

Scotia Canadian Dividend Fund

? Guide to this Document

Investment Objective

The fund's objective is to earn a high level of dividend income with some potential for long-term capital growth. It invests primarily in dividend-paying common shares and in a broad range of preferred shares, such as floating rate, convertible and retractable preferred shares of Canadian companies.

Reasons for Investing

- ▶ The fund has consistently generated lower volatility of returns while also generating long-term annual compound returns that are comparable to its benchmark
- ▶ Reinvesting quarterly dividends paid out by the fund has contributed significantly to its long-term compound (total) return.
- ▶ By investing in the fund, investors are also investing in the experience and expertise of the fund's portfolio advisor.

Risk Rating



Time Horizon Long term

Fund Essentials

Inception Date	November 1992
Total Assets \$Mil	3,044.15
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Quarterly
Capital Distribution	Annually
MER %	1.71
NAV \$ as of 12-31-2011	37.41

Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS385
Adv	Deferred Sales	CAD	BNS985
Adv	Front End	CAD	BNS785
Adv	Low Load	CAD	BNS885
F	No Load	CAD	BNS585

Portfolio Manager Jason Gibbs
Goodman & Company,
Investment Counsel

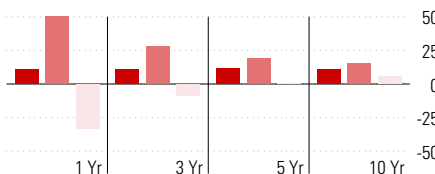
Management Company Scotia Asset Management
Telephone 800 268-9269
Web Site www.scotiafunds.com

Benchmark
S&P/TSX Composite TR

Fund Category
Canadian Dividend & Income
Equity

Morningstar Rating™
★★★

Performance Analysis as of 12-31-2011



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	11.0	10.9	11.4	11.0
Best	49.9	27.8	19.2	15.0
Worst	-33.4	-8.8	0.5	5.7
No. of Periods	218	194	170	110
% Positive	80.3	87.1	100.0	100.0

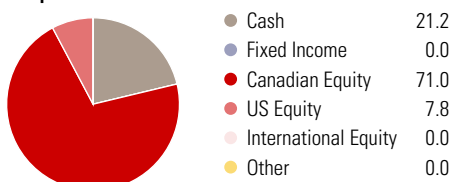
Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	1.2	5.3	-7.0	-4.8	2.8	10.0	0.5	6.6
Benchmark	-1.7	3.6	-8.9	-8.7	3.6	13.2	1.3	7.0
Quartile	2	2	4	4	4	3	3	2

Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	-0.1	-2.5	22.6	14.8	19.4	12.8	6.5	-27.7	26.0	11.0	-4.8
Benchmark	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	35.1	17.6	-8.7
Quartile	4	3	2	3	3	2	1	3	3	3	4

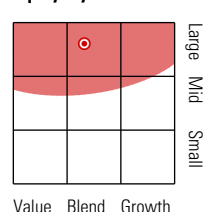
Distributions (\$/unit)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	0.47	0.37	0.32	0.91	0.47	0.27	1.36	0.31	0.34	0.30	0.19
Income	0.47	0.37	0.32	0.28	0.23	0.27	0.13	0.31	0.34	0.30	0.19
Capital Gains	—	—	—	0.63	0.24	—	1.22	—	—	—	—

Portfolio Analysis as of 11-30-2011

Composition



Equity Style



Market Cap

Market Cap	%
Giant	53.4
Large	29.8
Medium	15.8
Small	0.9
Micro	0.0

Top Ten Holdings

Top Ten Holdings	% Assets
Bank of Nova Scotia	5.9
Toronto-Dominion Bank	4.7
Brookfield Asset Management Inc Class A	3.6
TransCanada Corp	3.5
Canadian Natural Resources Ltd	3.3
Suncor Energy Inc	3.1
CIBC	2.8
Enbridge, Inc.	2.4
Royal Bank of Canada	2.2
Intact Financial Corporation	2.2

Total Number of Portfolio Holdings	59
Total Number of Stock Holdings	58
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
Total Number of Underlying Holdings	59

Top 5 Sector Allocation

Top 5 Sector Allocation	% Assets
Financials	34.4
Energy	31.3
Telecommunications Services	7.8
Utilities	7.5
Materials	6.7

Geographic Allocation

Geographic Allocation	% Assets
Canada	92.2
United States	7.8

Scotia Canadian Dividend Fund

Portfolio Advisor Overview

Manager Bio



Jason Gibbs

Manager Since 2011-11-1

Goodman & Company, Investment Counsel

Jason Gibbs joined Goodman & Company in 2002 as an analyst and became a portfolio manager in 2007. He is a member of the award-winning Equity Income team and focuses on investing in best-in-class businesses with sustainable cash flows among dividend paying equities and infrastructure companies globally. Jason has 15 years of industry experience. He received his Bachelor of Accounting from Brock University and holds the Chartered Accountant and Chartered Financial Analyst designations.

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

Canadian equity markets had a difficult start to the quarter, reaching their lowest point of the year in early October. While a significant recovery occurred in the following weeks, based on optimism that European policymakers were progressing on a resolution to their debt struggles, it was short-lived. Slowing growth in China raised concerns for the resource-based Canadian economy, while improving U.S. economic data gave those securities a lift over the quarter. However, these developments were overshadowed by the problems in Europe, which remained the primary focus. Against this backdrop, Scotia Canadian Dividend Fund delivered 5.3% over the period, outperforming its benchmark, which returned 2.7%. Top performing sectors in the index included energy, industrials, and telecommunication services. Information technology and materials generated negative returns. At the beginning of November, a portfolio management change, from Britt Doherty to Jason Gibbs, occurred. Due to the transition

that took place, the Fund's cash level was increased. From a sector perspective, names in the telecommunication services and utilities sectors helped boost the Fund's returns and weightings in financials and materials detracted. By the end of the quarter, the allocation to financials had been reduced, eliminating any holdings in insurance companies and U.S. banks. Energy infrastructure names (including Enbridge Inc. and TransCanada Corporation) positively impacted performance and generated attractive yields. Suncor Energy, Bank of Nova Scotia and Power Corporation of Canada were the largest detractors. At quarter end, 68% of the Fund was invested in Canadian equities, 13% in U.S. equities and 19% in cash. In the current low growth environment, interest rates will stay low likely for some time because of the deleveraging that is occurring. This should continue to be beneficial for dividend-paying securities and the Fund will focus on owning high-quality companies that pay sustainable dividends.

Disclosure

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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.

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.