INNOVA Balanced Income Portfolio	January 13, 2009
		Scotia INNOVA Balanced Growth Portfolio	January 13, 2009
		Scotia INNOVA Growth Portfolio	January 13, 2009
		Scotia INNOVA Maximum Growth Portfolio	January 13, 2009
		Scotia Short Term Yield Class	May 28, 2012
		Scotia Conservative Government Bond Capital Yield Class	May 28, 2012
		Scotia Canadian Corporate Bond Capital Yield Class	May 28, 2012
		Scotia Canadian Dividend Class	May 28, 2012
		Scotia Private Canadian Equity Class	May 28, 2012
		Scotia Private U.S. Dividend Class	May 28, 2012
		Scotia Private U.S. Equity Class	May 28, 2012
		Scotia Global Dividend Class	May 28, 2012
		Scotia INNOVA Income Portfolio Class	May 28, 2012
		Scotia INNOVA Balanced Income Portfolio Class	May 28, 2012
		Scotia INNOVA Balanced Growth Portfolio Class	May 28, 2012

The Statement of Investment Portfolio of each of the Funds is as at June 30, 2012. The Statements of Net Assets are as at June 30, 2012 and December 31, 2011, and the Statements of Operations and Statements of Changes in Net Assets are for the six-month periods ended June 30, 2012 and June 30, 2011 except for Funds or Series started during either year. For Funds or Series started during either period, the information presented is for the period from the Fund inception date (as noted above) or Series start date, respectively, to June 30, 2012 and 2011, as applicable. Throughout this document, reference to the reporting period refers to the reporting period described above.

The manager and trustee (where applicable) of the Funds is Scotia Asset Management L.P. (“SAM” or the “Manager”).

Each of the Funds may offer one or more Series of securities: Series A units, Advisor Series units, Premium Series units, Series F units, Series I units, Series M units and Series T units. Each Series of a Fund is authorized to issue an unlimited number of units, which are redeemable at the option of the unitholder at their respective net asset value next determined following receipt of the sell order by the Fund.

Each Series of units of a Fund is intended for different investors. A description of each Series of units is provided below:

- Series A units and Series T units are available to all investors. Series T units are for investors who seek stable monthly distributions.
- Advisor Series units are available through authorized dealers and brokers, including ScotiaMcLeod.
- Premium Series units may only be purchased by investors who meet the required minimum investment, as determined by SAM from time to time.
- Prospective purchasers of Series F units must have a fee-based account with authorized brokers or dealers, including ScotiaMcLeod.
- Series I units may only be purchased by eligible institutional investors and other qualified investors as determined by SAM.
- Series M units may only be purchased by clients of SAM or Scotiatrust that have entered into a discretionary management agreement.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles

(“GAAP”). In applying Canadian GAAP, the Manager may make estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from such estimates. The significant accounting policies followed by the Funds are summarized below.

(a) Financial instrument disclosures

Financial instrument disclosures include a three-level fair value hierarchy which provides information about the relative observability of inputs to the fair value measurement of financial assets and liabilities. The levels are defined as follows:

- Level 1: Fair value is based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value is based on inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. This is inclusive of bonds and debentures that are based on multi-dealer pricing, short-term notes carried at amortized cost, foreign equity securities in markets closing before 4:00 pm Eastern time and securities not actively traded and considered illiquid; and
- Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

The three-level fair value hierarchy, transfers between levels and reconciliation of level 3 financial instruments are disclosed in the respective Fund’s supplementary schedules.

(b) Valuation of investments

The fair value of investments as at the financial reporting period end dates are determined as follows:

- (i) In accordance with Accounting Guideline 18, “Investment Companies”, investments are deemed to be categorized as held for trading and are required to be recorded at fair value as defined in CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement”. Investments that are traded in an active market on a recognized public stock exchange and over-the-counter markets are valued at their bid prices for investments held and ask prices for investments sold short. Securities with no available bid, or a quoted value determined by the Manager to be inaccurate or unreliable, are valued in such a manner as in the opinion of the Manager most accurately reflects

the instrument's fair value. The application of Section 3855 impacts the valuation and disclosure of the Net Assets of an investment fund for financial reporting purposes ("Net Assets"). The value used to determine the Funds' daily price for purchase and redemption of units ("Pricing NAV" or "Net Asset Value") is not affected by this accounting policy. A reconciliation of Net Asset Value per unit and Net Assets per unit of each Fund is provided in Note 11.

- (ii) North American equities are valued at last bid market price recorded by the security exchange on which the security is principally traded. Non-North American equities are valued at fair value provided by an independent pricing source.
- (iii) Fixed income securities, including bonds and mortgage-backed securities, are valued at the average current bid price quoted by major dealers in such securities.
- (iv) Short-term debt instruments are carried at amortized cost, which in the opinion of the Manager, approximates fair value.
- (v) Mortgages held by Scotia Mortgage Income Fund are valued at their fair value using the prevailing rate of return on new mortgages of similar type and term.
- (vi) Investments in underlying funds are valued based on the Net Asset Value per unit provided by the underlying fund's manager at the end of each valuation date.
- (vii) Realized gains or losses on foreign currency forward contracts would arise as a result of the closing of a position on the settlement date. The net realized gain or loss is reported as "Net realized gain (loss) on currency forwards" in the Statement of Operations. Open foreign exchange forward contracts are valued at the gain or loss that would arise as a result of closing the position on the valuation date. The unrealized gain or loss, for the period is reflected in the Statement of Operations as "Change in unrealized appreciation (depreciation) of currency forwards".
- (viii) Unlisted warrants are valued using the Black-Scholes option valuation model. The model also factors in the time value of money and the volatility inputs significant to such valuation.
- (ix) Futures contracts are valued at their bid prices for financial reporting purposes at the close of business on each valuation date of the reporting period. Any difference between the settlement

value at the close of business on the current valuation date and that of the previous valuation date is settled into cash daily and recorded in the Statement of Operations as "Net realized gain (loss) on future contracts" or "Index futures contract income". Amounts receivable (payable) from (to) settlement of futures contracts are reflected in the Statement of Net Assets as "Receivable for (Payable for) futures contracts".

- (x) Options are valued at their bid price for long positions and their ask price for short positions as reported by the principal exchange or over-the-counter market on which the contract is traded. Any difference resulting from revaluation at the reporting date is treated as unrealized appreciation (depreciation) of investments.

Premiums paid for purchased call and put options are included in Investments at fair value on the Statement of Net Assets. When a purchased option expires, the Fund will realize a loss in the amount of the cost of the option. For the closing transaction of the purchased options, the Fund will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase. When a purchased call option is exercised, the cost of security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included in Investments at fair value on the Statement of Net Assets as initial reductions in the value of investments. When a written option expires unexercised, premiums received from writing options are recorded as income on the Statement of Operations. For the closing transaction of the written options, the Fund will record a realized loss if the cost of closing the transaction exceeds the premium received; the Fund will record a realized gain if the premium received at the time of the option was written is greater than the amount paid for closing the transaction. When a written put is exercised, the cost of the security purchased is reduced by the premiums received at the time the option was written.

- (xi) Financial assets and liabilities other than investment securities are valued at cost or amortized cost. These balances are short-term in nature; therefore, their carrying values approximate fair values.

- (c) Cash is comprised of cash on deposit and is stated at fair value.
- (d) Investment transactions and income recognition
Investment transactions are accounted for on a trade date basis. Transaction costs directly attributable to the acquisition or disposal of an investment are expensed and are included in “Transaction costs” in the Statement of Operations. The investment cost of a security represents the amount paid and is determined on an average cost basis excluding transaction costs. Dividend income and distributions from underlying funds are recognized on the ex-dividend date and interest is recognized on an accrual basis.

Distributions received from income trusts are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital by applying previous year characterizations reported by the trust as current year characterizations are not available until the following year.

Realized gain or loss on the sale of short-term debt instruments are recorded as an adjustment to interest income.

Income, realized gain (loss) and unrealized gain (loss) are allocated among the Series on a pro rata basis.

- (e) Foreign currency

Amounts denominated in foreign currencies are converted into Canadian dollars as follows:

- (i) fair value of investments, forward and spot currency contracts and other assets and liabilities at the rates of exchange prevailing as at the valuation date; and
- (ii) purchase and sale of investments and investment income at the rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gain (loss) on purchases and sales of foreign currencies are included in “Net realized gain (loss) on foreign exchange” in the Statement of Operations.

This does not apply to Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund and Scotia U.S. \$ Balanced Fund which are denominated in U.S. dollars.

- (f) Securities lending

Some of the Funds may enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to return the same securities to the Fund on a future date. The income earned from these securities lending transactions is recorded in the Statement of Operations.

The fair value of the securities lent and collateral held is determined on a daily basis. The securities lending arrangement can be terminated by the borrower, the securities lending agent or the Fund at any time.

