

Investing for the long term

ScotiaFunds Annual Report
to Unitholders

December 31, 2007



Table of Contents



1 Economic outlook

Financial Statements

Cash Equivalent Funds

- 3 Scotia T-Bill Fund
- 4 Scotia Premium T-Bill Fund
- 5 Scotia Money Market Fund
- 7 Scotia U.S. \$ Money Market Fund

Income Funds

- 9 Scotia Mortgage Income Fund
- 11 Scotia Canadian Income Fund
- 13 Scotia U.S. \$ Bond Fund
- 15 Scotia Global Bond Fund

Balanced Funds

- 17 Scotia Diversified Monthly Income Fund
- 20 Scotia Canadian Balanced Fund
- 25 Scotia Canadian Tactical Asset Allocation Fund

Equity Funds

Canadian Equity Funds

- 33 Scotia Canadian Dividend Fund
- 36 Scotia Canadian Blue Chip Fund
- 40 Scotia Canadian Growth Fund
- 45 Scotia Canadian Small Cap Fund
- 47 Scotia Resource Fund

U.S. Equity Funds

- 49 Scotia U.S. Growth Fund
- 51 Scotia U.S. Value Fund

International Equity Funds

- 53 Scotia International Value Fund
- 55 Scotia European Fund
- 58 Scotia Pacific Rim Fund
- 60 Scotia Latin American Fund

Global Equity Funds

- 62 Scotia Global Growth Fund
- 65 Scotia Global Small Cap Fund
- 68 Scotia Global Opportunities Fund

Index Funds

- 70 Scotia Canadian Bond Index Fund
- 80 Scotia Canadian Index Fund
- 84 Scotia U.S. Index Fund
- 89 Scotia CanAm Index Fund
- 91 Scotia Nasdaq Index Fund
- 93 Scotia International Index Fund

Scotia Portfolios

Scotia Selected Portfolios

- 96 Scotia Selected Income & Modest Growth Portfolio
- 97 Scotia Selected Balanced Income & Growth Portfolio
- 98 Scotia Selected Moderate Growth Portfolio
- 99 Scotia Selected Aggressive Growth Portfolio

Scotia Partners Portfolios

- 100 Scotia Partners Income & Modest Growth Portfolio
- 101 Scotia Partners Balanced Income & Growth Portfolio
- 102 Scotia Partners Moderate Growth Portfolio
- 103 Scotia Partners Aggressive Growth Portfolio

Scotia Vision Portfolios

- 104 Scotia Vision Conservative 2010 Portfolio
- 105 Scotia Vision Aggressive 2010 Portfolio
- 106 Scotia Vision Conservative 2015 Portfolio
- 107 Scotia Vision Aggressive 2015 Portfolio
- 108 Scotia Vision Conservative 2020 Portfolio
- 109 Scotia Vision Aggressive 2020 Portfolio
- 110 Scotia Vision Conservative 2030 Portfolio
- 111 Scotia Vision Aggressive 2030 Portfolio

Scotia Cassels Funds

- 112 Scotia Cassels Short-Mid Government Bond Fund
- 113 Scotia Cassels Advantaged Income Fund
- 114 Scotia Cassels Canadian Corporate Bond Fund
- 116 Scotia Cassels Canadian Equity Fund
- 118 Scotia Cassels North American Equity Fund
- 120 Scotia Cassels U.S. Equity Fund
- 122 Scotia Cassels International Equity Fund

126 Notes to Financial Statements

136 Auditor's Report

Global economic overview



Warren Jestin

Senior Vice-President
and Chief Economist
Scotiabank

Global economic activity is set to decelerate as the aftershocks of the U.S. sub-prime crisis reverberate through financial markets. Softening G7 domestic demand will temper the performance of other nations, pulling global growth down by roughly half a percentage point to less than 4% in 2008.

For the major developed nations, a significant weakening in production and job creation through the first half of the year is expected to be followed by a lengthy period of convalescence. Growth should probably average 2% or less in the United States, Canada, Western Europe and Japan because of the lingering fallout from tightening credit conditions, reduced global trade momentum and more cautious household spending attitudes.

