

# Scotia Canadian Blue Chip Fund

**Guide to this Document**

**Benchmark**  
S&P/TSX Composite TR

**Fund Category**  
Canadian Focused 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 large Canadian companies.

## Reasons for Investing

- ▶ Provides broad exposure to Canadian equities without significant style (growth or value) bias.
- ▶ Structured as a core Canadian equity holding containing high quality companies from diverse economic sectors.
- ▶ Foreign equities are used selectively to gain exposure to those sectors in which there is a limited offering of large-cap Canadian companies.

## Risk Rating



**Time Horizon** Long term

## Fund Essentials

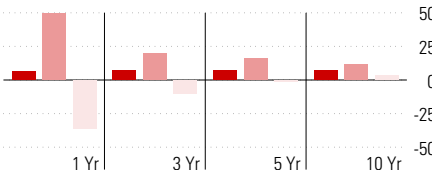
Inception Date	December 1986
Total Assets \$Mil	305.84
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	2.13
NAV \$ as of 02-28-2010	24.20

## Class Options

Class	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS350
F	No Load	CAD	BNS550

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

## Performance Analysis as of 02-28-2010



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	6.3	6.9	7.2	7.0
Best	49.5	19.5	15.8	11.7
Worst	-36.3	-9.9	-1.4	3.2
No. of Periods	267	243	219	159
% Positive	69.3	82.3	97.3	100.0

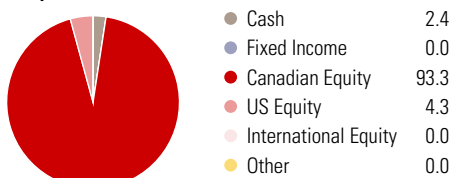
Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	4.6	0.8	4.3	35.6	-7.1	-4.2	3.1	3.2
Benchmark	5.0	2.3	8.5	47.6	-4.5	-0.9	6.5	4.7
Quartile	1	3	4	3	3	2	2	3

Calendar Year Returns (%)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD
Fund	16.2	-5.1	-17.0	18.1	10.6	19.0	15.3	4.9	-30.8	24.0	-1.7
Benchmark	7.4	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	35.1	-0.6
Quartile	2	3	4	3	3	2	3	2	3	3	3

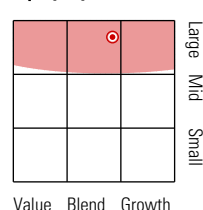
Distributions (\$/unit)											
Total	1.33	0.06	—	0.05	—	—	—	0.40	0.11	—	—
Income	—	0.06	—	0.05	—	—	—	—	—	—	—
Capital Gains	1.33	—	—	—	—	—	—	0.40	0.11	—	—

## Portfolio Analysis as of 01-31-2010

### Composition



### Equity Style



### Market Cap

Market Cap	%
Giant	59.5
Large	33.6
Medium	6.9
Small	0.0
Micro	0.0

### Geographic Allocation

Geographic Allocation	% Assets
Canada	95.7
United States	4.3

### Top 5 Sector Allocation

Top 5 Sector Allocation	% Assets
Financials	31.2
Energy	26.9
Materials	17.1
Industrial	7.5
Information Technology	4.4

### Top Holdings

Top Holdings	% Assets
Royal Bank of Canada	6.6
Toronto-Dominion Bank	5.3
Suncor Energy, Inc.	5.0
Barrick Gold Corporation	4.1
Bank of Nova Scotia	4.0
Research in Motion, Ltd.	3.6
Potash Corporation of Saskatchewan, Inc.	3.4
Canadian Natural Resources, Ltd.	3.4
Canadian National Railway Company	3.2
Manulife Financial Corporation	3.1
Goldcorp, Inc.	2.9
Teck Resources Ltd B	2.6
EnCana Corporation	2.6
Canadian Imperial Bank of Commerce	2.5
TransCanada Corporation	2.4

### Top Holdings Cont'd

Top Holdings Cont'd	% Assets
Talisman Energy, Inc.	2.2
Rogers Communications, Inc. B	2.1
Agnico-Eagle Mines	2.0
Bank of Montreal	1.9
Power Corporation Of Canada Sub Vtg	1.9
BCE Inc.	1.7
Enbridge, Inc.	1.7
Sun Life Financial, Inc.	1.5
Cenovus Energy Inc	1.5
Shoppers Drug Mart	1.4

Total Number of Portfolio Holdings	128
Total Number of Stock Holdings	549
Total Number of Bond Holdings	0
Total Number of Other Holdings	9
Total Number of Underlying Holdings	558

# Scotia Canadian Blue Chip Fund

## Portfolio Advisor Overview

### Manager Bio



**Sue Lavigne**  
**Manager Since** 2003-8-1  
**Scotia Asset Management**

Sue is a member of the Canadian equity team with 24 years of experience in the Canadian equity markets. Sue manages Canadian equity portfolios and is a member of the Investment Strategy Committee at Scotia Asset Management.

Prior to joining Scotia Asset Management in 2003, Sue was employed by Co-operators Investment Counselling Ltd. where she was Vice President, Canadian Equities. Sue has extensive research experience in all economic sectors of the market with a current focus on interest sensitive and consumer sectors.

### 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 12-31-2009

The return of Scotia Canadian Blue Chip Fund over the quarter was 2.24% versus the benchmark S&P/TSX Composite Index return of 3.86%.

The fund's exposure to the U.S. market, which slightly underperformed in Canadian dollar terms, detracted from the fund's performance over the quarter, as did the fund's average cash position of approximately 2%. Within the Canadian equity portion of the fund, sector allocation detracted from the fund's performance during the quarter. The fund was slightly overweight the financials sector and within the sector, remained overweight the life insurance companies relative to bank stocks. Overall, this positioning was the main detractor from the fund's performance over the period.

The portfolio advisor increased the fund's exposure to the energy sector during the quarter and reduced the fund's exposure to gold stocks, as the price of the underlying bullion hit new highs over the period. The portfolio advisor believes that the recovery in earnings is taking hold and markets are discounting a continued economic recovery worldwide over the next few quarters. The portfolio advisor continues to search out opportunities to add to the fund's current equity positions. The portfolio advisor feels that the long-term prospects for equities relative to other asset classes will continue to be recognized as the business cycle recovery continues.

### 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.