- (g) Increase (decrease) in Net Assets from operations per unit

“Increase (decrease) in Net Assets from operations per unit” is disclosed in the Statement of Operations and represents, for each Series of units, the increase or decrease in Net Assets from operations for the period attributable to each Series divided by the average number of units outstanding for the corresponding Series during the period.

3. Discussion of financial instrument risk

Each Fund’s investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. Each Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on each Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor each Fund’s securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and Net Assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables.

Some Funds invest in underlying funds. These Funds are indirectly exposed to market risk, credit risk, and liquidity risk in the event that the underlying funds invest in financial instruments that are subject to those risks.

A Fund’s exposure to market risk, credit risk and liquidity risk, where applicable, is disclosed in the respective Fund’s Supplementary Schedules. Where the exposure to a particular risk is not disclosed, the Manager has assessed the potential impact of that risk to be not significant.

- (a) Market risk

- (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. Each Fund’s exposure to interest rate risk is concentrated in its investments in debt securities (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments and other assets and liabilities are short-term in nature and/or non-interest bearing and are not subject to a significant amount of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Currency risk

Currency risk is the risk that the value of foreign investments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency, which is generally the Canadian dollar except for Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund and Scotia U.S. \$ Balanced Fund, which are denominated in U.S. dollars.

Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Funds may enter into foreign exchange forward contracts or currency futures contracts for hedging purposes to reduce their foreign currency risk exposure.

(iii) Other price risk

Other price risk is the risk that the fair value of a Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for written options and future contracts sold, where possible losses can be unlimited.

(b) Credit risk

Credit risk is the risk that the counterparty of a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Where the Fund invests in debt instruments, this represents the main concentration of credit risk. The fair value of debt instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund. Credit risk may also exist in relation to counterparties of futures and currency forward contracts. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

A Fund may enter into securities lending transactions with counterparties whereby the Fund temporarily exchanges

For the periods ended June 30, 2012 and June 30, 2011, the following numbers of units were issued, reinvested and redeemed:

Fund	2012			2011		
	Units issued	Units reinvested	Units redeemed	Units issued	Units reinvested	Units redeemed
Scotia T-Bill Fund						
Series A	1,428,495	16,178	2,638,206	1,865,824	18,804	4,040,432
Scotia Premium T-Bill Fund						
Series A	6,975,209	148,523	11,571,988	50,337,076	244,519	50,373,041

securities for collateral with a commitment by the counterparty to deliver the same securities on a future date. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit rating and the market value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned as at the end of each trading day.

(c) Liquidity risk

The Fund's exposure to liquidity risk arises primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity and has the ability to borrow up to 5% of its Net Asset Value for the purpose of funding redemptions. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the respective Fund's Statement of Investment Portfolio.

4. Unitholders' equity

Units issued and outstanding represent the capital of each Fund. Each of the Funds may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Declaration of Trust or articles of Incorporation, ranks pari passu with all other units of the Fund, and entitles the unitholder to a proportionate undivided interest in the Net Asset Value of the Fund. Unitholders are entitled to distributions when declared. Distributions on units of a Fund are reinvested in additional units of the Fund or at the option of the unitholder, paid in cash. The Funds have no restrictions on capital or specific capital requirements. SAM manages the capital of the Funds in accordance with the Funds' investment objectives.

The units of each Series of the Funds are issued and redeemed at their Pricing NAV per unit which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The Pricing NAV per unit is calculated by dividing the NAV of the Fund by the total number of outstanding units of each Series.

Fund	2012			2011		
	Units issued	Units reinvested	Units redeemed	Units issued	Units reinvested	Units redeemed
Scotia Money Market Fund						
Series A	27,213,886	116,334	31,650,273	33,559,390	127,737	41,252,158
Advisor Series	41,167	362	115,193	144,868	705	273,708
Premium Series	13,488,904	145,059	14,542,263	18,252,569	129,736	18,674,427
Series I	14,970	7,689	122,300	3,000	9,291	190,741
Series M	130,473,495	789,552	137,878,685	137,403,605	766,469	108,901,842
Scotia U.S.\$ Money Market Fund						
Series A	3,507,229	2,474	3,853,000	5,223,472	2,708	4,542,528
Scotia Short Term Bond Fund						
Series M	3,380,164	57,304	695,405	2,046,653	18,787	186,976
Scotia Private Short-Mid Government Bond Pool						
Series I	7,079,195	532,752	24,059,153	10,862,282	586,439	166,593
Series M	16,811,349	956,448	9,036,505	13,843,417	850,721	8,370,307
Scotia Mortgage Income Fund						
Series A	769,817	223,516	2,618,942	1,342,001	222,392	5,563,560
Series F	5,336	2,425	54,689	12,330	3,244	928,129
Series I	405,638	359,536	2,583,867	912,331	423,961	5,406,989
Scotia Bond Fund						
Series A	5,733,527	180,497	1,966,219	1,265,309	103,223	1,539,952
Series I	1,284,227	569,830	1,258,765	2,099,081	869,538	16,656,235
Scotia Canadian Income Fund						
Series A	23,816,976	1,192,533	9,049,633	8,308,142	977,122	11,143,267
Advisor Series	289,146	13,880	147,345	236,470	10,495	100,920
Series F	78,984	1,932	17,937	28,020	969	8,186
Series I	134,951,938	4,108,352	18,775,679	30,142,720	2,442,888	4,643,329
Series M	13,026,812	580,230	4,867,804	7,705,610	508,528	5,047,446
Scotia Private Canadian Corporate Bond Pool						
Series I	21,495,083	1,907,890	17,558,773	24,657,968	2,002,750	10,198,755
Series M	32,506,356	3,395,508	18,903,752	32,265,286	3,441,113	18,956,416
Scotia U.S. \$ Bond Fund						
Series A	3,515,398	73,269	1,290,614	2,946,289	74,718	1,109,010
Series F	3,443	73	1	8,979	422	20,391
Scotia Global Bond Fund						
Series A	380,808	9,763	245,957	102,053	23,165	327,123
Series I	56,669	29,410	223,575	522,224	144,353	7,704,940
Scotia Private Advantaged Income Pool						
Series M	413,807	–	1,717,604	1,534,728	–	1,199,761
Scotia Diversified Monthly Income Fund						
Series A	35,332,559	3,676,918	18,040,167	48,666,459	2,816,564	12,430,259
Advisor Series	79,937	9,259	347,920	332,507	13,303	52,495
Series F	29,295	967	6,896	19,780	478	2,535
Scotia Income Advantage Fund						
Series A	4,389,322	106,077	354,440	–	–	–
Scotia Canadian Balanced Fund						
Series A	7,204,687	561,220	11,076,680	10,742,922	387,173	9,678,751
Series F	245	21	1,532	523	26	1,219
Scotia Canadian Dividend Income Fund						
Series A	1,341,241	29,174	797,071	4,947,343	26,536	383,131
Scotia Canadian Tactical Asset Allocation Fund						
Series A	2,928,925	144,125	2,144,793	3,759,373	117,878	1,886,081
Advisor Series	3,974	113	14,375	16,055	181	14,189
Series F	16	12	10	114	13	44
Scotia Global Balanced Fund						
Series A	265,772	20,680	163,019	1,422,924	2,642	80,555
Scotia U.S. \$ Balanced Fund						
Series A	735,930	–	161,905	–	–	–
Scotia Private Canadian Preferred Share Pool						
Series I	5,624,359	36,232	–	–	–	–
Series M	8,746,891	52,876	322,690	–	–	–
Scotia Canadian Dividend Fund						
Series A	5,727,047	378,212	5,077,043	10,005,139	147,520	4,385,730
Advisor Series	59,980	2,821	80,911	110,156	137	90,000
Series F	97,521	2,249	31,063	33,936	901	42,701
Series I	3,084,560	399,500	1,537,240	3,146,381	285,393	4,668,533
Series M	3,995,599	127,908	3,587,037	2,250,186	60,706	1,597,235