In China, gains in international market share and robust domestic demand should keep its rate of expansion above 10% in 2008. India, Russia and a number of emerging nations will continue to outperform traditional developed economies by a substantial margin. Still-high oil prices and improving structural fundamentals should enable Mexico's growth to nearly double that of the United States.

With global growth gearing down, a gearing up of inflation is unlikely during 2008. Housing prices in the United States, the U.K., France and Spain are in retreat after being inflated by multi-year booms, while the Canadian housing market is likely to show less inflationary impetus. Although energy and industrial commodity markets will be underpinned by robust demand from China and a number of other emerging powerhouses, the potential for further price gains will be tempered by the slower pace of global industrial production.

United States

U.S. output growth should average a sub-par 1.6% in 2008. The large overhang of unsold dwellings that has

emerged after the two-year contraction in housing will put additional downward pressure on housing construction, and importantly for consumers, home prices.

U.S. consumer expenditures should advance only 1% in 2008, the slowest gain in 17 years. Americans are becoming reluctant spenders, with their purchasing power, and confidence, being eroded by moderating job gains, rising food and energy costs, tighter bank lending conditions, and the reduced ability to borrow against declining home values. Similarly, with profits under pressure, businesses are paring expenditures and trimming investments in machinery and equipment.

The large service sector – almost 80% of the U.S. economy and the largest generator of jobs – should continue to provide much needed support for growth. And while the nominal trade imbalance remains exceptionally large and slow to recede, we expect the ongoing improvement in net exports to add 0.7 percentage points to output growth this year as export volumes continue to outpace imports.

The Federal Reserve is expected to cut interest rates by at least another half a percentage point this year in response to increasing risk of a deeper and more prolonged setback. With additional Fed easing generally out of sync with other major central banks, the U.S. dollar remains vulnerable to nervous foreign investors who have been diversifying their overweight U.S. dollar positions in response to deteriorating fundamentals.

Canada

The Canadian economy entered 2008 with a reasonable head of steam, with virtually all areas of domestic demand contributing to the expansion at a time of growing drag from external trade. While relatively firm commodity markets are underpinning resource-based activity, a weakening

“Resource-related earnings should ensure that Canada keeps its bragging rights as the only major industrial nation with trade and fiscal surpluses.”

Warren Jestin

Senior Vice-President and Chief Economist, Scotiabank



U.S. economy alongside a persistently strong Canadian dollar will continue to pressure manufacturers and exporters. Overall, output growth is expected to moderate to around 1.9% this year.

Buoyant labour and housing markets are keeping consumers spending. National payrolls have swelled by over 350,000 in the past year. Hefty price discounting by domestic retailers to stem the tide of cross-border shoppers in search of U.S. bargains is providing a boost to household purchasing power, as are broad-based tax cuts and spending initiatives by both federal and provincial governments.

Nevertheless, an eventual scaling back in employment growth should temper consumer enthusiasm in 2008. Meanwhile, a gradual cooling in housing activity should slow purchases of big-ticket durable goods. Non-residential construction, on the other hand, is expected to remain a solid contributor to growth alongside continuing commercial institutional outlays, and the ramping up of both private and public infrastructure projects.

In the meantime, external conditions remain extremely challenging for domestic producers as slumping U.S. demand for consumer goods and building materials is being exacerbated by the competitive pressure of a historically strong currency. Even if, as we expect, an emerging trend to

slower growth and lower inflation encourages the Bank of Canada to cut domestic interest rates by another half a percentage point in the first half of 2008, underlying economic fundamentals – buoyant commodity markets, for example – will probably keep the loonie at or slightly above parity with its U.S. counterpart.

Mexico and Latin America

The economic outlook for Latin America remains promising. The developing Americas are immersed in a process of deep structural economic and institutional transformation with positive implications for hemispheric trade and investment flows. Creditworthiness has improved and sovereign credit ratings remain in “upgrade” mode. Most countries are well-positioned to maintain a path of low-inflation growth. Infrastructure development has been earmarked as a priority for many governments.

