

# Scotia Global Bond Fund

**Benchmark**  
BarCap Global Aggregate TR CAD

**Fund Category**  
Global Fixed Income

**Morningstar Rating™**  
★★

## 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** 3 years or more

## Fund Essentials

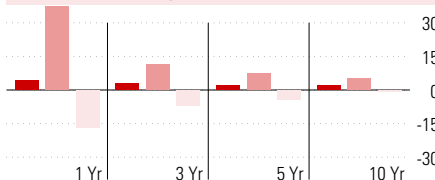
Inception Date	July 1994
Total Assets \$Mil	23.17
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Monthly
Capital Distribution	Annually
MER %	2.04
NAV \$ as of 10-31-2009	8.91

## Class Options

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

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

## Performance Analysis as of 10-31-2009



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	4.2	2.8	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	172	148	124	64
% Positive	67.4	64.2	81.5	96.9

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	1.2	4.5	-1.2	2.2	15.1	5.8	1.2	2.0
Benchmark	0.8	4.0	0.6	4.9	14.4	6.0	2.8	3.1
Quartile	2	2	4	4	1	2	4	3

Calendar Year Returns (%)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Fund	-13.5	2.5	5.2	17.6	-5.3	1.6	-10.9	1.2	-7.5	37.2	-9.7
Benchmark	-10.4	6.8	8.0	15.3	-8.0	1.3	-6.9	6.2	-8.4	31.1	-5.5
Quartile	4	3	2	2	3	3	4	4	4	1	4

Distributions (\$/unit)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total	0.33	0.37	0.34	0.32	0.30	0.25	0.21	0.23	0.24	0.24	0.17
Income	0.33	0.37	0.32	0.32	0.30	0.25	0.21	0.23	0.24	0.24	0.17
Capital Gains	—	—	0.02	—	—	—	—	—	—	—	—

## Portfolio Analysis as of 09-30-2009

Composition	% Assets	Fixed Income Style	Credit Quality	%
Cash	8.7		High	78.6
Fixed Income	91.3		Medium	2.0
Canadian Equity	0.0		Low	0.0
US Equity	0.0		NR/NA	19.4
International Equity	0.0			
Other	0.0			

Geographic Allocation	% Assets	Fixed Income Breakdown	% Bond
United States	29.0	Government Bonds	70.4
Canada	28.4	Corporate Bonds	21.0
Germany	12.9	Other Bonds	0.0
Luxembourg	11.7	Mortgage Backed Securities	0.0
United Kingdom	8.3	ST Investments (Cash & Other)	8.7
		Asset Backed Securities	0.0

Top Holdings	% Assets	Top Holdings Cont'd	% Assets
Germany ( Republic Of) 4.25% 04-07-2018	6.4	Canada Hsg Tr No 1 4.1% 15-12-2018	2.2
United States Trea Nts 3.625% 15-08-2019	5.9	France(Govt Of) 4% 25-10-2038	2.2
US Treasury Note 1.875% 15-06-2012	5.8	New Sth Wales Tsy 5.25% 01-05-2013	2.0
European Invest Bk 4.625% 15-04-2020	5.7	Euro Inv Bk 5.375% 20-05-2014	2.0
Kreditanst Fur Wie 4.625% 12-10-2012	5.4	Nova Scotia Prov Cda 8.875% 01-07-2019	2.0
Intl Bk Recon&Dv 3.875% 20-05-2019	5.2	Intl Bk For Reconstruction And Dev 9.25% 20-12-2012	1.9
US Treasury Bond 4.5% 15-02-2036	4.9	Net Rail Infrastr Fin 4.625% 21-07-2020	1.9
Alberta Treasury Br Bdn (Us) 102309 (ST)	3.7	Ontario Province 4.125% 14-05-2013	1.9
Euro Cmnty 3.625% 06-04-2016	3.4	United Kingdom (Govt Of) 5% 07-03-2018	1.8
Export Dev Cda 1.75% 24-09-2012	3.4	Ontario (Province Of) 5.5% 13-07-2012	1.8
Export Dev't Corp. C/P (Us) 17-11-2009	3.2		
Canada Govt 2.375% 10-09-2014	2.9	<b>Total Number of Portfolio Holdings</b>	<b>43</b>
BC (Prov Of) 4.3% 30-05-2013	2.8	Total Number of Stock Holdings	0
France (Republic Of) 4% 25-10-2014	2.7	Total Number of Bond Holdings	35
United States Treas Nts 31-08-2014	2.3	Total Number of Other Holdings	8
		Total Number of Underlying Holdings	43

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## Portfolio Advisor Overview

### Manager Bio



**Shane Stuck**  
**Manager Since** 2007-4-1  
**Scotia Asset Management**

Shane is a member of the fixed income team, having joined Scotia Asset Management in the spring of 2007. He brings extensive experience in global and U.S. bond markets as well as international currency markets, which is complemented by a specialty in fixed income derivatives.

Shane's career has evolved from a strong macro analytic perspective nurtured in the Bank of Canada's open markets operations. His money management skills were honed at an international insurance company and further developed in New York, where he managed U.S. Treasuries and non-U.S. dollar bonds for Munich Re.

### 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](http://www.scotiafunds.com), or from SEDAR at [www.sedar.com](http://www.sedar.com).

### Portfolio Advisor Quarterly Commentary as of 09-30-2009

The return for Scotia Global Bond Fund over the quarter was -2.07% versus the benchmark Merrill Lynch Global Bond Index return of -2.03%.

As with the previous quarter, the fund's return in part reflected a continued sharp appreciation in the Canadian dollar, which rose significantly relative to the U.S. dollar.

The third quarter saw a marked shift in the portfolio advisor's strategy regarding the U.S. dollar from a neutral position to an overall negative position. While the verbiage from Washington remained U.S. dollar supportive, in the portfolio advisor's opinion, a number of factors are undermining its valuation in the post global

recessionary world. Perhaps more importantly, the U.S. dollar is taking on the role of a global funding currency, as leveraged investors borrow funds in the U.S. at relatively low interest rates and invest in higher yielding markets.

Despite the minor recovery, the litany of risks to the U.S. economy remains expansive, including commercial real estate valuations, the residential housing market, along with state and local government finances. While global interest rates have remained in a fairly narrow range, this may change as different economies follow divergent recovery paths.

### Disclosure

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### IMPORTANT MUTUAL FUND INFORMATION

ScotiaFunds are managed by Scotia Asset Management LP, a corporate entity separate from, although wholly-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 LP, 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.