Fund	2012			2011		
	Units issued	Units reinvested	Units redeemed	Units issued	Units reinvested	Units redeemed
Scotia Canadian Blue Chip Fund						
Series A	217,022	–	790,591	379,928	(1)	796,549
Series F	4,491	–	2,168	126	–	–
Series I	–	–	26,479	142	–	35,605
Scotia Private Canadian Equity Pool						
Series I	3,577,979	–	2,970,665	5,298,555	–	–
Series M	5,621,248	–	10,494,847	6,582,533	–	8,041,141
Scotia Canadian Growth Fund						
Series A	149,137	–	516,117	230,560	27	594,525
Advisor Series	1	–	93	355	–	26
Series F	1,877	–	3,804	352	–	5,348
Series I	20,122	–	9,483	144,052	–	283,351
Scotia Canadian Small Cap Fund						
Series A	111,497	–	226,719	256,009	–	261,160
Series F	1,352	–	–	–	–	–
Series I	35,071	–	58,491	50,536	–	65,447
Series M	828,667	–	22,588	77,096	–	645,034
Scotia Resource Fund						
Series A	642,916	–	620,321	1,527,506	–	672,478
Series F	10,319	–	578	6,809	–	–
Series I	424,332	–	14,509	491,318	–	149,308
Scotia Private North American Equity Pool						
Series M	473,717	–	5,390,470	9,742	–	11,492,783
Scotia Private Cyclical Opportunities Pool						
Series M	26,952	–	2,970,158	1,675,852	–	2,883,194
Scotia Private U.S. Dividend Pool						
Series I	15,263	65	–	–	–	–
Series M	16,019,243	82,769	2,702,236	–	–	–
Scotia Private U.S. Equity Pool						
Series I	579,559	–	2,504,120	2,899,650	–	–
Series M	9,139,625	–	27,355,602	11,951,148	–	17,590,888
Scotia U.S. Blue Chip Fund						
Series A	215,599	–	314,928	272,772	–	380,212
Series F	–	–	–	–	–	–
Scotia U.S. Value Fund						
Series A	228,650	–	210,039	247,410	–	261,220
Series I	36,554	–	742,573	891,072	–	408,439
Scotia Private International Core Equity Pool						
Series M	711,736	–	5,336,296	1,264,961	–	5,010,535
Scotia International Value Fund						
Series A	73,968	–	138,214	116,218	–	206,032
Advisor Series	–	–	–	682	–	9,530
Series I	190,892	–	1,362,922	8,249,821	–	451,768
Scotia European Fund						
Series A	52,424	–	204,608	82,513	–	233,855
Series I	–	–	–	–	–	–
Scotia Pacific Rim Fund						
Series A	108,561	–	156,624	174,234	–	244,211
Series I	–	–	2,544	99,303	–	2,435,986
Scotia Latin American Fund						
Series A	150,081	–	238,035	171,192	–	329,771
Series F	–	–	963	972	–	1,316
Series I	–	–	2,210	96,286	–	1,067,175
Scotia Global Dividend Fund						
Series A	548,439	–	236,183	1,457,259	3	100,809
Series I	51,688	–	166,424	27,988	–	393,278
Scotia Global Growth Fund						
Series A	103,856	–	186,117	122,514	–	228,558
Advisor Series	27	–	242	131	–	–
Series F	860	–	–	153	–	–
Series I	51,269	–	269,409	320,123	–	714,584
Scotia Global Small Cap Fund						
Series A	31,277	–	47,137	96,639	–	37,664
Series I	41,733	–	135,520	2,980,320	–	87,230
Scotia Global Opportunities Fund						
Series A	82,685	–	93,965	181,544	–	99,873
Advisor Series	55	–	–	17,893	–	157
Series F	4,989	–	–	–	–	–
Series I	60,999	–	65,969	186,478	–	2,001,637

Fund	2012			2011		
	Units issued	Units reinvested	Units redeemed	Units issued	Units reinvested	Units redeemed
Scotia Global Climate Change Fund						
Series A	69,103	–	102,607	119,901	–	122,317
Advisor Series	1,210	–	18,035	14,973	–	4,309
Series I	–	–	–	25,467	–	4,502,328
Scotia Canadian Bond Index Fund						
Series A	13,554,983	670,790	4,623,544	4,414,902	483,448	4,421,981
Series F	–	85	–	–	53	628
Series I	41,945	62,887	357,862	131,879	91,355	706,624
Scotia Canadian Index Fund						
Series A	992,531	–	890,104	1,442,346	(3)	918,316
Series F	124	–	221	1,279	–	–
Series I	42,947	–	114,731	76,790	–	238,392
Scotia U.S. Index Fund						
Series A	459,131	–	244,405	408,909	8	332,197
Series I	–	–	92,745	1,077	–	61,229
Scotia CanAm Index Fund						
Series A	152,616	–	552,992	136,036	–	641,525
Series F	–	–	11	11	–	–
Scotia Nasdaq Index Fund						
Series A	659,712	–	349,084	580,522	–	333,086
Series F	–	–	–	–	–	–
Scotia International Index Fund						
Series A	157,244	–	259,303	173,841	–	336,364
Series F	–	–	612	–	–	–
Series I	82,510	–	230,913	159,841	–	488,835
Scotia Selected Income & Modest Growth Portfolio						
Series A	4,664,239	–	2,642,342	4,192,469	39	2,777,718
Advisor Series	–	–	4,663	80,870	–	2,106
Scotia Selected Balanced Income & Growth Portfolio						
Series A	5,206,759	–	6,788,548	6,757,119	133	7,447,051
Advisor Series	50	–	200	882	–	1,412
Series F	–	–	–	–	–	859
Scotia Selected Moderate Growth Portfolio						
Series A	3,379,600	–	4,038,790	4,404,255	–	4,871,740
Advisor Series	2	–	4	3	–	–
Series F	1,107	–	–	–	–	–
Scotia Selected Aggressive Growth Portfolio						
Series A	873,813	–	784,221	1,230,782	–	1,008,728
Advisor Series	45	–	393	26	–	65
Series F	1,832	–	28	–	–	–
Scotia Partners Diversified Income Portfolio						
Series A	13,250,708	241,911	1,147,280	4,478,436	69,169	425,118
Scotia Partners Income & Modest Growth Portfolio						
Series A	4,681,273	–	2,761,329	4,454,511	28	3,043,995
Series F	–	–	323	–	–	126
Scotia Partners Balanced Income & Growth Portfolio						
Series A	8,386,442	2	8,440,920	11,216,583	40	8,426,599
Series F	353	–	4,062	834	–	2,529
Scotia Partners Moderate Growth Portfolio						
Series A	8,981,417	–	8,346,766	14,079,446	–	7,717,235
Series F	5,938	–	3,156	24,517	–	10,023
Scotia Partners Aggressive Growth Portfolio						
Series A	2,047,889	–	2,234,858	3,430,511	–	2,174,719
Series F	814	–	3,058	827	–	17
Scotia Vision Conservative 2010 Portfolio						
Series A	15,785	–	303,858	23,290	1	663,798
Scotia Vision Aggressive 2010 Portfolio						
Series A	9,128	–	89,865	12,253	–	78,434
Scotia Vision Conservative 2015 Portfolio						
Series A	103,587	–	633,439	127,521	3	883,597
Scotia Vision Aggressive 2015 Portfolio						
Series A	30,499	–	205,066	74,708	–	232,826
Scotia Vision Conservative 2020 Portfolio						
Series A	148,969	–	549,901	197,172	2	779,610
Scotia Vision Aggressive 2020 Portfolio						
Series A	100,908	–	243,228	145,101	–	343,151
Scotia Vision Conservative 2030 Portfolio						
Series A	88,855	–	310,974	118,897	–	357,669

Fund	2012			2011		
	Units issued	Units reinvested	Units redeemed	Units issued	Units reinvested	Units redeemed
Scotia Vision Aggressive 2030 Portfolio						
Series A	93,544	–	108,539	116,115	–	233,785
Scotia INNOVA Income Portfolio						
Series A	27,355,281	62	6,298,837	16,870,445	(157)	4,687,391
Series T	5,310,579	60,978	1,095,197	3,006,862	31,517	653,918
Scotia INNOVA Balanced Income Portfolio						
Series A	17,485,091	–	4,485,210	16,443,641	129	3,246,362
Series T	2,772,839	43,237	827,346	2,754,517	22,782	543,278
Scotia INNOVA Balanced Growth Portfolio						
Series A	15,139,827	–	5,151,756	21,857,737	205	2,975,442
Series T	2,086,051	67,346	635,525	2,566,548	36,870	424,190
Scotia INNOVA Growth Portfolio						
Series A	6,548,457	–	2,248,104	11,037,826	242	1,149,529
Scotia INNOVA Maximum Growth Portfolio						
Series A	1,633,869	–	569,659	2,777,717	–	315,146
Scotia Short Term Yield Class						
Series M	15,000	–	–	–	–	–
Scotia Conservative Government Bond Capital Yield Class						
Series A	586,057	–	–	–	–	–
Scotia Canadian Corporate Bond Capital Yield Class						
Series M	20,557	–	–	–	–	–
Scotia Canadian Dividend Class						
Series A	144,259	–	–	–	–	–
Scotia Private Canadian Equity Class						
Series M	17,400	–	–	–	–	–
Scotia Private U.S. Dividend Class						
Series M	15,292	–	–	–	–	–
Scotia Private U.S. Equity Class						
Series M	16,743	–	–	–	–	–
Scotia Global Dividend Class						
Series A	24,070	–	–	–	–	–
Scotia INNOVA Income Portfolio Class						
Series A	2,398,414	–	100	–	–	–
Scotia INNOVA Balanced Income Portfolio Class						
Series A	518,683	–	20	–	–	–
Scotia INNOVA Balanced Growth Portfolio Class						
Series A	404,798	–	–	–	–	–
Scotia INNOVA Growth Portfolio Class						
Series A	158,188	–	–	–	–	–
Scotia INNOVA Maximum Growth Portfolio Class						
Series A	30,417	–	–	–	–	–