Mexico’s real GDP is expected to maintain close to a 3% rate of expansion in 2008. Rising employment is buoying consumer confidence and spending, while businesses are expanding and investing to take advantage of increasing regional trade opportunities and recent fiscal reforms. The government’s five-year infrastructure plan has quickened the pace of public-sector projects, thereby providing a further boost to growth.

Europe and Asia

A gradual economic slowdown is under way in Europe, with output growth to slow to under 2% in 2008. Currency appreciation, rising administered interest rates, and an earlier shift to a more restrictive fiscal stance across the euro zone are contributing to the slowdown. Although the softening in U.S. spending will have an adverse impact on exports, shipments to the United States account for less than 3% of GDP. A potential softening in the U.K. housing market, the lingering impact of a restrictive monetary policy stance and a slowdown in the services sector weigh on the U.K.’s economic outlook. Russia – the world’s largest producer of oil and natural gas – will continue to reap the benefits of the recent strength in energy prices, as it registers East Asian-like growth numbers.

Led by China, emerging Asia will continue to set the pace through 2008, though some moderate deceleration will be evident. The region as a whole will likely expand by about 8%, pulled along by China’s fourth consecutive year of growth above 10%. In contrast, Japan will remain a laggard, with growth just above 1% as some cooling in economic growth in the United States and Western Europe, which together absorb close to 40% of Japanese exports, will limit the pace of expansion.

Scotia T-Bill Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)
TREASURY BILLS - 99.3%		
38,230,000	Government of Canada 3.99% due Feb. 21, 2008	37,825,144
19,655,000	Government of Canada 4.05% due Jan. 10, 2008	19,365,989
37,610,000	Government of Canada 3.88% due Jan. 24, 2008	37,222,241
13,900,000	Government of Canada 4.09% due Feb. 7, 2008	13,685,245
22,325,000	Government of Canada 4.07% due Mar. 6, 2008	22,003,096
38,670,000	Government of Canada 3.94% due May 1, 2008	38,094,203
3,700,000	Government of Canada 4.72% due Jun. 12, 2008	3,539,790
	TOTAL INVESTMENT PORTFOLIO	171,735,708
	ACCRUED INTEREST - 0.7%	1,244,758
	OTHER ASSETS, LESS LIABILITIES - 0.0%	(18,739)
	TOTAL NET ASSETS - 100.0%	172,961,727

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$171,735,708	\$192,150,757
Cash	108,882	97,527
Accrued investment income	1,283,072	1,243,015
	173,127,662	193,491,299
LIABILITIES		
Distributions payable	5,813	8,016
Accrued expenses	160,122	191,693
	165,935	199,709
Net assets	\$172,961,727	\$193,291,590
NET ASSETS PER CLASS		
Class A Units	\$172,961,727	\$193,291,590
UNITS OUTSTANDING		
Class A Units	17,296,173	19,329,159
NET ASSETS PER UNIT		
Class A Units	\$ 10.00	\$ 10.00

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$7,535,311	\$8,156,313
Securities lending	20,721	34,318
	7,556,032	8,190,631
EXPENSES		
Management fees (note 4)	1,804,003	2,114,983
Audit fees	19,168	16,005
Directors/Trustee fees	4,618	2,755
Custodian fees	13,228	14,980
Filing fees	20,692	20,905
Legal fees	7,031	12,157
Unitholder reporting	62,122	111,286
Unitholder administration, service fees and GST	538,816	638,223
	2,469,678	2,931,294
Absorbed expenses	(443,344)	(543,095)
	2,026,334	2,388,199
Net investment income (loss)	5,529,698	5,802,432
Increase (decrease) in net assets from operations	\$5,529,698	\$5,802,432
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$5,529,698	\$5,802,432
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.31	\$ 0.27

