

Scotia Global Bond Fund

? Guide to this Document

Investment Objective

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

Reasons for Investing

- ▶ A good addition to a domestic portfolio, offering regular income and the benefits of global diversification.
- ▶ Offers direct global currency exposure to enhance portfolio diversification.
- ▶ Focus on high grade government and corporate issues provides global exposure with minimal credit risk.

Risk Rating



Time Horizon Medium-Long term

Fund Essentials

Inception Date	July 1994
Total Assets \$Mil	19.86
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Monthly
Capital Distribution	Annually
MER %	2.19
NAV \$ as of 12-31-2011	9.09

Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS379
F	No Load	CAD	BNS579

Portfolio Manager Nicholas Van Sluytman
Goodman & Company,
Investment Counsel

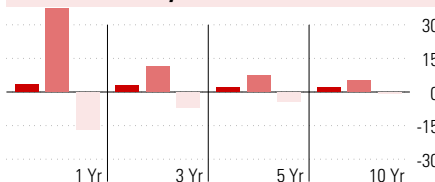
Management Company Scotia Asset Management
Telephone 800 268-9269
Web Site www.scotiafunds.com

Benchmark
BarCap Global Aggregate TR
CAD

Fund Category
Global Fixed Income

Morningstar Rating™
★★

Performance Analysis as of 12-31-2011



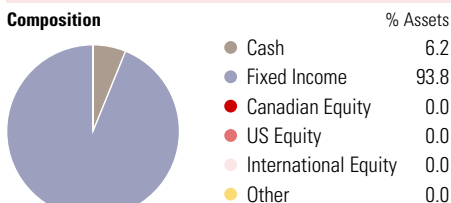
Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	3.4	3.0	2.1	2.1
Best	37.2	11.5	7.5	5.1
Worst	-16.7	-7.1	-4.4	-0.5
No. of Periods	198	174	150	90
% Positive	65.2	69.0	80.7	97.8

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	0.4	-2.8	10.6	10.2	5.6	-1.7	3.8	2.1
Benchmark	0.8	-2.1	6.8	8.3	4.1	-0.6	3.4	2.3
Quartile	3	4	1	1	2	4	3	4

Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	5.2	17.6	-5.3	1.6	-10.9	1.2	-7.5	37.2	-14.9	1.2	10.2
Benchmark	8.0	15.3	-8.0	1.3	-6.9	6.2	-8.4	31.1	-9.2	0.0	8.3
Quartile	2	2	3	3	4	4	4	1	4	3	1

Distributions (\$/unit)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	0.34	0.32	0.30	0.25	0.21	0.23	0.24	0.24	0.19	0.10	0.15
Income	0.32	0.32	0.30	0.25	0.21	0.23	0.24	0.24	0.19	0.10	0.15
Capital Gains	0.02	—	—	—	—	—	—	—	—	—	—

Portfolio Analysis as of 11-30-2011



Fixed Income Style	Credit Quality	%
High	High	96.1
Med	Medium	0.0
Low	Low	0.0
	NR/NA	3.9

Top Ten Holdings	% Assets
Germany (Republic Of) 4.25% 04-07-2018	15.2
Austria(Rep Of) 4.3% 15-07-2014	11.9
US Treasury Bond 5.375% 15-02-2031	10.6
Australia(Cmnwlth) 4.75% 15-06-2016	10.1
Manitoba Prov Cda 2.125% 22-04-2013	6.6
US Treasury Bond 4.375% 15-05-2041	6.3
Netherlands (Kingdom of) 4% 15-07-2019	6.2
Nova Scotia Prov Cda 8.875% 01-07-2019	5.3
BC (Prov Of) 4.3% 30-05-2013	5.2
United Kingdom (Govt Of) 5% 07-03-2018	4.7

Total Number of Portfolio Holdings	
Total Number of Stock Holdings	0
Total Number of Bond Holdings	13
Total Number of Other Holdings	4
Total Number of Underlying Holdings	17

Fixed Income Breakdown	% Bond
Government Bonds	93.8
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	6.2
Asset Backed Securities	0.0

