

# Scotia Resource Fund

**Guide to this Document**

## 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.
- 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** Long term

## Fund Essentials

Inception Date	July 1993
Total Assets \$Mil	159.72
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	2.33
NAV \$ as of 12-31-2011	20.46

## Series Options

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

**Portfolio Manager** Robert Cohen  
GCIC Ltd  
  
Jennifer Stevenson  
Goodman & Company,  
Investment Counsel

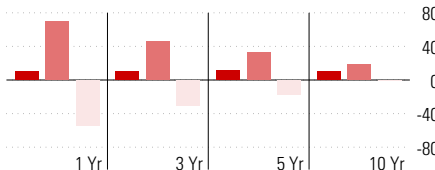
**Management Company** Scotia Asset Management  
**Telephone** 800 268-9269  
**Web Site** www.scotiafunds.com

**Benchmark**  
S&P/TSX Composite TR

**Fund Category**  
Natural Resources Equity

**Morningstar Rating™**  
★★★

## Performance Analysis as of 12-31-2011



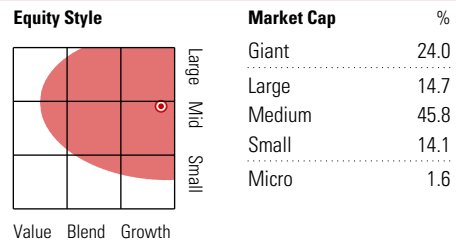
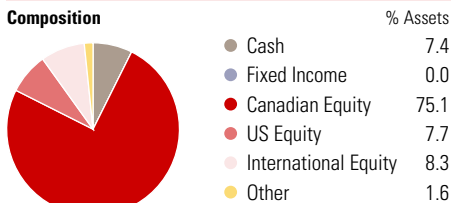
Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	9.8	10.0	11.1	10.3
Best	69.3	46.0	32.6	18.6
Worst	-54.0	-30.6	-16.9	-1.2
No. of Periods	210	186	162	102
% Positive	63.8	60.2	63.0	97.1

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-6.0	0.5	-15.7	-19.5	-1.0	17.3	-0.4	13.0
Benchmark	-1.7	3.6	-8.9	-8.7	3.6	13.2	1.3	7.0
Quartile	4	4	3	3	4	2	3	2

Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	24.8	18.3	42.3	17.3	40.3	25.4	9.3	-44.6	64.7	21.7	-19.5
Benchmark	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	35.1	17.6	-8.7
Quartile	1	2	2	3	2	2	3	2	2	3	3

Distributions (\$/unit)												
Total	—	—	—	—	—	—	—	—	—	—	—	0.32
Income	—	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—	0.32

## Portfolio Analysis as of 11-30-2011



**Top Ten Holdings**

Company	% Assets
Goldcorp, Inc.	5.9
Barrick Gold Corporation	5.8
Allied Nevada Gold Corp	5.5
Kinross Gold Corporation	5.2
Osisko Mining Corporation	4.1
Perseus Mining Limited	3.7
Pengrowth Energy Corp	3.1
TransCanada Corp	2.9
Enerplus Corp	2.9
Baytex Energy Corp	2.8

**Total Number of Portfolio Holdings** **50**

Total Number of Stock Holdings	48
Total Number of Bond Holdings	0
Total Number of Other Holdings	2
Total Number of Underlying Holdings	50

**Top 5 Sector Allocation**

Sector	% Assets
Materials	54.1
Energy	43.6
Industrial	2.3
Consumer Discretionary	0.0
Consumer Staples	0.0

**Geographic Allocation**

Region	% Assets
Canada	84.1
United States	7.7
Australia	7.1
Peru	1.2

# Scotia Resource Fund

## Portfolio Advisor Overview

### Manager Bio

**Robert Cohen**
**Manager Since** 2011-3-8

**GCIC Ltd**

Robert Cohen joined Goodman & Company, Investment Counsel, in 1998. Robert's experience in the mining industry is extensive and includes work as an engineer, assistant to V.P. of South American Projects for a junior mining company and as a corporate development advisor for an international gold mining firm. Robert completed his Bachelor of Applied Sciences in Mineral Process Engineering at the University of British Columbia. He received his Master's in Business Administration in 1998 and his Chartered Financial Analyst designation in 2003.

**Jennifer Stevenson**
**Manager Since** 2011-3-8

**Goodman & Company, Investment Counsel**

Jennifer Stevenson joined Goodman & Company in 2010 as a portfolio manager and member of the award-winning Equity Income team. Based in Calgary, she has more than 20 years of experience in the energy sector. Jennifer has an Advanced Certificate in Petroleum Land Contract Administration, a Masters in Business Administration in Finance from the University of Alberta and a Bachelor of Commerce degree in Marketing & Finance from the University of Calgary.

### 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](http://www.scotiafunds.com), or from SEDAR at [www.sedar.com](http://www.sedar.com).

### Portfolio Advisor Quarterly Commentary as of 09-30-2011

The return of Scotia Resource Fund over the quarter was -16.1% versus the blended benchmark (consisting of 50% S&P/TSX Materials Index and 50% S&P/TSX Energy Index), which returned -15.9%. The third quarter was a volatile period in the resources sector, as ongoing fears surrounding Europe's sovereign debt issues turning into a contagion in financial markets sent equity share prices down significantly in most markets. Interestingly, while the period was also marked by credit rating agency Standard & Poor's downgrade of U.S. government debt from 'AAA' to 'AA+', bond prices surprisingly continued to rally, as investors sought the protection and depth of U.S. debt markets given the uncertainties surrounding Europe and the rising yields now occurring in Spain and Italy. Increasing volatility in equity markets and softness in energy and metals prices provided a challenging environment for the Fund's investments. Discounting a global economic slowdown and possible recession in the U.S. and Europe, commodity prices continued to decline

from the recent highs reached in April, with the Reuters/Jefferies CRB Index declining close to 12% during the period. Price declines for core components of the resources sector were even more pronounced, with oil (WTI), natural gas (Henry Hub) and copper prices falling 17%, 14% and 27%, respectively for the period. While a rise in the price of gold provided a measure of support for the Fund's investments in the gold and precious metals sector, advances in share price value were kept in check by the jump in volatility in equity markets and a steep correction in the price of gold that occurred late in the period – after reaching a new record of nearly \$1,900/oz. The Fund kept a small amount of cash as a defensive measure and redeployed it along with other assets into select junior companies in the precious metals sector where large disconnects were identified, and into larger-cap, senior oil producers to more defensively position the Fund's energy component.

### 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.