5. Management fees and sales charges

The Funds' management fees are calculated daily and payable monthly on the first business day of the following calendar month. The Manager is entitled to a maximum annual management fee, exclusive of sales taxes, as follows:

	% of Net Asset Value								
	Series A Units	Series F Units	Series M Units	Advisor Series Units	Premium Series Units	Series T Units			
Scotia T-Bill Fund	1.00	–	–	–	–	–			
Scotia Premium T-Bill Fund	0.50	–	–	–	–	–			
Scotia Money Market Fund	1.00	–	0.10	1.00	0.30	–			
Scotia U.S. \$ Money Market Fund	1.00	–	–	–	–	–			
Scotia Short Term Bond Fund	–	–	0.10	–	–	–			
Scotia Private Short-Mid Government Bond Pool	–	–	0.10	–	–	–			
Scotia Mortgage Income Fund	1.25	0.625	–	–	–	–			
Scotia Bond Fund	1.10	–	–	–	–	–			
Scotia Canadian Income Fund	1.25	0.625	0.10	1.25	–	–			
Scotia Private Canadian Corporate Bond Pool	–	–	0.10	–	–	–			
				% of Net Asset Value					
				Series A Units	Series F Units	Series M Units	Advisor Series Units	Premium Series Units	Series T Units
Scotia U.S. \$ Bond Fund	1.50	0.75	–	–	–	–	–	–	–
Scotia Global Bond Fund	1.50	0.75	–	–	–	–	–	–	–
Scotia Private Advantaged Income Pool	–	–	0.10	–	–	–	–	–	–
Scotia Diversified Monthly Income Fund	1.25	0.625	–	1.50	–	–	–	–	–
Scotia Income Advantage Fund	1.85	–	–	–	–	–	–	–	–
Scotia Canadian Balanced Fund	1.75	0.875	–	–	–	–	–	–	–
Scotia Canadian Dividend Income Fund	1.65	–	–	–	–	–	–	–	–
Scotia Canadian Tactical Asset Allocation Fund	1.75	0.875	–	1.95	–	–	–	–	–
Scotia Global Balanced Fund	2.00	–	–	–	–	–	–	–	–
Scotia U.S. \$ Balanced Fund	1.85	–	–	–	–	–	–	–	–
Scotia Private Canadian Preferred Share Pool	–	–	0.30	–	–	–	–	–	–
Scotia Canadian Dividend Fund	1.50	0.75	0.10	1.75	–	–	–	–	–
Scotia Canadian Blue Chip Fund	1.85	0.925	–	–	–	–	–	–	–
Scotia Private Canadian Equity Pool	–	–	0.10	–	–	–	–	–	–
Scotia Canadian Growth Fund	1.85	0.925	–	1.95	–	–	–	–	–

	% of Net Asset Value					
			Advisor Premium			
	Series A Units	Series F Units	Series M Units	Series Units	Series Units	Series T Units
Scotia Canadian Small Cap Fund	2.00	1.00	0.10	–	–	–
Scotia Resource Fund	2.00	1.00	–	–	–	–
Scotia Private North American Equity Pool	–	–	0.10	–	–	–
Scotia Private Cyclical Opportunities Pool	–	–	0.10	–	–	–
Scotia Private U.S. Dividend Pool	–	–	0.30	–	–	–
Scotia Private U.S. Equity Pool	–	–	0.10	–	–	–
Scotia U.S. Blue Chip Fund	2.00	1.00	0.10	–	–	–
Scotia U.S. Value Fund	2.00	1.00	–	–	–	–
Scotia Private International Core Equity Pool	–	–	0.30	–	–	–
Scotia International Value Fund	2.15	1.15	–	2.15	–	–
Scotia European Fund	2.00	1.00	–	–	–	–
Scotia Pacific Rim Fund	2.00	1.00	–	–	–	–
Scotia Latin American Fund	2.50	1.25	–	–	–	–
Scotia Global Dividend Fund	2.00	–	–	–	–	–
Scotia Global Growth Fund	2.00	1.00	–	2.00	–	–
Scotia Global Small Cap Fund	2.35	1.35	–	–	–	–
Scotia Global Opportunities Fund	2.20	1.20	–	2.20	–	–
Scotia Global Climate Change Fund	2.00	1.00	–	2.00	–	–
Scotia Canadian Bond Index Fund	0.70	0.35	–	–	–	–
Scotia Canadian Index Fund	0.80	0.40	–	–	–	–
Scotia U.S. Index Fund	0.80	0.40	–	–	–	–
Scotia CanAm Index Fund	0.80	0.40	–	–	–	–
Scotia Nasdaq Index Fund	0.80	0.40	–	–	–	–
Scotia International Index Fund	0.80	0.40	–	–	–	–
Scotia Selected Income & Modest Growth Portfolio	1.60	0.60	–	1.80	–	–
Scotia Selected Balanced Income & Growth Portfolio	1.75	0.75	–	1.95	–	–
Scotia Selected Moderate Growth Portfolio	1.90	0.90	–	2.10	–	–
Scotia Selected Aggressive Growth Portfolio	2.10	1.10	–	2.20	–	–
Scotia Partners Diversified Income Portfolio	1.80	–	–	–	–	–
Scotia Partners Income & Modest Growth Portfolio	1.85	0.85	–	–	–	–
Scotia Partners Balanced Income & Growth Portfolio	2.00	1.00	–	–	–	–
Scotia Partners Moderate Growth Portfolio	2.15	1.15	–	–	–	–
Scotia Partners Aggressive Growth Portfolio	2.35	1.35	–	–	–	–
Scotia Vision Conservative 2010 Portfolio	1.60	–	–	–	–	–
Scotia Vision Aggressive 2010 Portfolio	1.65	–	–	–	–	–
Scotia Vision Conservative 2015 Portfolio	1.70	–	–	–	–	–
Scotia Vision Aggressive 2015 Portfolio	1.75	–	–	–	–	–
Scotia Vision Conservative 2020 Portfolio	1.80	–	–	–	–	–
Scotia Vision Aggressive 2020 Portfolio	1.85	–	–	–	–	–
Scotia Vision Conservative 2030 Portfolio	2.00	–	–	–	–	–
Scotia Vision Aggressive 2030 Portfolio	2.05	–	–	–	–	–
Scotia INNOVA Income Portfolio	1.60	–	–	–	–	1.60
Scotia INNOVA Balanced Income Portfolio	1.70	–	–	–	–	1.70
Scotia INNOVA Balanced Growth Portfolio	1.80	–	–	–	–	1.80
Scotia INNOVA Growth Portfolio	1.90	–	–	–	–	1.90
Scotia INNOVA Maximum Growth Portfolio	2.00	–	–	–	–	2.00
Scotia Short Term Yield Class	–	–	0.50	–	–	–

	% of Net Asset Value					
			Advisor Premium			
	Series A Units	Series F Units	Series M Units	Series Units	Series Units	Series T Units
Scotia Conservative Government Bond Capital Yield Class	1.10	–	0.50	–	–	–
Scotia Canadian Corporate Bond Capital Yield Class	–	–	0.50	–	–	–
Scotia Canadian Dividend Class	1.50	–	0.50	–	–	–
Scotia Private Canadian Equity Class	–	–	0.50	–	–	–
Scotia Private U.S. Dividend Class	–	–	0.50	–	–	–
Scotia Private U.S. Equity Class	–	–	0.50	–	–	–
Scotia Global Dividend Class	2.00	–	–	–	–	–
Scotia INNOVA Income Portfolio Class	1.60	–	–	–	–	–
Scotia INNOVA Balanced Income Portfolio Class	1.70	–	–	–	–	–
Scotia INNOVA Balanced Growth Portfolio Class	1.80	–	–	–	–	–
Scotia INNOVA Growth Portfolio Class	1.90	–	–	–	–	–
Scotia INNOVA Maximum Growth Portfolio Class	2.00	–	–	–	–	–

Management fees disclosed for the Scotia Portfolios are inclusive of the management fees charged to underlying funds. There is no duplication of fees. Management fees are not charged on Series I units. Instead, investors may negotiate a separate fee that is paid directly to the Manager.