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS - BEGINNING OF PERIOD		
Class A Units	\$ 193,291,590	\$ 242,675,515
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	5,529,698	5,802,432
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(5,529,698)	(5,802,432)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	81,217,541	88,735,775
Reinvested distributions		
Class A Units	5,466,914	5,712,446
Payments on redemption		
Class A Units	(107,014,318)	(143,832,146)
	(20,329,863)	(49,383,925)
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(20,329,863)	(49,383,925)
TOTAL NET ASSETS - END OF PERIOD		
Class A Units	\$ 172,961,727	\$ 193,291,590

Scotia Premium T-Bill Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)
TREASURY BILLS - 99.3%		
120,845,000	Government of Canada 4.03% due Jan. 10, 2008	119,200,476
184,490,000	Government of Canada 3.88% due Jan. 24, 2008	182,587,908
86,100,000	Government of Canada 4.09% due Feb. 7, 2008	84,769,755
232,420,000	Government of Canada 3.99% due Feb. 21, 2008	229,958,672
138,425,000	Government of Canada 4.06% due Mar. 6, 2008	136,463,899
232,935,000	Government of Canada 3.94% due May 1, 2008	229,466,598
22,800,000	Government of Canada 4.72% due Jun. 12, 2008	21,812,760
TOTAL INVESTMENT PORTFOLIO		1,004,260,068
ACCRUED INTEREST - 0.7%		7,113,744
OTHER ASSETS, LESS LIABILITIES - 0.0%		(206,231)
TOTAL NET ASSETS - 100.0%		<u>1,011,167,581</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$1,004,260,068	\$1,103,812,555
Cash	96,977	92,600
Accrued investment income	7,223,691	7,013,504
	<u>1,011,580,736</u>	<u>1,110,918,659</u>
LIABILITIES		
Distributions payable	91,102	129,639
Accrued expenses	322,053	348,295
	<u>413,155</u>	<u>477,934</u>
Net assets	<u>\$1,011,167,581</u>	<u>\$1,110,440,725</u>
NET ASSETS PER CLASS		
Class A Units	\$1,011,167,581	\$1,110,440,725
UNITS OUTSTANDING		
Class A Units	101,116,758	111,044,073
NET ASSETS PER UNIT		
Class A Units	\$ 10.00	\$ 10.00

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$44,813,651	\$44,935,175
Securities lending	184,389	227,068
	<u>44,998,040</u>	<u>45,162,243</u>
EXPENSES		
Management fees (note 4)	5,358,697	5,836,841
Audit fees	25,680	21,883
Directors/Trustee fees	1,169	2,755
Custodian fees	68,319	71,976
Filing fees	37,640	36,229
Legal fees	2,288	2,728
Unitholder reporting	14,491	23,243
Unitholder administration, service fees and GST	421,490	499,819
	<u>5,929,774</u>	<u>6,495,474</u>
Rebated and absorbed expenses	(2,319,114)	(2,253,860)
	<u>3,610,660</u>	<u>4,241,614</u>
Net investment income (loss)	41,387,380	40,920,629
Increase (decrease) in net assets from operations	<u>\$41,387,380</u>	<u>\$40,920,629</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$41,387,380	\$40,920,629
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.39	\$ 0.35

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS - BEGINNING OF PERIOD		
Class A Units	\$ 1,110,440,725	\$ 1,436,938,578
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	41,387,380	40,920,629
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(41,387,380)	(40,920,629)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	1,119,962,873	1,064,475,993
Reinvested distributions		
Class A Units	40,130,517	39,463,544
Payments on redemption		
Class A Units	(1,259,366,534)	(1,430,437,390)
	<u>(99,273,144)</u>	<u>(326,497,853)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(99,273,144)	(326,497,853)
TOTAL NET ASSETS - END OF PERIOD		
Class A Units	<u>\$ 1,011,167,581</u>	<u>\$ 1,110,440,725</u>

