

# 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       | 159.96       |
| Min. Initial Inv.(\$)    | 2,000        |
| Min. Additional Inv.(\$) | 50           |
| Income Distribution      | Monthly      |
| Capital Distribution     | Annually     |
| MER %                    | 0.76         |
| NAV \$ as of 02-28-2010  | 10.00        |

## Class Options

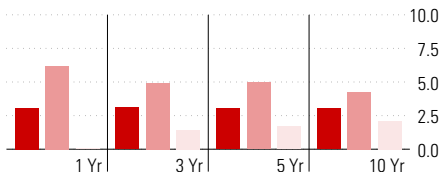
|                    |                |                         |           |
|--------------------|----------------|-------------------------|-----------|
| Class              | Load Structure | Currency                | Fund Code |
| A                  | No Load        | CAD                     | BNS358    |
| 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 02-28-2010



| Best/Worst Periods (%) | 1 Yr  | 3 Yr  | 5 Yr  | 10 Yr |
|------------------------|-------|-------|-------|-------|
| Avg.                   | 3.1   | 3.1   | 3.0   | 3.0   |
| Best                   | 6.2   | 4.9   | 5.0   | 4.3   |
| Worst                  | 0.1   | 1.4   | 1.7   | 2.1   |
| No. of Periods         | 209   | 185   | 161   | 101   |
| % 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                 | 0.00  | 0.01  | 0.03  | 0.06 | 0.70 | 1.48 | 1.80 | 2.08  |
| Benchmark            | 0.01  | 0.05  | 0.11  | 0.35 | 1.45 | 2.42 | 2.77 | 3.11  |
| Quartile             | 3     | 3     | 3     | 3    | 4    | 4    | 4    | 4     |

| Calendar Year Returns (%) | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | YTD  |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Fund                      | 4.51 | 3.46 | 1.45 | 1.73 | 1.13 | 1.49 | 2.79 | 3.11 | 1.75 | 0.10 | 0.01 |
| Benchmark                 | 5.38 | 4.82 | 2.36 | 2.89 | 2.27 | 2.48 | 3.84 | 4.29 | 3.13 | 0.52 | 0.03 |
| Quartile                  | 4    | 3    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 3    |

| Distributions (\$/unit) |        |        |        |        |        |        |        |        |        |        |        |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total                   | 0.4419 | 0.3411 | 0.1436 | 0.1714 | 0.1122 | 0.1483 | 0.2757 | 0.3067 | 0.1740 | 0.0095 | 0.0008 |
| Income                  | 0.4419 | 0.3411 | 0.1436 | 0.1714 | 0.1122 | 0.1483 | 0.2757 | 0.3067 | 0.1740 | 0.0095 | 0.0008 |
| Capital Gains           | —      | —      | —      | —      | —      | —      | —      | —      | —      | —      | —      |

## Portfolio Analysis as of 01-31-2010

| Composition          | % Assets | Fixed Income Style | Credit Quality | %    |
|----------------------|----------|--------------------|----------------|------|
| Cash                 | 81.4     |                    | High           | 94.4 |
| Fixed Income         | 18.6     |                    | Medium         | 5.5  |
| Canadian Equity      | 0.0      |                    | Low            | 0.0  |
| US Equity            | 0.0      |                    | NR/NA          | 0.1  |
| International Equity | 0.0      |                    |                |      |
| Other                | 0.0      |                    |                |      |

| Cash Breakdown | Cash (%) | Fixed Income Breakdown        | % Bond |
|----------------|----------|-------------------------------|--------|
| Corporate Cash | 0.0      | Government Bonds              | 18.6   |
| Liquid Bonds   | 10.2     | Corporate Bonds               | 0.0    |
| Treasury Bills | 89.7     | Other Bonds                   | 0.0    |
| General Cash   | 0.1      | Mortgage Backed Securities    | 0.0    |
|                |          | ST Investments (Cash & Other) | 81.4   |
|                |          | Asset Backed Securities       | 0.0    |

| Top Holdings                                   | % Assets | Top Holdings Cont'd                       | % Assets  |
|--|----------|---|-----------|
| Canada T-Bill 18-03-2010                       | 25.1     | Manitoba Prov Mtn Cds- 04-09-2012         | 0.5       |
| Canada T-Bill 04-02-2010                       | 18.2     | Cash & Cash Equivalents                   | 0.1       |
| Canada T-Bill 29-04-2010                       | 17.4     | <b>Total Number of Portfolio Holdings</b> | <b>12</b> |
| Canada T-Bill 01-04-2010                       | 12.3     | Total Number of Stock Holdings            | 0         |
| Financement Quebec MTN FRN 25-04-2012          | 8.4      | Total Number of Bond Holdings             | 6         |
| Canada Hsg Tr No 1 3.55% 15-09-2010            | 8.3      | Total Number of Other Holdings            | 6         |
| Quebec Prov Medium Term Nt Cds- FRN 06-08-2011 | 5.5      | Total Number of Underlying Holdings       | 12        |
| Province Of Manitoba, Winnipeg Mb 02-06-2011   | 1.6      |   |           |
| Manitoba Prov Med Term Nts Cds- 02-05-2012     | 1.5      |   |           |
| Alberta Cap Fin Auth FRN 08-12-2011            | 1.0      |   |           |

# Scotia T-Bill Fund

## Portfolio Advisor Overview

### Manager Bio



**Romas Budd**  
**Manager Since** 1991-10-3  
**Scotia Asset Management**

Romas is Managing Director, Fixed Income overseeing all fixed income mandates at Scotia Asset Management. Having started in the investment industry in 1984, Romas has been with Scotiabank (and its predecessor companies) since 1990 and is also a member of the Scotia Asset Management Investment Strategy Committee.

Romas has developed a disciplined approach to fixed income investing over his 20 plus years in the business. His incremental approach has yielded long-term success through yield curve positioning, managed credit exposure and excellent security selection.

### 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 for Scotia T-Bill Fund over the quarter was 0.01% versus the benchmark DEX 60-Day T-Bill Index return of 0.06%.

During the past quarter, the Bank of Canada kept its stance of leaving interest rates at a record low of 0.25% during all three of its regularly scheduled meetings. Initially, market participants expected no change in interest rates for quite some time. However, stronger economic numbers such as a record of 79,100 new jobs created in November represent the largest one-month

gain since September 2008. This, combined with signs of strength in the housing sector and a lower core inflation rate of only 1.5% for November, led investors to believe that the Bank of Canada might increase rates sooner rather than later.

The portfolio advisor increased the fund's exposure to attractive longer end government bonds and floating rates notes as provincial bills matured. The average term to maturity of the fund continues to be neutral relative to the benchmark at 60 days.

### Disclosure

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

### 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.

The annual historical yield is based on the seven-day period ended on October 31, 2009 (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 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.