

Scotia European Fund

Benchmark
MSCI Europe GR CAD

Fund Category
European Equity

Morningstar Rating™
★★

Investment Objective

The fund's objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of companies in Europe.

Reasons for Investing

- Offers exposure to the European Union, the world's largest economy (source: International Monetary Fund 2008).
- Provides broad exposure to European markets on a country and sector basis.
- Style risk is mitigated by combining both growth and value approaches in a single portfolio.

Risk Rating



Time Horizon 5 years or more

Fund Essentials

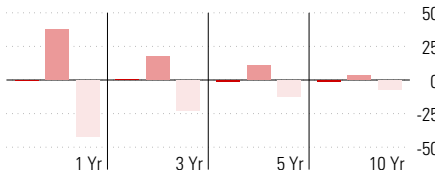
Inception Date	September 1996
Total Assets \$Mil	22.16
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	2.72
NAV \$ as of 10-31-2009	8.43

Class Options

Class	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS376
F	No Load	CAD	BNS576

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

Performance Analysis as of 10-31-2009



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	-0.2	0.5	-1.2	-0.8
Best	37.2	17.7	10.8	3.4
Worst	-42.4	-22.5	-12.5	-6.8
No. of Periods	146	122	98	38
% Positive	56.2	48.4	32.7	42.1

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-2.3	6.8	17.0	6.0	-19.3	-11.3	-1.2	-4.4
Benchmark	-0.8	9.6	21.5	13.8	-12.7	-6.0	3.3	0.1
Quartile	3	4	2	4	4	4	4	4

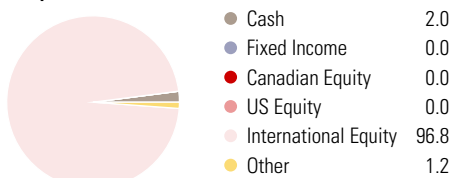
Calendar Year Returns (%)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Fund	5.8	-6.0	-21.2	-23.5	10.1	8.5	4.6	31.1	-7.6	-38.1	8.9
Benchmark	9.8	-4.9	-14.6	-18.9	13.8	12.5	7.2	33.8	-3.0	-32.6	14.2
Quartile	3	2	4	4	3	4	3	2	4	4	3

Distributions (\$/unit)

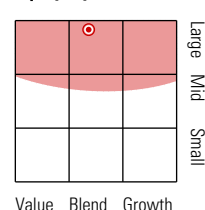
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total	0.25	0.15	0.05	0.06	0.03	0.00	—	—	—	—	—
Income	—	—	0.05	0.06	0.03	0.00	—	—	—	—	—
Capital Gains	0.25	0.15	—	—	—	—	—	—	—	—	—

Portfolio Analysis as of 09-30-2009

Composition



Equity Style



Market Cap

Market Cap	%
Giant	59.4
Large	23.9
Medium	16.3
Small	0.4
Micro	0.0

Geographic Allocation

Geographic Allocation	% Assets
United Kingdom	36.2
France	14.5
Germany	14.1
Spain	7.6
Switzerland	6.8

Top 5 Sector Allocation

Top 5 Sector Allocation	% Assets
Financials	25.3
Energy	12.4
Industrial	11.5
Health Care	9.9
Telecommunications Services	9.4

Top Holdings

Top Holdings	% Assets
Vodafone Group PLC	3.4
Banco Santander SA	3.3
BP Plc	3.0
Telefonica, S.A.	2.8
Sanofi-Aventis	2.5
Siemens AG	2.4
BNP Paribas	2.2
Barclays PLC	2.1
Cash & Cash Equivalents	2.0
Royal Dutch Shell PLC B	1.8
Standard Chartered PLC	1.6
Xstrata PLC	1.6
British American Tobacco PLC	1.6
BG Group PLC ADR	1.5
Roche Holding AG	1.4

Top Holdings Cont'd

Top Holdings Cont'd	% Assets
Tesco PLC	1.4
Credit Suisse Grp	1.4
HSBC Holdings PLC	1.4
ArcelorMittal	1.3
Eutelsat Communications	1.3
MAN AG	1.3
Cookson Group	1.3
Allianz SE	1.2
ING Groep N.V.	1.2
Bayer Ag	1.2

Total Number of Portfolio Holdings	127
Total Number of Stock Holdings	125
Total Number of Bond Holdings	0
Total Number of Other Holdings	2
Total Number of Underlying Holdings	127

Scotia European Fund

Portfolio Advisor Overview

Manager Bio



Joshua Lisser
Manager Since 2005-6-1
AllianceBernstein Canada, Inc.

Joshua is a member of the Blend Strategies team. He joined Alliance Capital in 1992 as a portfolio manager in the index strategies group and developed the international and global risk controlled equity services. Prior to joining Alliance Capital, Joshua was with Equitable Capital specializing in derivative investment strategies.

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 09-30-2009

The return of Scotia European Fund over the quarter was 10.53% versus the benchmark MSCI Europe Index return of 13.65% (both fund and index returns are in Canadian dollars).

Equity markets continued to rally during the third quarter as investors gained confidence that a sustainable economic recovery is underway. The second consecutive quarter of gains started off with positive news, as better than expected Japanese confidence and Chinese and U. S. manufacturing data lifted the market. Increased merger and acquisition activity helped sustain the positive momentum toward the end of the quarter, despite signs that governments around the world were scaling back emergency programs put in place to assist financial markets.

The positive returns from the fund's value holdings during the quarter were offset by negative relative returns from its growth holdings. Both sector and security selection negatively impacted the fund's performance over the period. The fund's underweight position in HSBC was a negative factor due to the financials sector's rally, as it became clear that many European financial companies would beat second-quarter expectations. Defence contractor BAE Systems pulled back after losing a contract to supply the U.S. military with trucks.

While near-term risks remain, the portfolio advisor is confident that the fund's combination of deep value and high conviction growth will generate stronger performance as market conditions continue to stabilize.

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.