Scotia Money Market Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer		Average Cost (\$)	Face Value (\$)	Issuer		Average Cost (\$)
SHORT-TERM NOTES – 50.5%				SHORT-TERM BONDS (cont'd)			
Bankers' Acceptances – 19.0%							
60,000,000	Bank of Montreal	4.90% due Mar. 18, 2008	58,538,400	18,017,000	General Electric Capital Canada Funding Company	5.00% due Apr. 23, 2008	18,030,978
7,500,000	Bank of Montreal	4.95% due Mar. 19, 2008	7,319,325	14,500,000	General Electric Capital Canada Funding Company (Floating Rate)	4.92% due Aug. 27, 2008	14,499,535
48,000,000	Canadian Imperial Bank of Commerce	4.93% due Sep. 18, 2008	48,000,000	4,000,000	Greater Toronto Airports Authority	5.17% due Jun. 2, 2008	4,005,845
43,000,000	Deutsche Bank	4.77% due Mar. 24, 2008	42,423,370	39,995,000	Greater Toronto Airports Authority (Floating Rate)	4.90% due Oct. 24, 2008	39,978,645
20,000,000	Manulife Bank of Canada	4.70% due Mar. 4, 2008	19,770,800	12,000,000	Honda Canada Finance Inc.	4.97% due Sep. 26, 2008	11,997,815
24,000,000	Manulife Bank of Canada	4.73% due Mar. 5, 2008	23,766,000	8,000,000	Household Financial Corporation Ltd.	4.50% due Jul. 2, 2008	7,978,290
36,680,000	Royal Bank of Canada	4.88% due Mar. 17, 2008	35,794,545	39,523,000	Hydro One Inc.	4.00% due Jun. 23, 2008	39,371,607
59,725,000	Toronto-Dominion Bank	4.75% due Feb. 28, 2008	59,018,453	2,267,000	IPL Energy Inc.	6.04% due Mar. 5, 2008	2,273,039
15,000,000	Toronto-Dominion Bank	4.73% due Mar. 19, 2008	14,815,650	20,300,000	John Deere Credit Inc.	4.55% due Jun. 11, 2008	20,279,280
			<u>309,446,543</u>	1,100,000	John Deere Credit Inc. (Floating Rate)	3.32% due Jul. 7, 2008	1,091,544
Commercial Paper – 31.5%				32,248,000	NIF-T	4.28% due Feb. 23, 2008	32,240,798
72,000,000	Bank of Scotland	4.82% due Mar. 18, 2008	71,089,200	10,000,000	NIF-T	3.54% due Mar. 17, 2008	9,981,909
7,700,000	Caterpillar Financial Services Ltd.	4.83% due Feb. 27, 2008	7,607,369	11,569,000	Nova Scotia Power Inc.	5.65% due Jul. 14, 2008	11,610,872
21,950,000	Caterpillar Financial Services Ltd.	4.83% due Feb. 28, 2008	21,686,072	23,515,000	Omers Realty Corporation	4.69% due Jun. 2, 2008	23,504,940
5,600,000	Caterpillar Financial Services Ltd.	4.82% due Mar. 4, 2008	5,532,280	20,000,000	Royal Bank of Canada (Floating Rate)	4.88% due Mar. 10, 2008	20,001,380
3,000,000	Caterpillar Financial Services Ltd.	4.78% due Mar. 19, 2008	2,965,050	6,972,000	Royal Bank of Canada	5.60% due Apr. 22, 2008	6,983,984
5,000,000	Citigroup Finance Canada Inc.	4.82% due Mar. 18, 2008	4,938,050	10,000,000	Royal Bank of Canada (Floating Rate)	5.00% due Oct. 17, 2008	9,977,332
29,000,000	Enbridge Inc.	5.00% due Mar. 18, 2008	28,623,580	40,000,000	Royal Bank of Scotland (Floating Rate)	4.90% due Oct. 3, 2008	40,000,000
1,270,000	General Electric Capital Canada Funding Company	4.79% due Mar. 24, 2008	1,255,014	8,400,000	Terasen Inc.	6.20% due Jun. 2, 2008	8,441,376
43,000,000	Goldman Sachs Group, Inc.	4.74% due Jan. 23, 2008	42,683,950	15,580,000	TransAlta Corporation	5.75% due Jun. 2, 2008	15,645,520
