

Scotia U.S. Value Fund

? Guide to this Document

Investment Objective

The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of U.S. companies.

Reasons for Investing

- ▶ Contrarian value approach – Invests in well managed, quality companies that are trading at a discount to their intrinsic value. Mispriced securities are commonly found in areas believed to be out-of-favour or unpopular by overall market opinion.
- ▶ Fundamental bottom-up analysis – Stocks exhibiting value characteristics are put under traditional fundamental analysis to distinguish those that merit investment from those that may be inexpensive for good reason.
- ▶ Concentrated, risk-controlled portfolio – The portfolio is typically comprised of 25-40 names where holdings are sold when valuations are no longer attractive, investor optimism is widespread, or fundamentals have deteriorated. Foreign currency exposure is actively hedged to help control currency risk.

Risk Rating



Time Horizon Long term

Fund Essentials

Inception Date	December 2000
Total Assets \$Mil	16.31
Min. Initial Inv.(\$)	500
Min. Additional Inv.(\$)	50
Income Distribution	Annually
Capital Distribution	Annually
MER %	2.75
NAV \$ as of 12-31-2011	7.14

Series Options

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	BNS391

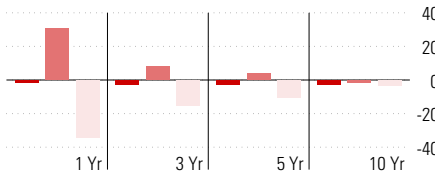
Portfolio Manager David L. Fingold
Goodman & Company,
Investment Counsel

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

Benchmark S&P 500 TR (Bank of Canada) CAD
Fund Category US Equity

Morningstar Rating™ ★★★

Performance Analysis as of 12-31-2011



Best/Worst Periods (%)	1 Yr	3 Yr	5 Yr	10 Yr
Avg.	-1.5	-2.5	-2.5	-2.7
Best	30.9	7.8	4.0	-1.5
Worst	-34.0	-15.0	-10.6	-3.4
No. of Periods	121	97	73	13
% Positive	52.9	39.2	15.1	0.0

Trailing Returns (%)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Fund	-0.1	-3.2	-6.8	0.2	5.5	6.5	-4.1	-3.4
Benchmark	0.8	9.5	1.6	4.4	6.9	7.3	-2.9	-1.6
Quartile	3	4	4	2	2	2	3	3

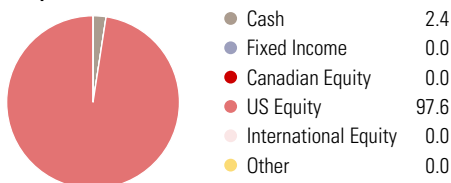
Calendar Year Returns (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	2.1	-27.0	9.8	-0.1	0.5	8.7	-11.2	-24.4	8.5	11.1	0.2
Benchmark	-6.4	-22.7	5.2	3.3	1.6	15.7	-10.5	-21.9	8.1	9.3	4.4
Quartile	1	3	2	3	3	3	3	2	3	2	2

Distributions (\$/unit)

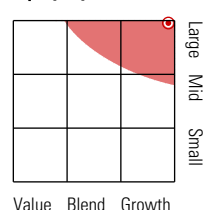
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	—	—	—	—	—	—	—	0.00	—	—	—
Income	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	0.00	—	—	—

Portfolio Analysis as of 11-30-2011

Composition



Equity Style



Market Cap

Market Cap	%
Giant	43.1
Large	45.2
Medium	11.7
Small	0.0
Micro	0.0

Top Ten Holdings

Top Ten Holdings	% Assets
W.W. Grainger, Inc.	5.3
Exxon Mobil Corporation	5.2
Newmont Mining Corporation	5.2
Norfolk Southern Corporation	5.1
International Business Machines Corp	5.1
McDonald's Corporation	4.4
American Tower Corp A	4.2
Simon Property Group Inc	4.1
Microsoft Corporation	4.0
Apple, Inc.	3.9

Total Number of Portfolio Holdings	41
Total Number of Stock Holdings	38
Total Number of Bond Holdings	0
Total Number of Other Holdings	3
Total Number of Underlying Holdings	41

Top 5 Sector Allocation

Top 5 Sector Allocation	% Assets
Information Technology	22.4
Consumer Discretionary	22.1
Industrial	13.1
Consumer Staples	12.4
Energy	11.1

Geographic Allocation

Geographic Allocation	% Assets
United States	97.6
Canada	2.4

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Portfolio Advisor Overview

Manager Bio



David L. Fingold

Manager Since 2011-2-7

Goodman & Company, Investment Counsel

David Fingold has over 20 years of business, operational and investment experience including senior positions in corporate finance, sales, purchasing and marketing in the manufacturing, transportation and distribution industries. Graduating in the top decile of his class, David earned a Bachelor of Science with High Distinction in management from Babson College in Wellesley, Massachusetts, in 1988.

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

The S&P 500 Index's 11.5% local currency return in the fourth quarter was almost a complete reversal from the third quarter when it declined 13.5%. The advance occurred primarily in October when European Union (EU) leaders said they had come to terms on a broad strategy at a summit in Brussels. After the rally in October and the initial exuberance in the markets over the EU summit agreement, November and December were essentially flat, with the S&P 500 Index (US\$) returning -0.51% and 0.75%, respectively. During the quarter, Scotia U.S. Value Fund returned -3.16%.

The Fund's underperformance was due to a number of factors, including our ongoing minimal exposure to both the financials and health care sectors, which were positive contributors to index performance. We have started to add health care names, but for the most part, we believe they were expensive and became more so.

While we like Canadian banks, we are not inclined to invest significantly in banks outside of Canada. The Fund's worst performing sector was materials and Newmont Mining was the biggest detractor in the Fund. Information technology holdings, such as Oracle and EMC, were also among the worst performers. An overweight position in consumer discretionary continued to serve the Fund well, and TJX Cos., Nike and Dollar Tree were top contributors. Energy was the second best performing sector for the Fund and slightly outperformed our industrials stocks. Looking forward, we are bullish on the U.S. versus other areas of the world, but remain cautiously optimistic. We are hopeful that European leaders can continue to shore up confidence in their banking system and that the next U.S. election will result in a President who is most likely to provide fiscal stimulus.

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., a limited partnership wholly-owned directly and indirectly 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.