

Scotia U.S. \$ Money Market Fund

? Guide to this Document

Benchmark
USTREAS T-Bill Auction Ave 3
Mon

Fund Category
US Money Market

Morningstar Rating™
★★★

Investment Objective

The fund's objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in treasury bills and other money market instruments that are denominated in U.S. dollars and are issued by Canadian federal, provincial and municipal governments and corporations, and by supranational entities, such as World Bank.

Reasons for Investing

- ▶ For investors who have U.S. dollar expenses, it offers a temporarily hold for U.S. cash reserves.
- ▶ Provides U.S. dollar income and liquidity using a diversified basket of high quality short-term securities.
- ▶ Offers short-term safety by investing in securities with an average term to maturity of between 30 and 90 days.

Risk Rating



Time Horizon Short Term

Fund Essentials

Inception Date	September 1996
Total Assets \$Mil	101.63
Min. Initial Inv.(\$)	2,000
Min. Additional Inv.(\$)	50
Income Distribution	Monthly
Capital Distribution	Annually
MER %	0.26
NAV \$ as of 12-31-2011	10.00

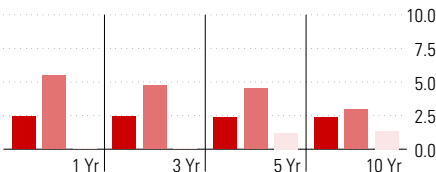
Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	USD	BNS375

Portfolio Manager Bill Girard
Goodman & Company,
Investment Counsel

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

Performance Analysis as of 12-31-2011



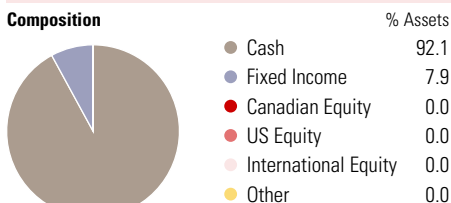
Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	2.4	2.5	2.4	2.3
Best	5.5	4.7	4.5	2.9
Worst	0.0	0.1	1.2	1.3
No. of Periods	172	148	124	64
% Positive	100.0	100.0	100.0	100.0

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	0.00	0.01	0.02	0.05	0.05	0.07	1.21	1.34
Benchmark	0.00	0.00	0.01	0.06	0.10	0.12	1.31	1.90
Quartile	3	3	3	3	3	3	3	3

Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	3.35	0.75	0.14	0.34	2.24	3.95	4.18	1.71	0.10	0.05	0.05
Benchmark	3.67	1.68	1.05	1.43	3.34	5.06	4.77	1.51	0.16	0.14	0.06
Quartile	1	3	4	3	3	3	4	2	3	3	3

Distributions (\$/unit)											
Total	0.3302	0.0749	0.0137	0.0344	0.2221	0.3882	0.4103	0.1700	0.0099	0.0050	0.0049
Income	0.2983	0.0749	0.0137	0.0344	0.2221	0.3882	0.4103	0.1700	0.0099	0.0050	0.0049
Capital Gains	0.0319	—	—	—	—	—	—	—	—	—	—

Portfolio Analysis as of 11-30-2011



Fixed Income Style	Credit Quality	%
High	High	58.0
Med	Medium	5.4
Low	Low	0.0
	NR/NA	36.6

Top Ten Holdings	% Assets
Ontario Province P/N (US) 121311 (ST)	8.2
Ontario Prov Cda 1.17% 22-05-2012	5.9
Ontario Prov Cda 07-05-2013	5.2
Shell Intl Fin Bv FRN 22-06-2012	4.9
Bank of Nova Scotia 12-03-2012	4.6
Bank of Montreal FRN 14-08-2012	4.1
Royal Bank Of Canada N Y Brh 28-01-2013	3.6
Quebec Province P/N (Us) 011212 (ST)	3.5
Ontario Prov Cda 19-11-2012	3.2
Pfizer 4.45% 15-03-2012	3.0

Total Number of Portfolio Holdings	44
Total Number of Stock Holdings	0
Total Number of Bond Holdings	3
Total Number of Other Holdings	41
Total Number of Underlying Holdings	44

Cash Breakdown	Cash (%)
Corporate Cash	17.9
Liquid Bonds	37.6
Treasury Bills	26.8
General Cash	17.8

Fixed Income Breakdown	% Bond
Government Bonds	5.2
Corporate Bonds	2.7
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	92.1
Asset Backed Securities	0.0

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Portfolio Advisor Overview

Manager Bio



Bill Girard

Manager Since 1996-9-3

Goodman & Company, Investment Counsel

Bill Girard is Vice President & Portfolio Manager at Goodman & Company, Investment Counsel Ltd., the portfolio sub-advisor of the fund. Prior to joining GCICL, Bill was a member of the fixed income team at Scotia Asset Management (SAM) and was responsible for credit risk across all managed client portfolios. Bill has both a Bachelor of Science and a Bachelor of Commerce degree from the University of Windsor, as well as an MBA from the University of Miami, graduating Beta Gamma Sigma. He also holds the Chartered Financial Analyst designation and is a past director of the Toronto CFA Society.

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

Economic fundamentals took a back seat to the eurozone sovereign debt issues for the most part this past quarter. However, the U.S. economy continued to bounce along with modest economic growth, as seen in declining jobless claims, rising employment and some firming of the housing market. As the eurozone debt situation continued to deteriorate, risks increased accordingly. U.S. Treasury bills (T-bills) and bonds remained the preferred choice for investors looking to avoid the volatility in riskier assets. Against this backdrop, Scotia U.S. \$ Money Market Fund returned 0.01% over the quarter versus the benchmark Merrill Lynch 0-3 Months U.S. T-Bill Index, which returned 0.00% (both Fund and Index returns are in U.S. dollars). The money market yield curve has continued to be flat. The flight to quality and significant demand for U.S. T-bills has created an unusual phenomenon. The yield on the three-month T-bill

eerily touched below zero on October 31. Three-month commercial paper declined in yield slightly, tightening the spread to T-bills. The growing concerns arising from the European sovereign debt crisis has led the European Central Bank to cut its overnight rate by 25 basis points, to 1.0%. At the same time, LIBOR rates increased substantially. The Fund's significant position in floating rate notes has benefited from higher LIBOR rates. The Fund's yield increased for the quarter to 0.41%. The average term of the Fund continues to be neutral within the 50- to 70-day range. The U.S. Federal Reserve Board has extended its intention to keep interest rates at 0 to 0.25% from mid-2013 to 2014. As at the end of the quarter, 30.8% of the Fund was invested in provincials, 31.0% was in bank notes, 27.2% was in foreign issues, 10.2% was in corporate paper and 0.8% was in Government of Canada guarantees.

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.

The annual historical yield is based on the seven-day period ended on March 31, 2010 (annualized in the case of effective yield by compounding the seven-day return) and does not represent an actual one-year return.

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.