

Scotia Canadian Dividend Fund

Benchmark
S&P/TSX Composite TR

Fund Category
Canadian Dividend & Income Equity

Morningstar Rating™
★★★

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 5 years or more

Fund Essentials

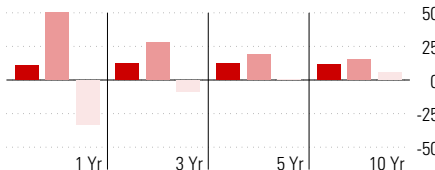
Inception Date	November 1992
Total Assets \$Mil	2,118.06
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Quarterly
Capital Distribution	Annually
MER %	1.66
NAV \$ as of 10-31-2009	33.48

Class Options

Class	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

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.	10.6	12.4	12.6	11.9
Best	49.9	27.8	19.2	15.0
Worst	-33.4	-8.8	0.6	5.7
No. of Periods	192	168	144	84
% Positive	79.7	93.5	100.0	100.0

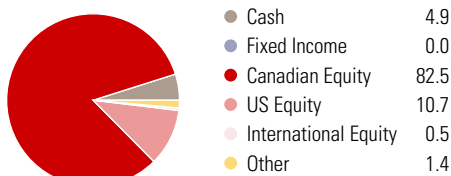
Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-4.1	0.2	14.4	7.5	-9.8	-2.0	5.0	8.4
Benchmark	-4.0	1.8	18.7	15.7	-10.9	-1.2	6.9	6.4
Quartile	3	3	3	3	2	2	2	2

Calendar Year Returns (%)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Fund	3.0	30.4	-0.1	-2.5	22.6	14.8	19.4	12.8	6.5	-27.7	17.4
Benchmark	31.7	7.4	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	24.8
Quartile	2	2	4	2	1	3	3	3	1	3	2

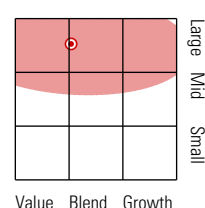
Distributions (\$/unit)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total	0.48	0.65	0.47	0.37	0.32	0.91	0.47	0.27	1.36	0.31	0.28
Income	0.48	0.45	0.47	0.37	0.32	0.28	0.23	0.27	0.13	0.31	0.28
Capital Gains	—	0.21	—	—	—	0.63	0.24	—	1.22	—	—

Portfolio Analysis as of 09-30-2009

Composition



Equity Style



Market Cap

Market Cap	%
Giant	48.4
Large	35.5
Medium	15.3
Small	0.7
Micro	0.1

Geographic Allocation

Geographic Allocation	% Assets
Canada	88.9
United States	10.7
United Kingdom	0.5

Top 5 Sector Allocation

Top 5 Sector Allocation	% Assets
Financials	43.4
Energy	23.2
Industrial	8.0
Materials	7.6
Consumer Staples	5.3

Top Holdings

Top Holdings	% Assets
Royal Bank of Canada	7.4
Toronto-Dominion Bank	6.0
Bank of Nova Scotia	5.1
Bank of Montreal	3.4
EnCana Corporation	3.3
Power Corp Of Cda Sub Voting Share	3.1
Canadian Imperial Bank of Commerce	3.0
Manulife Financial Corporation	3.0
Canadian Natural Resources, Ltd.	2.7
Barrick Gold Corporation	2.6
Canadian National Railway Company	2.4
TransCanada Corporation	2.3
Enbridge, Inc.	2.2
Suncor Energy, Inc.	2.1
Canadian T-Bill 10-12-2009	2.0

Top Holdings Cont'd

Top Holdings Cont'd	% Assets
Canadian Oil Sands Trust	1.7
Shoppers Drug Mart	1.7
Rogers Communications, Inc. B	1.7
Brookfield Asset Management, Inc.	1.6
Great-West Lifeco Inc.	1.6
Sun Life Financial, Inc.	1.5
Thomson Reuters Corporation	1.4
Saputo, Inc.	1.3
Toromont Industries	1.1
Imperial Oil	1.1

Total Number of Portfolio Holdings	95
Total Number of Stock Holdings	78
Total Number of Bond Holdings	0
Total Number of Other Holdings	17
Total Number of Underlying Holdings	95

Scotia Canadian Dividend Fund

Portfolio Advisor Overview

Manager Bio



Britt Doherty
Manager Since 2003-11-1
Scotia Asset Management

Britt is a member of the Canadian equity team and is the lead manager of the Scotia Canadian Dividend Fund and the Scotia Diversified Monthly Income Fund. Prior to these responsibilities Britt managed other ScotiaFunds as well as institutional and private client assets and has had in-house research responsibilities for a number of sectors of the S&P/TSX Composite Index.

Prior to joining Scotia Asset Management, Britt was a research analyst at RBC Dominion Securities following the forest and industrial products sectors. Britt has been working in the industry since 1980.

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 for Scotia Canadian Dividend Fund over the quarter was 8.61% versus the benchmark S&P/TSX Composite Index return of 10.61%.

The defensive nature of the fund contributed to its underperformance relative to its benchmark. This approach resulted in the fund having an overweight position in both the consumer staples and utilities sectors and underweight position in the materials sector. While an overweight allocation to the financials sector contributed positively to the fund's performance, this was largely offset by overweight positions in defensive sectors such as consumer staples and utilities, which negatively impacted the fund's performance over the period.

During the quarter, the portfolio advisor increased the

fund's exposure to the energy and consumer staples sectors and decreased the fund's exposure to the more defensive sectors, including telecom and utilities. As at the end of the quarter, the fund was overweight the financials, industrials and utilities sectors and modestly underweight both the energy and telecom sectors.

The sharp equity rally since March has many believing that the market is well ahead of the economy and that a period of consolidation is a reasonable expectation. The portfolio advisor feels that while the recent past has seen stocks move together regardless of quality and prospects, the future will see stock selection play a more significant role in the performance of Canadian equity funds. The portfolio advisor believes that strong third quarter earnings reports maybe a catalyst for further appreciation of equity markets.

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.