

# Scotia U.S. Index Fund

**?** Guide to this Document

## Investment Objective

The fund's objective is long-term capital growth by tracking the performance of a generally recognized U.S. equity index, currently the Standard & Poor's 500 (S&P 500) Index. It invests primarily in the stocks that are included in the index.

## Reasons for Investing

- ▶ Offers fully invested exposure to the U.S. equity market.
- ▶ Enables investors to gain exposure to the U.S. equity markets and to track the performance of a broad-based U.S. index.
- ▶ Cost efficient investment to gain broad U.S. equity market exposure.

## Risk Rating



**Time Horizon** Long term

## Fund Essentials

Inception Date	December 1996
Total Assets \$Mil	39.70
Min. Initial Inv.(\$)	1,000
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	1.06
NAV \$ as of 12-31-2011	11.62

## Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS382
F	No Load	CAD	BNS582

**Portfolio Manager** Emiliano Rabinovich  
State Street Global Advisors (Toronto)

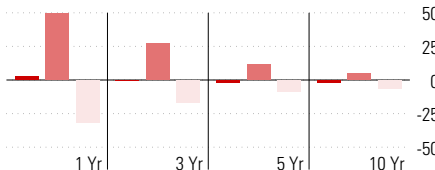
**Management Company** Scotia Asset Management  
**Telephone** 800 268-9269  
**Web Site** www.scotiafunds.com

**Benchmark**  
S&P 500 TR (Bank of Canada)  
CAD

**Fund Category**  
US Equity

**Morningstar Rating™**  
★★★

## Performance Analysis as of 12-31-2011



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	2.2	-0.5	-2.1	-1.9
Best	49.4	27.2	11.9	5.1
Worst	-31.3	-16.7	-8.7	-6.2
No. of Periods	169	145	121	61
% Positive	58.6	40.0	23.1	21.3

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	0.8	8.4	1.1	3.1	5.3	6.1	-4.2	-2.8
Benchmark	0.8	9.5	1.6	4.4	6.9	7.3	-2.9	-1.6
Quartile	2	3	1	1	2	3	3	3

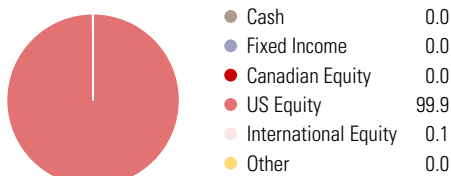
Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	-7.5	-23.6	3.9	2.1	0.4	14.1	-11.6	-23.3	7.6	7.6	3.1
Benchmark	-6.4	-22.7	5.2	3.3	1.6	15.7	-10.5	-21.9	8.1	9.3	4.4
Quartile	2	2	3	2	3	2	3	2	3	3	1

## Distributions (\$/unit)

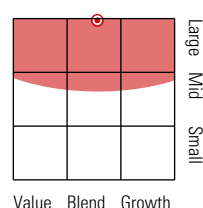
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	0.05	0.15	0.09	0.12	0.11	0.10	0.10	0.14	0.08	0.15	0.09
Income	0.05	0.15	0.09	0.12	0.11	0.10	0.10	0.14	0.08	0.15	0.09
Capital Gains	—	—	—	—	—	—	—	—	—	—	—

## Portfolio Analysis as of 11-30-2011

### Composition



### Equity Style



### Market Cap

Market Cap	%
Giant	51.3
Large	35.8
Medium	12.6
Small	0.2
Micro	0.0

### Top Ten Holdings

Company	% Assets
Exxon Mobil Corporation	3.4
Apple, Inc.	3.1
International Business Machines Corp	2.0
Chevron Corp	1.8
Microsoft Corporation	1.7
Johnson & Johnson	1.6
The Procter & Gamble Co	1.6
AT&T Inc	1.5
General Electric Co	1.5
Pfizer Inc	1.4

Total Number of Portfolio Holdings	501
Total Number of Stock Holdings	500
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
Total Number of Underlying Holdings	501

### Top 5 Sector Allocation

Sector	% Assets
Information Technology	19.5
Financials	13.5
Energy	12.5
Health Care	11.7
Consumer Staples	11.4

### Geographic Allocation

Geography	% Assets
United States	99.9
Ireland	0.1

# Scotia U.S. Index Fund

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

### Portfolio Advisor Quarterly Commentary as of 12-31-2011

As temporary forces began to dissipate, U.S. growth reaccelerated to 2% in the third quarter. In addition, early estimates suggest that U.S. growth will reach 3% for the fourth quarter of 2011. Retail sales were mildly disappointing, posting a smaller-than-expected 0.2% gain for November. Recent data on unemployment insurance claims have been encouraging; initial claims reached the lowest level since May 31, 2008. Headline consumer price inflation (CPI) may be starting to trend lower, while core inflation continues to trend higher. The Federal Open Market Committee (FOMC) voted to leave its policy rate at 0% to 0.25% and retained the guidance that this target would remain low, until at least 2013. Over the quarter, the Fund returned 8.4% versus the benchmark return of 9.3%. The traditionally defensive sectors, telecommunication services and utilities, as well as the materials sector detracted from the Fund's performance last quarter. During the period, the energy,

industrials and information technology sectors were the top three contributors to the Fund's performance. At the security level, Exxon Mobil and Pfizer were the top two contributors, while Amazon and Oracle detracted. The portfolio advisor believes that unemployment levels will only fall slowly, if at all in 2012. However, growth should remain at approximately 2.0% in 2012. Core inflation is expected to stabilize at or close to current levels of 2.1%. Next year, the portfolio advisor believes that oil prices will remain relatively flat. In 2012, the Fed will almost certainly leave the funds target rate unchanged at 0.25% over the forecast horizon, and may even indulge in another round of quantitative easing if growth disappoints. 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

TM Trademark of The Bank of Nova Scotia, used under licence.  
 ® Registered trademark of The Bank of Nova Scotia, used under licence.

### 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.