Scotia Premium T-Bill Fund pays a rebate, called a management fee distribution, of 0.20% when the value of the Fund held within an account is \$250,000 to \$1,000,000. It pays a management fee distribution of 0.35% when the value of the Fund held within an account is greater than \$1,000,000.

As money market yields have remained low during the period, the Manager has opted to waive a portion of the management fees for Scotia T-Bill Fund, Scotia Premium T-Bill Fund, Scotia Money Market Fund and Scotia U.S. \$ Money Market Fund that otherwise would have been charged. The Manager may discontinue waiving fees and expenses at any time, without notice.

Investors who choose to buy Advisor Series units under the front-end sales charge option may have to pay a sales charge that may range from 0% to 6% of the amount invested. The amount of the sales charge is negotiated between the investor and his or her dealer. The sales charge will be deducted from the amount invested and paid to the dealer as a commission. There are no sales charges associated with the purchase of Series A, Premium Series, Series F, Series T or Series M units.

6. Operating expenses

Each Series of a Fund is allocated its own expenses and its proportionate share of the Fund's expenses that are common to all Series. Operating expenses may include legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, brokerage commissions, unitholder communication costs and other administration costs. The

Manager, at its sole discretion, absorbs operating expenses otherwise payable by certain Series. The absorbed expenses are reflected in the Statement of Operations. The Manager may cease to absorb expenses at any time.

For certain series of the Funds, the Manager will pay certain operating expenses. These expenses include regulatory filings and other day-to-day operating expenses. In return, each series pays a fixed administration fee, which is accrued daily and paid monthly. The maximum annual rates of administration fees are as follows:

	% of Net Asset Value	
	Series A Units	Series M Units
Scotia Trust Funds		
Scotia Short Term Yield Class	–	0.05
Scotia Conservative Government Bond Capital Yield Class	0.10	0.05
Scotia Canadian Corporate Bond Capital Yield Class	–	0.08
Scotia Canadian Dividend Class	0.10	0.08
Scotia Private Canadian Equity Class	–	0.10
Scotia Private U.S. Dividend Class	–	0.15
Scotia Private U.S. Equity Class	–	0.15
Scotia Global Dividend Class	0.30	–
Scotia INNOVA Income Portfolio Class	0.10	–
Scotia INNOVA Balanced Income Portfolio Class	0.10	–
Scotia INNOVA Balanced Growth Portfolio Class	0.10	–
Scotia INNOVA Growth Portfolio Class	0.10	–
Scotia INNOVA Maximum Growth Portfolio Class	0.10	–

7. Income taxes

Mutual fund trusts

Each of the Funds, other than the Corporation, qualify or expect to qualify as mutual fund trusts under the *Income Tax Act (Canada)*. Each of the Funds distributes sufficient amounts of its taxable net investment income and net realized taxable capital gains, less the amount required to enable each Fund to utilize any available tax credit attributable to redemptions during the period to its unitholders. Such income is taxable in the hands of the unitholders. Accordingly, no provision for income taxes has been recorded in these financial statements.

Mutual fund corporation

The corporate class Funds are classes of shares of the Corporation. Income, expenses and capital gains and losses of all the corporate class Funds are consolidated, as a single entity, in determining the Corporation's taxable income and amount of taxes payable as a whole. Any taxes payable or recoverable are allocated to the corporate class Funds and their various Series.

The Corporation qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act") and it is subject to income tax in each taxation year on the amount of its net income for the taxation year, including net taxable capital gains, if any, at the rate applicable to mutual fund corporations. Taxes payable on net realized

capital gains are refundable on a formula basis when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders.

Taxable dividends received by the Corporation from certain taxable Canadian corporations will not be included in its taxable income but may be subject to a 33 1/3% income tax under Part IV of the Tax Act, which is refundable at a rate of \$1 for every \$3 of taxable dividends (other than capital gains dividends) paid to its shareholders. Temporary differences between the tax basis of assets and liabilities and their carrying amounts may be either taxable or deductible. Taxable temporary differences give rise to future income tax liabilities and deductible temporary differences give rise to future income tax assets.

When the fair value of investments is greater than its tax basis, a future income tax liability arises and this future tax liability is offset by refundable taxes generated by payment of capital gains dividends. When the fair value of investments is less than its tax basis, a future income tax asset arises and due to the uncertainty of such future income tax assets ultimately being realized, a full valuation allowance is applied to offset the asset. Future income tax liabilities or assets are calculated using substantively enacted tax rates expected to apply in the period that the temporary differences are expected to reverse.

Losses Carried Forward

Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses for income tax purposes may be carried forward for up to twenty years and applied against capital gains realized and net income in future years. The following Funds have net capital and/or non-capital losses carried forward as at December 31, 2011:

Fund	Year of expiry	Non-Capital Loss \$	Capital Loss \$
Scotia U.S. \$ Money Market Fund	–	–	57,909,844
Scotia Short Term Bond Fund	–	–	8,192
Scotia Mortgage Income Fund	–	–	6,740,576
Scotia Bond Fund	–	–	1,253,999
Scotia Canadian Income Fund	–	–	17,653,656
Scotia Private Canadian Corporate Bond Pool	–	–	29,938,917
Scotia U.S. \$ Bond Fund	–	–	9,965,122
Scotia Global Bond Fund	–	–	28,014,229
Scotia Private Advantaged Income Pool	–	–	6,456,401
Scotia Diversified Monthly Income Fund	–	–	33,289,401
Scotia Income Advantage Fund	–	–	4,447
Scotia Canadian Balanced Fund	–	–	63,363,630
Scotia Canadian Dividend Income Fund	–	–	4,291,995
Scotia U.S. \$ Balanced Fund	2031	21,765	75,557
Scotia Canadian Dividend Fund	–	–	94,475,181
Scotia Canadian Blue Chip Fund	–	–	1,329,130
Scotia Private Canadian Equity Pool	–	–	14,170,980
Scotia Canadian Growth Fund	–	–	25,925,462
Scotia Canadian Small Cap Fund	–	–	7,741,142
Scotia Resource Fund	2029	659,035	–
Scotia Private North American Equity Pool	–	–	61,329,163

Fund	Year of expiry	Non-Capital Loss \$	Capital Loss \$
Scotia Private Cyclical Opportunities Fund	–	–	10,339,462
Scotia Private U.S. Equity Pool	–	–	64,711,496
Scotia U.S. Blue Chip Fund	2014	494,003	129,728,727
	2015	449,146	–
	2028	367,040	–
	2029	232,487	–
	2030	83,350	–
	2031	201,686	–
Scotia U.S. Value Fund	2014	1,634,588	44,448,754
	2015	2,141,180	–
	2026	489,880	–
Scotia Private International Core Equity Pool	–	–	173,623,938
Scotia International Value Fund	–	–	46,505,554
Scotia European Fund	–	–	52,505,347
Scotia Pacific Rim Fund	–	–	11,995,397
Scotia Latin American Fund	–	–	9,329,420
Scotia Global Dividend Fund	–	–	552,983
Scotia Global Growth Fund	–	–	125,797,941
Scotia Global Small Cap Fund	–	–	47,911,150
Scotia Global Opportunities Fund	–	–	12,009,029
Scotia Global Climate Change Fund	–	–	1,997,354
Scotia Canadian Bond Index Fund	–	–	503,996
Scotia Canadian Index Fund	–	–	33,741,869
Scotia U.S. Index Fund	–	–	34,274,015
Scotia CanAm Index Fund	2028	33,574,877	95,258,739
	2031	224,632	–
Scotia Nasdaq Index Fund	2028	1,389,747	6,890,913
	2031	42,253	–
Scotia International Index Fund	2028	12,287,094	12,343,668
	2031	5,192,149	–
Scotia Selected Income & Modest Growth Portfolio	–	–	2,878,804
Scotia Selected Balanced Income & Growth Portfolio	–	–	22,496,558
Scotia Selected Moderate Growth Portfolio	–	–	30,413,780
Scotia Selected Aggressive Growth Portfolio	2028	89,173	10,086,272
	2029	115,033	–
	2030	20,770	–
Scotia Partners Moderate Growth Portfolio	2014	373,425	2,775,082
Scotia Partners Aggressive Growth Portfolio	2026	193,524	6,562,373
	2029	758,991	–
	2030	3,341,158	–
	2031	906,769	–
Scotia Vision Conservative 2010 Portfolio	–	–	1,673,768
Scotia Vision Aggressive 2010 Portfolio	–	–	144,832
Scotia Vision Conservative 2015 Portfolio	–	–	2,494,923
Scotia Vision Aggressive 2015 Portfolio	–	–	760,221
Scotia Vision Conservative 2020 Portfolio	–	–	2,229,663
Scotia Vision Aggressive 2020 Portfolio	–	–	1,222,272
Scotia Vision Conservative 2030 Portfolio	2030	52,206	2,091,928
Scotia Vision Aggressive 2030 Portfolio	2030	143,924	671,966
	2031	45,150	–

As of June 30, 2012 the Corporation has no capital or non-capital losses, as it has not completed its first taxation year.

