

Scotia Canadian Tactical Asset Allocation Fund

Guide to this Document

Investment Objective

The fund's objective is to obtain capital growth over the long term, while providing modest income. It invests primarily in a broad range of Canadian equity and fixed income securities. It may also invest in equity and fixed-income securities from around the world.

Reasons for Investing

- ▶ The portfolio advisor combines a diverse and complementary range of expert investment managers within an innovative structure.
- ▶ In seeking to grow (or preserve) investor capital, the portfolio advisor makes tactical asset allocation shifts between the three main asset classes.
- ▶ Tactical shifts into and out of investments in various regions, economic sectors, market capitalization and investment styles are aimed at long-term growth.

Risk Rating



Time Horizon Long term

Fund Essentials

Inception Date	April 1989
Total Assets \$Mil	456.30
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Quarterly
Capital Distribution	Annually
MER %	2.03
NAV \$ as of 02-28-2010	16.74

Class Options

Class	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS371
F	No Load	CAD	BNS571
Adv	Deferred Sales	CAD	BNS971
Adv	Front End	CAD	BNS771
Adv	Low Load	CAD	BNS871

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

Benchmark

Morningstar CAN Bal Gbl
60/40 CAD

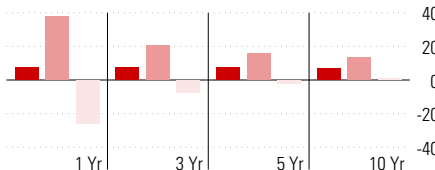
Fund Category

Tactical Balanced

Morningstar Rating™

★★★

Performance Analysis as of 02-28-2010



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	7.2	7.7	7.6	6.9
Best	38.0	20.4	15.7	13.2
Worst	-25.8	-7.5	-2.1	0.6
No. of Periods	239	215	191	131
% Positive	72.0	82.3	93.2	100.0

Trailing Returns (%)

	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	2.1	1.2	5.8	33.2	-0.6	-1.6	2.9	1.9
Benchmark	0.2	-2.1	-0.3	13.4	0.2	-3.6	0.3	0.2
Quartile	2	3	2	1	2	2	2	3

Calendar Year Returns (%)

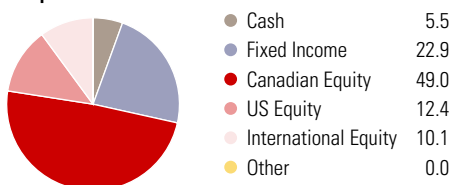
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD
Fund	4.2	-9.6	-7.0	11.7	6.4	11.1	11.1	0.0	-20.7	22.0	-0.3
Benchmark	-4.0	-4.5	-6.0	3.2	5.1	0.5	14.3	-6.5	-3.3	1.2	-0.7
Quartile	3	4	3	4	4	3	2	3	3	1	3

Distributions (\$/unit)

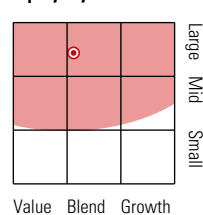
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD
Total	1.98	0.06	0.03	0.00	0.00	0.19	0.20	0.40	0.22	0.21	—
Income	0.07	0.06	0.03	0.00	0.00	0.19	0.20	0.18	0.22	0.21	—
Capital Gains	1.91	—	—	—	—	—	—	0.22	—	—	—

Portfolio Analysis as of 01-31-2010

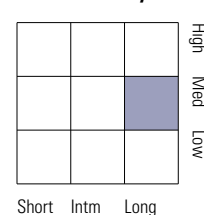
Composition



Equity Style



Fixed Income Style



Top 5 Sector Allocation

	% Assets
Financials	25.6
Energy	22.0
Materials	15.7
Consumer Discretionary	7.6
Information Technology	7.2

Fixed Income Breakdown

	% Bond
Government Bonds	27.8
Corporate Bonds	49.4
Other Bonds	1.9
Mortgage Backed Securities	1.4
ST Investments (Cash & Other)	19.5
Asset Backed Securities	0.0

Top Holdings

	% Assets
Royal Bank of Canada	3.1
Toronto-Dominion Bank	2.8
Bank of Nova Scotia	2.4
Suncor Energy, Inc.	2.4
Canadian Imperial Bank of Commerce	1.9
Barrick Gold Corporation	1.9
Canadian Natural Resources, Ltd.	1.8
Manulife Financial Corporation	1.6
Canada Govt 3.5% 01-06-2013	1.4
Talisman Energy, Inc.	1.4
Agrium, Inc.	1.4
EnCana Corporation	1.3
Quebec Prov Cda Ctf Dep Be Cds 01-12-2015	1.3
Cenovus Energy Inc	1.1
Canadian National Railway Company	1.1

Top Holdings Cont'd

	% Assets
Research in Motion, Ltd.	1.0
Potash Corporation of Saskatchewan, Inc.	1.0
Rogers Communications, Inc. B	1.0
Nexen, Inc.	0.9
National Bank Of Cda B/A 030110 (ST)	0.8
Ontario Prov Cda 4.4% 02-06-2019	0.8
Quebec Prov Med Trm Nt 4.5% 01-12-2019	0.7
BCE Inc.	0.7
Thomson Reuters Corporation	0.7
British Columbia Prov Cda 9% 23-08-2024	0.7

Total Number of Portfolio Holdings

Total Number of Portfolio Holdings	642
Total Number of Stock Holdings	493
Total Number of Bond Holdings	454
Total Number of Other Holdings	42
Total Number of Underlying Holdings	989

Scotia Canadian Tactical Asset Allocation Fund

Portfolio Advisor Overview

Manager Bio



Larry Lunn
Manager Since 2004-1-1
Connor Clark & Lunn Inv Mgmt Ltd

Larry is the Chairman of Connor, Clark & Lunn Financial Group Ltd., Chairman and President of Connor, Clark & Lunn Investment Management Ltd. And Managing Partner of Connor, Clark & Lunn Investment Management Partnership.

As Chief Investment Officer and leader of the asset allocation team, Larry is responsible for investment policy and setting asset allocation. He also chairs the risk management team. Prior to founding Connor, Clark & Lunn, Larry served three years as the Executive Vice President of First City Trust and eight years as the Senior Vice President of Commerce Capital Corporation.

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 12-31-2009

The return of Scotia Canadian Tactical Asset Allocation Fund over the quarter was 2.60% versus the blended benchmark consisting of 40% DEX Universe Bond, 40% S&P/TSX Composite and 20% MSCI World indices return of 1.86%.

Stock markets turned in another good quarter with most closing out the year near their highs. Fixed income markets limped into year end with small negative returns for the quarter although corporate bonds were up as credit spreads continued to narrow. The improving economic environment also led to rising commodity prices with copper leading the way followed by oil and gold.

During the quarter, the portfolio advisor maintained an overweight position in stocks relative to bonds with an

overweight to Canada versus global equities. All of these asset mix calls contributed positively to the fund's performance over the quarter. Fixed income sector allocation, specifically the overweight allocation to corporate bonds, was the single largest contributor to the fund's performance over the period.

The portfolio advisor believes that valuations in corporate credit are still appealing, but expects a market correction at some point during the first half of 2010, due to increasing investor concerns related to government deficits and central bank exit strategies. Although in the meantime, with a strong earnings season upon us, the portfolio advisor believes that stocks will continue to outperform and that an overweight allocation to this asset class is still warranted.

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.