

Scotia T-Bill Fund

Guide to this Document

Investment Objective

The fund's objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in Government of Canada treasury bills and other short-term debt instruments guaranteed by the Government of Canada. The fund invests in securities with a maturity of up to one year. The average term to maturity of the fund's investments can vary between 30 and 90 days.

Reasons for Investing

- ▶ Offers minimal risk while providing greater liquidity than short-term GICs or term deposits.
- ▶ Offers income, liquidity and short-term safety by investing in securities with an average term to maturity of between 30 and 90 days.
- ▶ Provides a high level of safety by investing primarily in Government of Canada T-bills and other government guaranteed short-term debt instruments.

Risk Rating



Time Horizon Short Term

Fund Essentials

Inception Date	October 1991
Total Assets \$Mil	114.36
Min. Initial Inv.(\$)	2,000
Min. Additional Inv.(\$)	50
Income Distribution	Monthly
Capital Distribution	Annually
MER %	0.83
NAV \$ as of 12-31-2011	10.00

Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS358

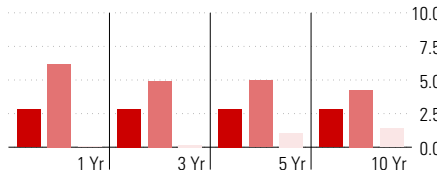
Portfolio Manager Romas Budd
Goodman & Company, Investment Counsel

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

Benchmark CIBC WM 91 Day Treasury Bill CAD
Fund Category Canadian Money Market

Morningstar Rating™ ★★

Performance Analysis as of 12-31-2011



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	2.8	2.9	2.9	2.8
Best	6.2	4.9	5.0	4.3
Worst	0.0	0.2	1.1	1.4
No. of Periods	231	207	183	123
% Positive	100.0	100.0	100.0	100.0

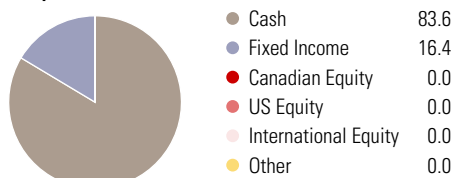
Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	0.03	0.08	0.15	0.30	0.20	0.17	1.07	1.39
Benchmark	0.08	0.21	0.47	0.96	0.66	0.62	1.84	2.30
Quartile	3	3	3	3	3	4	4	4

Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	3.46	1.45	1.73	1.13	1.49	2.79	3.11	1.75	0.10	0.11	0.30
Benchmark	4.82	2.36	2.89	2.27	2.48	3.84	4.29	3.13	0.52	0.37	0.96
Quartile	3	4	4	4	4	4	4	4	4	3	3

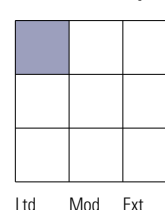
Distributions (\$/unit)											
Total	0.3411	0.1436	0.1714	0.1122	0.1483	0.2757	0.3067	0.1740	0.0095	0.0109	0.0299
Income	0.3411	0.1436	0.1714	0.1122	0.1483	0.2757	0.3067	0.1740	0.0095	0.0109	0.0299
Capital Gains	—	—	—	—	—	—	—	—	—	—	—

Portfolio Analysis as of 11-30-2011

Composition



Fixed Income Style



Credit Quality

Credit Quality	%
High	100.0
Medium	0.0
Low	0.0
NR/NA	0.0

Top Ten Holdings

Top Ten Holdings	% Assets
Canada T-Bill 05-01-2012	20.1
Canada T-Bill 19-01-2012	16.3
Canada T-Bill 15-03-2012	15.2
Financement Que Prov MTN 25-04-2012	10.1
Manitoba Prov Cda MTN Cds 02-05-2012	9.9
Canada Hsg Tr No 1 FRN 15-09-2014	8.6
Canada T-Bill 02-02-2012	7.4
Alberta Cap Fin thorty 26-04-2013	5.2
Canada T-Bill 25-10-2012	3.2
Ontario Prov Cda 02-04-2013	2.6

Total Number of Portfolio Holdings

Total Number of Portfolio Holdings	Count
Total Number of Stock Holdings	0
Total Number of Bond Holdings	3
Total Number of Other Holdings	9
Total Number of Underlying Holdings	12

Cash Breakdown

Cash Breakdown	Cash (%)
Corporate Cash	0.0
Liquid Bonds	13.8
Treasury Bills	86.2
General Cash	0.0

Fixed Income Breakdown

Fixed Income Breakdown	% Bond
Government Bonds	16.4
Corporate Bonds	0.0
Other Bonds	0.0
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	83.6
Asset Backed Securities	0.0

Scotia T-Bill Fund

Portfolio Advisor Overview

Manager Bio



Romas Budd
Manager Since 1991-10-3
Goodman & Company, Investment Counsel

Romas Budd is Vice President & Portfolio Manager at Goodman & Company, Investment Counsel Ltd., the portfolio sub-advisor of the fund. Prior to joining GCICL, Romas was Managing Director, Fixed Income overseeing all fixed income mandates at Scotia Asset Management (SAM). Having started in the investment industry in 1984, Romas has extensive industry experience. Romas is an Honours graduate of the Bachelor of Science program at McMaster University and obtained a Masters of Business Administration from the University of Toronto.

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 financial crisis in Europe dominated headlines throughout the fourth quarter, as economists moved to lower forecasts for global economic growth. Fears of a sovereign default spread throughout the eurozone. Bond yields were pushed significantly higher in many European countries, some leaders were forced to step aside and strict austerity measures were instituted to secure needed bailout funding. Investors sought out less risky assets, driving down bond yields in more stable countries like Canada, the U.S. and Germany. Against this backdrop, Scotia T-Bill Fund returned 0.1% over the quarter, versus the benchmark DEX 60-Day T-Bill Index, which returned 0.2%. The Canadian money market yield curve (0-1 year) began to steepen during the last quarter of 2011. The Bank of Canada held several Treasury bill (T-bill) auctions outside of its scheduled dates, in order to meet the higher demand for short T-bills from

domestic and foreign investors. This caused the short end of the money market curve to rally. This provided an opportunity to purchase some longer-term product for the Fund. Initially, some three-month product, but as spreads widened, the Fund moved into some attractive six-month and one-year investments. At the same time, some small purchases in the one-month area were made to maintain liquidity. The Fund continues to hold a strong position in floating rate notes. The Fund's yield decreased for the quarter to 1.06%. The average term of the Fund continues to be neutral within the 50- to 70-day range. The Bank of Canada appears poised to maintain overnight rates at 1% for some time, as it keeps a watchful eye on the impact of the global economic slowdown. At the end of the quarter, 63.0% of the Fund was invested in Canadian T-bills, 28.2% was in provincials and 8.8% was in government guarantees.

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., 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.