8. Client Brokerage Commissions

The ascertainable soft dollar arrangements in connection with investment portfolio transactions for the periods ended June 30, 2012 and June 30, 2011 are set out below.

Fund	2012	2011
Scotia Private Advantaged Income Pool	\$ 8,340	\$–
Scotia Diversified Monthly Income Fund	181,030	–
Scotia Income Advantage Fund	5,031	–
Scotia Canadian Balanced Fund	26,320	–
Scotia Canadian Dividend Income Fund	2,395	–

Fund	2012	2011
Scotia Canadian Tactical Asset Allocation Fund	11,750	12,253
Scotia U.S. \$ Balanced Fund	77	–
Scotia Canadian Dividend Fund	737,556	–
Scotia Canadian Blue Chip Fund	7,637	1,274*
Scotia Canadian Growth Fund	15,382	59,238*
Scotia Canadian Small Cap Fund	444	10,749*
Scotia Resource Fund	10,171	35,673*
Scotia Private Cyclical Opportunities Pool	1,034	–
Scotia Private U.S. Equity Pool	25,317	–
Scotia U.S. Blue Chip Fund	840	345*
Scotia U.S. Value Fund	1,599	1,961
Scotia Private International Core Equity Pool	–	1,515
Scotia International Value Fund	–	1,483
Scotia European Fund	4,962	11,144
Scotia Pacific Rim Fund	–	1,825
Scotia Latin American Fund	285	3,184
Scotia Global Dividend Fund	8,513	5,345
Scotia Global Growth Fund	44,989	50,881
Scotia Global Small Cap Fund	2,280	39,354
Scotia Global Opportunities Fund	437	27,001

* For the period from March 4, 2011 to June 30, 2011.

Client brokerage commissions are arrangements pursuant to which products or services, other than the execution of portfolio securities transactions, are obtained by a portfolio adviser from or through a broker-dealer in exchange for directing client securities transactions to the broker-dealer.

For client brokerage commissions paid to related parties, please refer to Notes 10(c) and (h) for more information.

9. Securities lending

The Funds have entered into a securities lending program with their custodian, The Bank of Nova Scotia (“BNS”) (credit rating of AA- by Standard & Poor’s). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the Net Assets of the Fund.

The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral is received in the form of debt obligations of the Government of Canada, a Canadian provincial government, the government of the United States of America, certain financial institutions or other qualified securities, and is not included in the Statement of Investment Portfolio. The aggregate market value of the securities on loan and the collateral received by the Funds as at June 30, 2012 and December 31, 2011 are as follows:

Fund	As at June 30, 2012	
	Market value of securities on loan	Market value of collateral received
Scotia T-Bill Fund	\$ 39,367,774	\$ 41,348,507
Scotia Premium T-Bill Fund	182,118,700	191,269,041
Scotia Money Market Fund	5,428,873	5,728,339
Scotia Short-Term Bond Fund	512,116	540,365
Scotia Private Short-Mid Government Bond Pool	89,030,911	94,013,569
Scotia Bond Fund	55,689,797	58,791,465

As at June 30, 2012

Fund	Market value of securities on loan	Market value of collateral received
Scotia Canadian Income Fund	235,509,477	248,606,827
Scotia Private Canadian Corporate Bond Pool	4,313,717	4,535,803
Scotia U.S. \$ Bond Fund	37,152,758	38,940,891
Scotia Global Bond Fund	2,739,459	2,871,190
Scotia Private Advantaged Income Pool	1,960,067	2,033,256
Scotia Diversified Monthly Income Fund	8,795,887	9,162,277
Scotia Income Advantage Fund	3,673,748	3,826,290
Scotia Canadian Balanced Fund	15,001,464	15,722,436
Scotia Canadian Dividend Income Fund	4,537,134	4,708,201
Scotia Canadian Tactical Asset Allocation Fund	27,378,754	28,647,984
Scotia Private Canadian Preferred Share Pool	1,150,140	1,193,804
Scotia Canadian Dividend Fund	66,820,304	69,338,418
Scotia Canadian Blue Chip Fund	9,152,591	9,594,115
Scotia Private Canadian Equity Pool	25,846,941	26,902,349
Scotia Canadian Growth Fund	13,563,427	14,213,625
Scotia Canadian Small Cap Fund	4,916,740	5,107,274
Scotia Resource Fund	7,732,927	7,990,113
Scotia Private North American Equity Pool	2,366,539	2,470,717
Scotia Private Cyclical Opportunities Pool	281,271	296,508
Scotia U.S. Blue Chip Fund	1,457,898	1,517,458
Scotia Private International Core Equity Pool	371,131	386,253
Scotia Global Dividend Fund	622,048	647,393
Scotia Latin American Fund	174,558	183,870
Scotia Global Growth Fund	3,236,410	3,360,326
Scotia Global Small Cap Fund	3,336,616	3,446,490
Scotia Global Opportunities Fund	397,822	419,396
Scotia Global Climate Change Fund	69,994	73,360
Scotia Canadian Bond Index Fund	104,385,464	109,810,425
Scotia Canadian Index Fund	16,288,103	16,972,056
Scotia U.S. Index Fund	75,943	79,131
Scotia CanAm Index Fund	25,170,344	26,493,633
Scotia International Index Fund	13,249,333	13,935,646
Scotia INNOVA Income Portfolio	11,656,923	12,247,975
Scotia INNOVA Balanced Income Portfolio	4,536,080	4,759,080

As at December 31, 2011

Fund	Market value of securities on loan	Market value of collateral received
Scotia T-Bill Fund	\$ 55,937,958	\$ 58,751,936
Scotia Premium T-Bill Fund	210,399,919	220,987,981
Scotia Money Market Fund	5,641,753	5,926,642
Scotia Short-Term Bond Fund	6,149,552	6,460,016
Scotia Private Short-Mid Government Bond Pool	113,992,115	119,812,897
Scotia Mortgage Income Fund	17,083,379	17,942,633
Scotia Bond Fund	151,458,662	159,127,888
Scotia Canadian Income Fund	\$261,687,435	\$274,936,069
Scotia Private Canadian Corporate Bond Pool	1,856,916	1,950,508
Scotia U.S. \$ Bond Fund	1,826,872	1,917,289
Scotia Global Bond Fund	2,400,436	2,518,932
Scotia Private Advantaged Income Pool	3,884,069	4,070,990
Scotia Diversified Monthly Income Fund	72,327,416	75,896,592
Scotia Canadian Balanced Fund	153,523,935	161,289,974
Scotia Canadian Dividend Income Fund	2,660,554	2,790,379
Scotia Canadian Tactical Asset Allocation Fund	24,758,462	25,998,441
Scotia Canadian Dividend Fund	108,111,289	113,375,986
Scotia Canadian Blue Chip Fund	619,076	651,068
Scotia Private Canadian Equity Pool	20,153,989	21,150,433
Scotia Canadian Growth Fund	10,834,161	11,358,104
Scotia Canadian Small Cap Fund	4,051,934	4,287,483
Scotia Resource Fund	13,138,520	13,780,575
Scotia Private North American Equity Pool	203,196	213,637
Scotia Private Cyclical Opportunities Pool	5,168,366	5,426,659
Scotia Private U.S. Equity Pool	21,432,600	22,490,601
Scotia U.S. Value Fund	3,876,361	4,067,714
Scotia Latin American Fund	5,242,887	5,512,660
Scotia Global Growth Fund	8,052,415	8,532,772
Scotia Global Small Cap Fund	85,730	89,962
Scotia Global Opportunities Fund	11,465	12,001
Scotia Canadian Bond Index Fund	54,943,952	57,735,881

As at December 31, 2011

Fund	Market value of securities on loan	Market value of collateral received
Scotia Canadian Index Fund	11,815,210	12,409,378
Scotia U.S. Index Fund	1,255	1,317
Scotia CanAm Index Fund	23,299,049	24,470,714
Scotia Nasdaq Index Fund	1,020,594	1,070,974
Scotia International Index Fund	1,362,578	1,431,161

10. Related party transactions

- (a) SAM, a wholly-owned subsidiary of BNS, is the trustee (where applicable) and manager of the Funds. SAM earns a fee for acting as trustee and manager of the Funds. In addition, BNS is the custodian of the Funds and earns a fee for providing custody and related services. The management fees and custodian fees are disclosed in separate line items in the Statement of Operations.
- (b) BNS owns a significant interest in CI Financial Corp. and owns 100% of DundeeWealth Inc., the parent company of the manager of Dynamic Funds. Some of the Funds have holdings in CI Financial Corp. and in certain CI Funds and Dynamic Funds as at June 30, 2012 and December 31, 2011. Prior to the acquisition to obtain 100% ownership of DundeeWealth Inc. on January 28, 2011, BNS had a significant interest in DundeeWealth Inc., the parent company at the time of Dundee Securities Corporation, and therefore the brokerage fees paid to Dundee Securities Corporation from January 1 to January 28, 2011 are considered related party transactions.
- (c) Units of the Funds are distributed through brokers and dealers which include Scotia Securities Inc., Scotia Capital Inc. ("SCI"), DWM Securities Inc. ("DWM"), and Dundee Private Investors Inc. ("DPI"), all wholly-owned subsidiaries of BNS and related parties to SAM.

