

Scotia Resource Fund

Benchmark
S&P/TSX Composite TR

Fund Category
Natural Resources Equity

Morningstar Rating™
★★★

Investment Objective

The fund's objective is aggressive long-term capital growth. It invests primarily in equity securities of Canadian resource based companies, including companies that operate in the oil and gas, gold and precious metals, metals and minerals, and forest products industries.

Reasons for Investing

- ▶ Provides an opportunity to participate in the global appetite for natural resources.
- ▶ Follows a disciplined investment process and offers diversification within the narrow natural resource sector.
- ▶ Potential to be a long-term alpha component to a well diversified portfolio with volatility levels higher than the broader market.

Risk Rating



Time Horizon 5 years or more

Fund Essentials

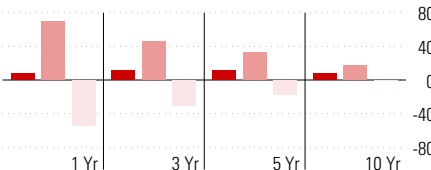
Inception Date	July 1993
Total Assets \$Mil	123.57
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	2.33
NAV \$ as of 10-31-2009	18.85

Class Options

Class	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS362
F	No Load	CAD	BNS562

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.	7.7	11.1	11.9	7.2
Best	69.3	46.0	32.6	17.1
Worst	-54.0	-30.6	-16.9	-1.2
No. of Periods	184	160	136	76
% Positive	60.9	62.5	56.6	96.1

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	0.4	8.6	24.7	46.8	-12.3	-2.0	11.1	13.2
Benchmark	-4.0	1.8	18.7	15.7	-10.9	-1.2	6.9	6.4
Quartile	2	4	3	1	2	2	2	2

Calendar Year Returns (%)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Fund	-16.8	-4.3	24.8	18.3	42.3	17.3	40.3	25.4	9.3	-44.6	46.5
Benchmark	31.7	7.4	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	24.8
Quartile	4	4	1	2	1	3	3	2	3	2	2

Distributions (\$/unit)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Total	—	—	—	—	—	—	—	—	—	—	—
Income	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—

Portfolio Analysis as of 09-30-2009

Composition	% Assets	Equity Style	Market Cap	%
Cash	9.4		Giant	37.1
Fixed Income	0.0		Large	23.5
Canadian Equity	67.3		Medium	22.2
US Equity	15.6		Small	16.3
International Equity	7.8		Micro	0.8
Other	0.0			

Geographic Allocation	% Assets	Top 5 Sector Allocation	% Assets
Canada	76.6	Energy	54.9
United States	15.6	Materials	45.1
Australia	3.9	Consumer Discretionary	0.0
United Kingdom	2.4	Consumer Staples	0.0
Brazil	1.5	Financials	0.0

Top Holdings	% Assets	Top Holdings Cont'd	% Assets
Canadian T-Bill 10-12-2009	5.9	Crescent Point Energy Corporation	1.9
EnCana Corporation	5.0	Air Products and Chemicals, Inc.	1.8
Canadian Natural Resources, Ltd.	4.6	EOG Resources	1.8
Suncor Energy, Inc.	4.4	Occidental Petroleum Corporation	1.7
Barrick Gold Corporation	3.5	Niko Resources Ltd	1.6
Canadian Oil Sands Trust	2.8	Breaker Energy Ltd. A	1.5
Potash Corp of Saskatchewan	2.8	Crew Energy Inc.	1.5
Enbridge, Inc.	2.8	Vale S.A. ADR	1.5
Talisman Energy, Inc.	2.7	Nucor Corp.	1.5
Canadian T-Bill 26-11-2009	2.7	Teck Resources Ltd B	1.5
Petrobank Energy and Resources, Ltd.	2.6	Total Number of Portfolio Holdings	72
Bankers Petroleum Ltd	2.3	Total Number of Stock Holdings	60
Goldcorp, Inc.	2.2	Total Number of Bond Holdings	0
Southwestern Energy Company	2.0	Total Number of Other Holdings	12
Cameco Corporation	1.9	Total Number of Underlying Holdings	72

Scotia Resource Fund

Portfolio Advisor Overview

Manager Bio



David Whetham
Manager Since 2000-8-1
Scotia Asset Management

David joined Scotia Asset Management in 2000 as a member of the Canadian equity team, and is currently responsible for managing Scotia Canadian Small Cap Fund and Scotia Resource Fund.

David's Canadian equity career began in 1990, when he joined Confederation Life as an equity analyst.

Prior to joining Scotia Asset Management, he was a portfolio manager at YMG. He has a strong research background, with an emphasis on the energy and materials sectors.

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 Resource Fund over the quarter was 11.90% versus the blended benchmark consisting of 35% S&P/TSX Materials Index and 65% S&P/TSX Energy Index return of 10.20%.

The materials sector was led by strong returns from the base metals mining sector, due to strong commodity price increases and decreasing financial risk in the sector after a number of equity issues. The gold sub-sector also had a strong quarter, as investors continue to view gold as a hedge against the potential for inflation, resulting from the amount of monetary stimulus injected into the global economy.

The energy commodities were mixed during the quarter. With increasing supplies from shale gas plays and decreased demand due to the recession, the natural gas

market continued to be over-supplied, with the price of natural gas falling over the period. However, the energy sector was up over the period, led by the energy services sub-sector as investors anticipated an improvement in drilling activity levels.

The fund's allocation to the energy sector is focused on oil producing companies with little exposure to the service sub-sector due to concerns that the development of the shale gas fields will require fewer rigs than traditional natural gas development. The fund's holdings within the materials sector include exposure to precious metals, base metals and fertilizer companies. The portfolio advisor expects to re-deploy the fund's cash holdings at more attractive valuation levels in the coming months, in an effort take advantage of the long-term opportunities in the commodity 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.