ScotiaFunds®

Scotia Canadian Index Fund

Guide to this Document

Benchmark	Fund Category	Morningstar Rating™
S&P/TSX Composite TR	Canadian Equity	★★★★

Investment Objective

The fund's objective is long-term capital growth by tracking the performance of a generally recognized Canadian equity index, currently the S&P/TSX Composite Index.

Reasons for Investing

- Offers fully invested exposure to the Canadian equity market.
- Enables participation in Canadian equity markets and to track the performance of a broad-based Canadian index.
- Cost efficient investment to gain broad Canadian equity market exposure.

Risk Rating

Time Horizon Long term

Fund Essentials

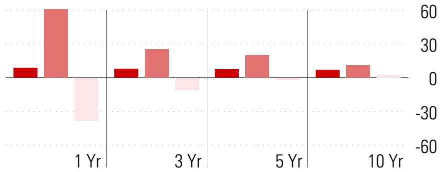
Inception Date	December 1996
Total Assets $Mil	237.91
Min. Initial Inv.($)	1,000
Min. Additional Inv.($)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	1.00
NAV $ as of 12-31-2011	20.56

Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS381
F	No Load	CAD	BNS581

Portfolio Manager	Emiliano Rabinovich State Street Global Advisors (Toronto)
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.	8.7	7.6	7.3	6.9
Best	61.0	25.0	19.8	11.1
Worst	-38.2	-10.7	-1.9	2.5
No. of Periods	169	145	121	61
% Positive	67.5	69.7	95.0	100.0

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-1.8	3.2	-9.3	-9.6	2.6	12.3	0.6	6.1
Benchmark	-1.7	3.6	-8.9	-8.7	3.6	13.2	1.3	7.0
Quartile	3	3	2	2	2	1	1	1

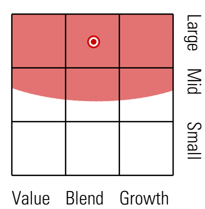
Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	-13.5	-13.3	25.4	13.4	22.9	16.2	9.0	-33.2	34.3	16.5	-9.6
Benchmark	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	35.1	17.6	-8.7
Quartile	4	3	2	2	2	2	2	3	2	2	2
Distributions ($/unit)											
Total	—	0.11	0.09	0.05	0.07	0.22	0.33	0.39	0.33	0.31	0.25
Income	—	0.11	0.09	0.05	0.07	0.22	0.33	0.39	0.33	0.31	0.25
Capital Gains	—	—	—	—	—	—	—	—	—	—	—

Portfolio Analysis as of 11-30-2011

Composition

	% Assets
Cash	0.3
Fixed Income	0.0
Canadian Equity	99.2
US Equity	0.1
International Equity	0.4
Other	0.0

Equity Style



Market Cap	%
Giant	45.8
Large	31.1
Medium	21.0
Small	2.2
Micro	0.0

Top Ten Holdings	% Assets
Royal Bank of Canada	4.7
Toronto-Dominion Bank	4.5
Bank of Nova Scotia	3.9
Barrick Gold Corporation	3.7
Suncor Energy Inc	3.3
Goldcorp, Inc.	3.1
Canadian Natural Resources Ltd	2.9
Potash Corporation of Saskatchewan, Inc.	2.6
Bank of Montreal	2.6
Canadian National Railway Co	2.4
Total Number of Portfolio Holdings	**256**
Total Number of Stock Holdings	255
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
Total Number of Underlying Holdings	256

Top 5 Sector Allocation	% Assets
Financials	28.1
Energy	26.7
Materials	23.2
Industrial	5.5
Telecommunications Services	4.9

Geographic Allocation	% Assets
Canada	99.5
Colombia	0.2
United States	0.1
Greece	0.1
Nicaragua	0.1

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Portfolio Advisor Overview

Manager Bio

Emiliano Rabinovich
Manager Since 2010-2-1
State Street Global Advisors (Toronto)

Emiliano is a Principal of State Street Global Advisors and a Portfolio Manager for State Street Global Advisors Ltd. (Canada). He is involved in the passive management of international and North American index funds in the Global Structured Products Group. He joined the company in 2006. Emiliano holds a BA in Economics from the University of Buenos Aires and a Master of Arts in Economics from the University of CEMA. He has also earned the CFA Designation and is a member of the Montreal 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

The economy bounced back impressively after stumbling in the second and third quarters. GDP rose a greater-than-expected 3.5% in the third quarter, fueled by a large contribution from international trade. Canadian headline inflation slowed to 2.9% in October, with core inflation at 2.1%. Employment, however, was disappointing for the second straight month in November, shedding another 18,600 jobs after losing 54,000 in October. As expected, the Bank of Canada (BoC) left its policy rate unchanged at 1.00% at its October and December meetings, and downgraded its outlook for growth. Quarterly equity performance was positive in most of the developed markets in local terms. During the quarter, the Fund returned 3.2%, while the S&P/TSX Composite Index rose 3.6%. The materials and information technology sectors were the worst and only negative contributors to the Index last quarter. The energy and industrials sectors were the top contributors, representing 100% of the market's rise. Canadian Natural Resources and Royal Bank were the top two contributors to performance. Over the period, Kinross and Agnico-Eagle detracted the most from the index return. The pace of expansion is likely to remain moderate, as slowing global activity restrains export demand in the next year. As a result, the portfolio advisor believes GDP will grow by approximately 2.0% in 2012. The historically strong Canadian dollar and comparatively stable energy prices should also help. By September 2011, the BoC became unmistakably more dovish, indicating that in light of slowing global economic momentum and heightened financial uncertainty, the need to withdraw monetary policy stimulus had diminished. Therefore, it is clear that the Bank will likely keep its policy rate unchanged through 2012. The risks to global growth appear skewed to the downside, primarily reflecting the general lack of momentum in the advanced economies and potential fallout from the European debt crisis.

Disclosure

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., a limited partnership wholly-owned directly and indirectly 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.