The Funds may also invest in securities issued by BNS and execute portfolio transactions through SCI. The brokerage fees paid to related parties for the periods ended June 30, 2012 and June 30, 2011 are as follows:

Fund	June 30, 2012 Scotia Capital Inc.
Scotia Private Advantaged Income Pool	\$ 14,903
Scotia Diversified Monthly Income Fund	202,658
Scotia Income Advantage Fund	6,958
Scotia Canadian Balanced Fund	198,684
Scotia Canadian Tactical Asset Allocation Fund	26,825
Scotia Canadian Dividend Income Fund	2,055
Scotia U.S. \$ Balanced Fund	—
Scotia Canadian Dividend Fund	696,047
Scotia Canadian Blue Chip Fund	8,097
Scotia Private Canadian Equity Pool	21,351
Scotia Canadian Growth Fund	7,252
Scotia Canadian Small Cap Fund	192
Scotia Resource Fund	42,505
Scotia Private North American Equity Pool	3,968
Scotia Private Cyclical Opportunities Pool	5,457
Scotia Private U.S. Equity Pool	—
Scotia U.S. Blue Chip Fund	473

	June 30, 2012
Fund	Scotia Capital Inc.
Scotia U.S. Value Fund	–
Scotia International Value Fund	–
Scotia Global Dividend Fund	504
Scotia Global Opportunities Fund	–

	June 30, 2011	
Fund	Scotia Capital Inc.	Dundee Securities Corporation*
Scotia Private Advantaged Income Pool	\$ 18,460	\$ 80
Scotia Diversified Monthly Income Fund	99,925	4,513
Scotia Canadian Balanced Fund	456,465	3,054
Scotia Canadian Tactical Asset Allocation Fund	19,937	234
Scotia Canadian Dividend Income Fund	4,618	–
Scotia Canadian Dividend Fund	380,510	6,250
Scotia Canadian Blue Chip Fund	11,062	–
Scotia Private North American Equity Pool	55,019	–
Scotia Canadian Growth Fund	176,147	18,862
Scotia Canadian Small Cap Fund	18,817	500
Scotia Resource Fund	21,702	1,500
Scotia Private North American Equity Pool	891	1,212
Scotia Private Cyclical Opportunities Pool	42,460	4,388
Scotia International Value Fund	453	–

* As of January 28, 2011, Dundee Securities Corporation ceased to be a related party to SAM. Therefore, the brokerage fees paid to Dundee Securities Corporation were for the period from January 1 to January 28, 2011.

(d) Scotia Mortgage Income Fund purchases and sells mortgages from Scotia Mortgage Corporation (“SMC”), a wholly-owned subsidiary of BNS, and from BNS at an amount which will produce a yield to Scotia Mortgage Income Fund of not more than one-quarter of one percent less than the interest rate at which BNS is making similar commitments.

Scotia Mortgage Income Fund only holds conventional uninsured mortgages. For conventional uninsured mortgages, Scotia Mortgage Income Fund pays SMC or BNS a guarantee fee equal to the present value of 0.25 percent applied to the present value of each mortgage at the time of purchase. This guarantee fee is deferred and amortized over the remaining term to maturity of the mortgages purchased. BNS has agreed to purchase from Scotia Mortgage Income Fund any mortgage purchased from SMC or from BNS at such time if the mortgage is in default. The price of such purchase is equal to the principal value plus unpaid interest.

There are no mortgages in arrears as at June 30, 2012 and December 31, 2011.

Mortgage service fees of \$717,168 were paid to SMC for the six-month period ended June 30, 2012 (June 30, 2011 – \$925,563).

(e) The Manager may enter into transactions and service arrangements with its affiliates. Scotia Capital Inc. may be involved in the purchase and sale of portfolio securities and currency forward contracts.

(f) Scotia Moccata, a wholly-owned subsidiary of BNS, is the custodian of gold bullion for Scotia U.S. Blue Chip

Fund, Scotia Canadian Blue Chip Fund, Scotia Resource Fund, Scotia Canadian Balanced Fund, Scotia U.S. Value Fund and Scotia Global Opportunities Fund. Scotia Moccata earns a fee for providing custody and related services in total of U.S. \$5,650 for period ended June 30, 2012 (June 30, 2011 – U.S. \$760).

(g) As at June 30, 2012 and December 31, 2011, the Manager has invested in the following number of units in the below Funds:

Fund	June 30, 2012	December 31, 2011
Scotia Short Term Yield Class	15,000 Series M Units	
Scotia Conservative Government Bond Capital Yield Class	15,000 Series A Units	
Scotia Canadian Corporate Bond Capital Yield Class	15,000 Series M Units	
Scotia Canadian Dividend Class	15,000 Series A Units	
Scotia Private Canadian Equity Class	15,000 Series M Units	
Scotia Private U.S. Dividend Class	15,000 Series M Units	
Scotia Private U.S. Equity Class	15,000 Series M Units	
Scotia Global Dividend Class	15,000 Series A Units	
Scotia INNOVA Income Portfolio Class	60,000 Series A Units	
Scotia INNOVA Balanced Income Portfolio Class	15,000 Series A Units	
Scotia INNOVA Balanced Growth Portfolio Class	15,000 Series A Units	
Scotia INNOVA Growth Portfolio Class	15,000 Series A Units	
Scotia INNOVA Maximum Growth Portfolio Class	15,000 Series A Units	
Scotia U.S. \$ Balanced Fund		50,000 Series A Units
Scotia Income Advantage Fund		15,322 Series A Units
Scotia Private Canadian Preferred Share Pool		15,000 Series M Units

As at June 30, 2012 and December 31, 2011, certain Funds invested units in Funds managed by the Manager. The holdings are disclosed in the Statement of Investments, as applicable.

(h) Effective February 1, 2011, GCIC Ltd. (formerly Goodman & Company, Investment Counsel Ltd.) became a wholly-owned subsidiary of BNS and thus a related party. During the period ended June 30, 2012, the Funds, in aggregate, made client brokerage commission payments to GCIC Ltd. in an amount of \$1,025,891, and to SAM in an amount of nil (June 30, 2011 – \$168,175 and \$325,814, respectively).

11. Reconciliation of Net Asset Value per Unit and Net Assets per Unit

In accordance with National Instrument 81-106, a reconciliation of Net Asset Value* and Net Assets per unit**, as at June 30, 2012 and December 31, 2011, is as follows:

Fund	June 30, 2012		December 31, 2011	
	Net Asset Value Per Unit (\$)	Net Assets per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets per Unit (\$)
Scotia Short Term Bond Fund				
Series M Units	9.97	9.96	10.03	10.02
Scotia Private Short-Mid Government Bond Pool				
Series I Units	11.02	11.01	11.05	11.04
Series M Units	11.02	11.02	11.05	11.04
Scotia Mortgage Income Fund				
Series A Units	10.82	10.82	10.84	10.84
Series F Units	10.78	10.78	10.81	10.81
Series I Units	10.72	10.72	10.77	10.77
Scotia Bond Fund				
Series A Units	10.96	10.95	10.88	10.87
Series I Units	10.95	10.94	10.88	10.87
Scotia Canadian Income Fund				
Series A Units	14.09	14.07	13.95	13.94
Advisor Series Units	14.05	14.04	13.91	13.90
Series F Units	14.04	14.02	13.91	13.90
Series I Units	14.00	13.98	13.89	13.88
Series M Units	14.01	13.99	13.90	13.88
Scotia Private Canadian Corporate Bond Pool				
Series I Units	10.69	10.67	10.54	10.52
Series M Units	10.70	10.68	10.54	10.52
Scotia U.S. \$ Bond Fund				
Series A Units	11.76	11.75	11.62	11.62
Series F Units	11.74	11.73	11.59	11.59
Scotia Global Bond Fund				
Series A Units	9.11	9.10	9.09	9.08
Series I Units	9.03	9.02	9.03	9.02
Scotia Private Advantaged Income Pool				
Series M Units	7.54	7.53	7.61	7.60
Scotia Diversified Monthly Income Fund				
Series A Units	9.83	9.83	9.86	9.85
Advisor Series Units	9.68	9.68	9.73	9.73
Series F Units	10.17	10.17	10.17	10.16
Scotia Income Advantage Fund				
Series A Units	9.98	9.97	10.03	10.01
Scotia Canadian Balanced Fund				
Series A Units	19.71	19.70	19.50	19.48
Series F Units	19.34	19.33	19.14	19.12
Scotia Canadian Dividend Income Fund				
Series A Units	10.43	10.42	9.98	9.97
Scotia Canadian Tactical Asset Allocation Fund				
Series A Units	17.05	17.03	16.86	16.85
Advisor Series Units	16.81	16.79	16.59	16.57
Series F Units	17.21	17.19	17.06	17.05
Scotia Global Balanced Fund				
Series A Units	10.76	10.76	10.41	10.41
Scotia U.S. \$ Balanced Fund				
Series A Units	10.02	10.02	9.66	9.66
Scotia Private Canadian Preferred Share Pool				
Series I Units	9.98	9.95	–	–
Series M Units	10.09	10.06	10.03	10.01
Scotia Canadian Dividend Fund				
Series A Units	37.95	37.91	37.41	37.38
Advisor Series Units	37.78	37.74	37.19	37.16
Series F Units	37.73	37.69	37.25	37.22
Series I Units	37.65	37.61	37.30	37.26
Series M Units	36.84	36.80	36.44	36.41
Scotia Canadian Blue Chip Fund				
Series A Units	23.11	23.09	22.75	22.73
Series F Units	23.32	23.29	22.89	22.86
Series I Units	26.52	26.49	25.84	25.81

