

Scotia Canadian Tactical Asset Allocation Fund

Benchmark
Morningstar CAN Bal Gbl 60/40 CAD

Fund Category
Tactical Balanced

Morningstar Rating™
★★★

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 3 years or more

Fund Essentials

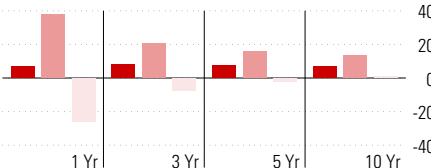
Inception Date	April 1989
Total Assets \$Mil	426.30
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Quarterly
Capital Distribution	Annually
MER %	2.03
NAV \$ as of 10-31-2009	16.06

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

Performance Analysis as of 10-31-2009



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	6.9	7.8	7.7	7.0
Best	38.0	20.4	15.7	13.2
Worst	-25.8	-7.5	-2.1	0.6
No. of Periods	235	211	187	127
% Positive	71.5	83.9	93.0	100.0

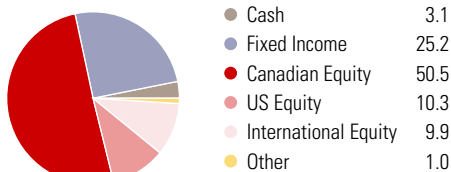
Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-2.0	3.6	15.2	12.3	-5.7	-1.5	3.4	2.5
Benchmark	-0.7	5.3	8.1	5.1	-0.3	-0.7	2.1	0.3
Quartile	4	2	1	1	2	2	3	3

Calendar Year Returns (%)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Fund	10.7	4.2	-9.6	-7.0	11.7	6.4	11.1	11.1	0.0	-20.7	16.5
Benchmark	6.6	-4.0	-4.5	-6.0	3.2	5.1	0.5	14.3	-6.5	-3.3	1.2
Quartile	3	3	4	3	4	4	3	2	3	3	1

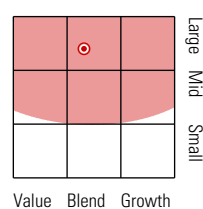
Distributions (\$/unit)											
Total	0.38	1.98	0.06	0.03	0.00	0.00	0.19	0.20	0.40	0.22	0.18
Income	0.09	0.07	0.06	0.03	0.00	0.00	0.19	0.20	0.18	0.22	0.18
Capital Gains	0.29	1.91	—	—	—	—	—	—	0.22	—	—

Portfolio Analysis as of 09-30-2009

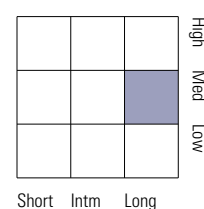
Composition



Equity Style



Fixed Income Style



Top 5 Sector Allocation

Sector	% Assets
Financials	27.5
Energy	22.8
Materials	13.8
Consumer Discretionary	8.4
Industrial	6.9

Fixed Income Breakdown

Category	% Bond
Government Bonds	32.5
Corporate Bonds	55.0
Other Bonds	1.5
Mortgage Backed Securities	0.0
ST Investments (Cash & Other)	11.0
Asset Backed Securities	0.0

Top Holdings

Company	% Assets
Royal Bank of Canada	3.5
Toronto-Dominion Bank	3.2
Bank of Nova Scotia	2.7
Suncor Energy, Inc.	2.5
Canadian Imperial Bank of Commerce	2.3
EnCana Corporation	2.2
Canada Govt 3.75% 01-06-2019	2.0
Canadian Natural Resources, Ltd.	1.9
Barrick Gold Corporation	1.8
Manulife Financial Corporation	1.5
Canada Hsg Tr No 1 3.15% 15-06-2014	1.4
Talisman Energy, Inc.	1.4
Quebec Prov Cda Ctf Dep 01-12-2015	1.3
Agrium, Inc.	1.2
Canadian National Railway Company	1.2

Top Holdings Cont'd

Company	% Assets
Potash Corp of Saskatchewan	1.0
Rogers Communications, Inc. B	1.0
Research in Motion, Ltd.	1.0
Goldcorp, Inc.	0.9
Manulife Finl 4.896% 02-06-2014	0.9
Nexen, Inc.	0.8
TransCanada Corporation	0.8
Ontario Prov Cda 4.4% 02-06-2019	0.8
Province Of Quebec 01-12-2019	0.7
Thomson Reuters Corporation	0.7

Metric	Count
Total Number of Portfolio Holdings	659
Total Number of Stock Holdings	522
Total Number of Bond Holdings	121
Total Number of Other Holdings	27
Total Number of Underlying Holdings	670

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 09-30-2009

The return of Scotia Canadian Tactical Asset Allocation Fund over the quarter was 9.06% versus the blended benchmark consisting of 40% DEX Universe Bond, 40% S&P/TSX Composite and 20% MSCI World indices return of 7.05%.

The fund was well positioned during the quarter, with an overweight to Canadian equities, market weight to global stocks and an underweight to the fixed income and cash asset classes.

All fixed income strategies contributed positively to the fund's performance with the overweight in corporate bonds being the largest contributor to performance. Within the Canadian equity asset class both the value

and small-cap managers contributed positively to the fund's performance over the period.

An important factor for determining the future direction of markets is inflation. The portfolio advisor expects that inflation will remain under control due to excess capacity and low employment rates. Based on this assumption, they believe that fixed income markets will not come under any real pressure and equity markets can support higher price earnings multiples. The portfolio advisor believes that stocks should continue to outperform bonds over the medium term and is prepared to increase the allocation to the equities should we experience a market correction.

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.