

Scotia Selected Balanced Income & Growth Portfolio

Benchmark
Morningstar CAN Bal Gbl 60/40 CAD

Fund Category
Global Neutral Balanced

Morningstar Rating™
★★★

Investment Objective

The fund's objective is to achieve a balance of current income and long-term capital appreciation, with a small bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by us and by other mutual fund managers.

Reasons for Investing

- ▶ Invests in a mix of ScotiaFunds diversified by asset class, geographic region, economic sector and investment style, aiming to maximize returns while managing risk.
- ▶ Rigorous portfolio construction by an experienced team combined with regular monitoring and daily cash flow rebalancing help to ensure each portfolio stays on track.
- ▶ From creating the optimal asset mix and selecting funds, to their monitoring and rebalancing, each portfolio delivers convenience and simplicity.

Risk Rating



Time Horizon 3 years or more

Fund Essentials

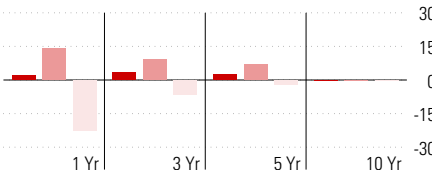
Inception Date	April 2003
Total Assets \$Mil	850.51
Min. Initial Inv.(\$)	2,500
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	1.93
NAV \$ as of 10-31-2009	11.24

Class Options

Class	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS341
Adv	Deferred Sales	CAD	BNS941
Adv	Front End	CAD	BNS741
Adv	Low Load	CAD	BNS841
F	No Load	CAD	BNS541

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.	2.0	3.6	2.3	—
Best	14.2	9.2	6.8	—
Worst	-22.4	-6.5	-2.0	—
No. of Periods	67	43	19	—
% Positive	70.1	67.4	84.2	—

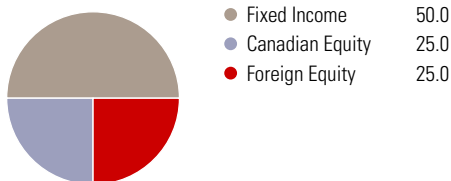
Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-1.3	3.5	10.7	12.1	-4.7	-1.6	2.3	—
Benchmark	-0.7	5.3	8.1	5.1	-0.3	-0.7	2.1	0.3
Quartile	3	3	2	2	3	3	3	—

Calendar Year Returns (%)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Fund	—	—	—	—	—	5.8	8.0	8.9	-0.3	-18.8	13.5
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	2	3	2	3	2

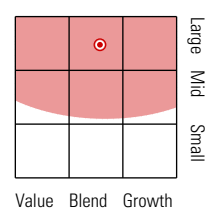
Distributions (\$/unit)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	YTD
Total	—	—	—	—	0.06	0.12	0.14	0.15	0.95	0.15	—
Income	—	—	—	—	0.04	0.09	0.07	0.09	0.08	0.15	—
Capital Gains	—	—	—	—	0.02	0.03	0.07	0.06	0.86	—	—

Portfolio Analysis as of 09-30-2009

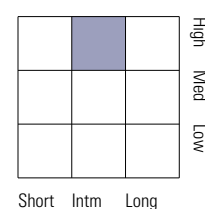
Target Composition



Equity Style



Fixed Income Style



Top 5 Sector Allocation

Sector	% Assets
Financials	30.6
Energy	17.8
Industrial	10.1
Materials	9.6
Information Technology	7.2

Fixed Income Breakdown

Category	% Bond
Government Bonds	48.7
Corporate Bonds	37.8
Other Bonds	0.6
Mortgage Backed Securities	0.9
ST Investments (Cash & Other)	12.0
Asset Backed Securities	0.0

Top Holdings

Holder	% Assets
Scotia Bond	24.0
Scotia Canadian Dividend	17.4
Scotia Canadian Income	13.0
Scotia Mortgage Income	10.5
Scotia Global Growth	7.9
Scotia Canadian Growth	5.0
Scotia Global Opportunities	2.9
Scotia US Value	2.9
Scotia Resource	2.5
Scotia International Value	2.5
Scotia Global Bond	2.5
Scotia Latin American	2.0
Scotia Pacific Rim	1.5
Scotia Global Climate Change	1.5
Scotia Global Small Cap	1.5

Top Holdings Cont'd

Holder	% Assets
Scotia International Index	1.0
Scotia US Index	1.0
Cash & Cash Equivalents	0.6
Total Number of Portfolio Holdings	18
Total Number of Stock Holdings	1103
Total Number of Bond Holdings	80
Total Number of Other Holdings	63
Total Number of Underlying Holdings	1246

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Portfolio Advisor Overview

Manager Bio



John Vermeer
Manager Since 2009-11-1
Scotia Asset Management

John has worked in the financial industry for over 24 years and joined Scotia Asset Management in 1996. He is currently a member of the U.S. Equity Team and is responsible for the U.S. Equity portfolio for high net worth private client investors. John has extensive investment experience in North American and international markets on behalf of mutual fund, private client, trust and institutional clients, including managing U.S. and European mutual fund portfolios.

John obtained a MBA from Queen's University and also holds the Chartered Financial Analyst (CFA) designation.

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

Scotia Selected Balanced Income & Growth Portfolio had a return of 6.43% for the quarter versus the 6.36% return of the blended benchmark consisting of 50% DEX Universe Bond, 25% S&P/TSX Composite and 25% MSCI World indices.

During the quarter, the Bank of Canada maintained a very supportive monetary policy by keeping the overnight lending rate close to zero. Over the period, corporate bonds continued to outperform and the DEX Universe Bond Index posted a return of 2.7%.

The S&P/TSX Composite Index was up 10.6% over the quarter, with only the consumer staples and health care sectors posting negative returns over the period. The S&P 500 Index ended the quarter up 6.8% in Canadian dollar terms, while the MSCI EAFE Index, representing

international equities, was up more than 10.5% in Canadian dollar terms.

On September 8, the portfolio was re-optimized to enhance diversification, the result of which was an increase in the number of underlying funds, providing more coverage across sectors, geography and asset classes.

Scotia Global Bond Fund slightly detracted from the portfolio's performance, while Scotia Canadian Income Fund had the largest positive impact on the portfolio's performance during the quarter. The continued appreciation of the Canadian dollar relative to the U.S. dollar negatively impacted the performance of Scotia Global Bond Fund over the period.

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.