Fund	June 30, 2012		December 31, 2011	
	Net Asset Value Per Unit (\$)	Net Assets per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets per Unit (\$)
Scotia Private Canadian Equity Pool				
Series I Units	10.48	10.47	10.50	10.49
Series M Units	10.48	10.46	10.41	10.40
Scotia Canadian Growth Fund				
Series A Units	46.24	46.18	46.18	46.13
Advisor Series Units	45.76	45.70	45.80	45.75
Series F Units	48.73	48.67	48.52	48.46
Series I Units	54.79	54.71	54.13	54.07
Scotia Canadian Small Cap Fund				
Series A Units	18.27	18.13	19.87	19.66
Series F Units	18.28	18.14	–	–
Series I Units	21.16	21.00	22.74	22.51
Series M Units	18.74	18.60	20.17	19.96
Scotia Resource Fund				
Series A Units	17.16	17.11	20.46	20.41
Series F Units	17.36	17.31	20.63	20.59
Series I Units	18.25	18.20	21.51	21.46
Scotia Private North American Equity Pool				
Series M Units	9.07	9.06	8.84	8.83
Scotia Private Cyclical Opportunities Pool				
Series M Units	9.45	9.43	9.22	9.20
Scotia Private U.S. Dividend Pool				
Series I Units	10.17	10.16	–	–
Series M Units	10.87	10.87	10.10	10.10
Scotia Private U.S. Equity Pool				
Series I Units	8.34	8.34	7.63	7.63
Series M Units	8.34	8.34	7.64	7.64
Scotia U.S. Blue Chip Fund				
Series A Units	6.39	6.39	6.17	6.17
Series F Units	6.71	6.71	6.45	6.45
Scotia U.S. Value Fund				
Series A Units	7.65	7.65	7.14	7.13
Series I Units	8.63	8.63	7.95	7.95
Scotia Private International Core Equity Pool				
Series M Units	7.37	7.37	6.97	6.97
Scotia International Value Fund				
Series A Units	5.29	5.29	5.01	5.01
Advisor Series Units	5.14	5.14	4.87	4.87
Series I Units	5.44	5.44	5.09	5.09
Scotia European Fund				
Series A Units	8.71	8.71	8.25	8.25
Series I Units	8.70	8.70	8.15	8.15
Scotia Pacific Rim Fund				
Series A Units	9.33	9.33	8.90	8.90
Series I Units	10.79	10.79	10.17	10.17
Scotia Latin American Fund				
Series A Units	21.25	21.19	21.40	21.30
Series F Units	21.74	21.68	21.82	21.72
Series I Units	22.94	22.87	22.83	22.73
Scotia Global Dividend Fund				
Series A Units	10.77	10.77	10.16	10.16
Series I Units	10.69	10.69	9.96	9.96
Scotia Global Growth Fund				
Series A Units	29.22	29.21	27.96	27.94
Advisor Series Units	29.10	29.08	27.87	27.85
Series F Units	29.78	29.77	28.30	28.28
Series I Units	30.89	30.87	29.19	29.17
Scotia Global Small Cap Fund				
Series A Units	5.68	5.67	5.58	5.57
Series I Units	5.99	5.98	5.81	5.80
Scotia Global Opportunities Fund				
Series A Units	7.80	7.80	7.28	7.28
Advisor Series Units	7.57	7.57	7.07	7.07
Series F Units	7.83	7.83	–	–
Series I Units	8.11	8.11	7.47	7.47
Scotia Global Climate Change Fund				
Series A Units	6.92	6.92	6.55	6.54
Advisor Series Units	6.90	6.89	6.53	6.52

Fund	June 30, 2012		December 31, 2011	
	Net Asset Value Per Unit (\$)	Net Assets per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets per Unit (\$)
Scotia Canadian Bond Index Fund				
Series A Units	11.69	11.68	11.68	11.67
Series F Units	11.73	11.72	11.72	11.71
Series I Units	11.65	11.64	11.65	11.64
Scotia Canadian Index Fund				
Series A Units	20.15	20.12	20.56	20.53
Series F Units	20.08	20.04	20.45	20.42
Series I Units	19.87	19.83	20.17	20.15
Scotia U.S. Index Fund				
Series A Units	12.62	12.61	11.62	11.61
Series I Units	12.73	12.72	11.66	11.65
Scotia CanAm Index Fund				
Series A Units	8.46	8.46	7.78	7.78
Series F Units	–	–	7.85	7.85
Scotia Nasdaq Index Fund				
Series A Units	5.89	5.89	5.15	5.15
Series F Units	5.94	5.94	5.19	5.19
Scotia International Index Fund				
Series A Units	6.21	6.21	6.09	6.09
Series F Units	6.26	6.26	6.13	6.13
Series I Units	6.70	6.70	6.53	6.53

* Net Asset Value per unit is the value used to determine the Funds' daily price for purchase and redemption of units.

** Net Assets per unit is determined by valuing financial instruments held by the Fund in accordance with CICA Handbook Section 3855, "Financial Instruments—Recognition and Measurement". These valuation policies are described in the Note 2(b)(i).

The differences between the Net Asset Value per unit and Net Assets per unit are mainly due to the use of bid/ask prices for financial statement purposes in accordance with Section 3855 adjustments.

12. Future accounting changes

On December 12, 2011, the Canadian Accounting Standards Board ("AcSB") extended the deferral of the mandatory International Financial Reporting Standards ("IFRS") changeover date for investment companies to fiscal year beginning on or after January 1, 2014.

The Manager has developed a changeover plan to meet the implementation date published by AcSB. The key elements of the plan include identifying differences between the Funds' current accounting policies and those the Funds expect to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any on the Net assets or Net Asset Value of the Funds.

On May 12, 2011, the International Accounting Standards Board issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It only applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in eliminating the difference between the net asset value per unit and net assets per unit under the current Canadian GAAP.

On August 25, 2011, the IASB issued an exposure draft proposing that investment entities will be exempted from consolidating their controlled investments under IFRS 10. The Funds expect to meet the proposed criteria to qualify as investment entities and would measure all controlled investments at fair value with changes in fair value recognized through profit or loss.

The Manager has determined that there will likely be no material impact to the net asset value per unit of each Fund Series from the changeover to IFRS. The major qualitative impact noted as of June 30, 2012 would be the addition of a statement of cash flows, the classification of puttable instruments, the reporting of future income tax assets or liabilities where applicable, and additional note disclosures. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

Management's Responsibility For Financial Reporting

The accompanying financial statements have been prepared by the manager and approved by the Board of Directors of Scotia Asset Management G.P. Inc., as general partner for and on behalf of Scotia Asset Management L.P., the manager of the Funds. Management is responsible for the information and representations made in these financial statements.

Scotia Asset Management L.P. maintains appropriate processes to ensure that accurate, relevant and reliable financial information is produced. The financial statements have been produced in accordance with Canadian generally accepted accounting principles and include certain amounts based on estimates and assumptions made by Scotia Asset Management L.P. The significant accounting policies which Scotia Asset Management L.P. believes are appropriate for the Funds are described in Note 2 to the financial statements.



Walter Pavan
Chief Financial Officer
Scotia Asset Management L.P.

August 9, 2012

FOR MORE INFORMATION ABOUT

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