Geographic Allocation	% Assets
Canada	23.8
United States	17.0
United Kingdom	15.8
Germany	15.2
Austria	11.9

Scotia Global Bond Fund

Portfolio Advisor Overview

Manager Bio



Nicholas Van Sluytman
Manager Since 2010-1-1
Goodman & Company, Investment Counsel

Nicholas Van Sluytman is Vice President & Portfolio Manager at Goodman & Company, Investment Counsel, Ltd., the sub-advisor of the fund. Prior to joining GCICL, Nicholas was a member of the fixed income team at Scotia Asset Management (SAM) for over 20 years. Nicholas has a Bachelor of Arts degree (Economics & Political Science) from the University of Toronto and holds the Chartered Financial Analyst designation.

Additional Information

You can find additional information about each fund in its annual information form, its most recently filed annual and interim financial statements, and its most recently filed annual and interim management reports of fund performance.

You can get a copy of these documents, at no charge, by calling 1 800 268-9269 for English or 1 800 387-5004 for French, or from your dealer or broker. You can also download these documents from our website at www.scotiafunds.com, or from SEDAR at www.sedar.com.

Portfolio Advisor Quarterly Commentary as of 12-31-2011

Capital markets continued to be dominated by eurozone sovereign debt issues. Fears of funding contagion and lack of faith in authorities to deal with the situation, led major credit rating agencies to put all the nations using the euro under credit watch. However, the U.S. economy continued to bounce along with modest economic growth throughout the period. China reverted to measures to promote growth, after spending much of the year working to contain inflation. The U.K. continued to struggle with the conundrum of low growth and high inflation. Japan continued to recover from the March tsunami and struggle with price deflation, while eurozone fundamentals pointed to a renewed recession in that area. Against this backdrop, the Scotia Global Bond Fund returned -2.8% over the quarter, versus the benchmark Merrill Lynch Global Government Bond Index II (in Canadian dollars), which returned -2.2%. The Fund had no exposure to Italian and Spanish Treasuries

throughout most of the quarter, as those bonds yields increased. This was a net contributor to performance. The Fund was overweight German bunds, Australian government bonds and U.K. gilts; these yields dropped notably and were a positive net contributor to performance. Holdings of U.S. dollar-denominated bonds had a moderately negative impact on performance, as spreads widened over U.S. Treasuries. The Fund's currency exposures were kept neutral relative to the Index over the period. Capital markets will continue to struggle between a focus on economic fundamentals and sovereign debt issues. A resolution to the latter is not anticipated for well into 2012. Cash flows are expected to gravitate toward assets that are deemed less risky, mainly U.S. and Japanese government debt, which will serve to keep interest rates low globally and yield curves relatively flat.

Disclosure

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IMPORTANT MUTUAL FUND INFORMATION

ScotiaFunds are available from Scotia Securities Inc., a corporate entity separate from, although wholly-owned by, The Bank of Nova Scotia, and other dealers. ScotiaFunds are managed by Scotia Asset Management L.P., Goodman & Company, Investment Counsel Ltd. is the portfolio sub-advisor of the fund. Scotia Asset Management L.P. and Goodman & Company, Investment Counsel Ltd. are each directly or indirectly, owned by The Bank of Nova Scotia.

Fund prices are provided for information purposes only. All information pertains to Class A units of the fund unless stated otherwise.

Units of the fund are only available for sale to residents of Canada, unless the laws of a foreign jurisdiction permit sales to its residents. Please contact your financial advisor for more details. The contents of this document should not be considered an offer to sell to, or a solicitation to buy mutual fund units from, any person in a jurisdiction where such offer or solicitation is considered unlawful.

Important information about the fund is contained in the Simplified Prospectus, which should be read carefully before investing. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. The performance data provided assumes reinvestment of distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. There can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment will be returned to you. Mutual funds are not covered by the Canada Deposit Insurance Corporation (CDIC) or by any other government deposit insurer. Past performance may not be repeated.

Scotia Asset Management L.P., as Manager of the ScotiaFunds, may compensate its staff and any appointed sub-distributor by regular payments based on the net asset value (NAV) of units held by investors. For further details, please refer to the Simplified Prospectus.