9,000,000	Honda Canada Finance Inc.	4.75% due Feb. 22, 2008	8,894,700	42,115,000	TransCanada PipeLines Ltd.	5.84% due Jun. 27, 2008	42,313,357
13,000,000	Honda Canada Finance Inc.	4.70% due Mar. 7, 2008	12,847,770	19,602,000	Union Gas Ltd.	5.70% due Jul. 14, 2008	19,686,581
10,000,000	Honda Canada Finance Inc.	4.78% due Mar. 17, 2008	9,875,800	4,400,000	Wells Fargo Financial Canada Corporation	6.08% due Mar. 3, 2008	4,409,457
16,415,000	HSBC Financial Corporation Ltd.	5.18% due Jan. 3, 2008	16,188,775	4,931,000	Wells Fargo Financial Canada Corporation	5.00% due Jun. 16, 2008	4,936,107
12,700,000	HSBC Financial Corporation Ltd.	4.90% due Feb. 19, 2008	12,546,711	10,300,000	Wells Fargo Financial Canada Corporation	3.45% due Jan. 25, 2008	10,294,235
7,000,000	HSBC Financial Corporation Ltd.	5.01% due Feb. 20, 2008	6,914,600	13,386,000	Wells Fargo Financial Canada Corporation (Floating Rate)	4.87% due Dec. 12, 2008	13,348,081
23,000,000	Merrill Lynch Canada Finance Company	5.00% due Jan. 7, 2008	22,846,590	15,295,000	Westcoast Energy Inc.	5.70% due Apr. 16, 2008	15,346,128
21,000,000	Merrill Lynch Canada Finance Company	4.90% due Mar. 7, 2008	20,746,530	29,193,000	York Receivable Trust III	4.27% due Jul. 21, 2008	29,086,822
40,600,000	National Bank of Canada	4.74% due Mar. 17, 2008	40,135,942				<u>792,725,865</u>
15,000,000	Nova Scotia Power Inc.	4.56% due Jan. 15, 2008	14,971,950		TOTAL INVESTMENT PORTFOLIO		1,614,568,423
5,000,000	Nova Scotia Power Inc.	4.69% due Jan. 25, 2008	4,984,000		ACCRUED INTEREST – 0.7%		11,338,556
50,000,000	Omers Realty Corporation	4.68% due Jan. 9, 2008	49,650,000		OTHER ASSETS, LESS LIABILITIES – 0.0%		(716,373)
9,385,000	Suncor Energy Inc.	4.75% due Jan. 17, 2008	9,351,179		TOTAL NET ASSETS – 100.0%		<u>1,625,190,606</u>
30,000,000	Suncor Energy Inc.	4.74% due Jan. 25, 2008	29,837,400				
2,000,000	Terasen Gas Inc.	4.85% due Feb. 26, 2008	1,976,100				
10,000,000	Terasen Gas Inc.	4.85% due Feb. 27, 2008	9,879,200				
13,000,000	Terasen Gas Inc.	4.87% due Feb. 28, 2008	12,844,000				
5,400,000	Terasen Gas Inc.	4.84% due Mar. 3, 2008	5,341,896				
19,648,000	TransAlta Corporation	4.76% due Jan. 8, 2008	19,561,352				
10,000,000	Wells Fargo Financial Canada Corporation	4.70% due Mar. 3, 2008	9,885,400				
6,750,000	Woodbridge Finance Corporation	4.60% due Jan. 17, 2008	6,735,555				
			<u>512,396,015</u>				
SHORT-TERM BONDS – 48.8%							
41,700,000	407 ETR International Inc. (Floating Rate)	4.83% due May 26, 2008	41,700,000				
8,320,000	American Express Company	4.45% due Apr. 14, 2008	8,315,028				
22,000,000	Bank of Ireland (Floating Rate)	4.83% due Jan. 25, 2008	21,997,441				
6,100,000	Bank of Ireland (Floating Rate)	4.63% due Jun. 9, 2008	6,100,635				
12,000,000	Bank of Ireland (Floating Rate)	4.88% due Aug. 26, 2008	11,988,234				
10,000,000	Bank of Montreal (Floating Rate)	4.90% due Jul. 17, 2008	9,992,032				
16,000,000	Canadian Imperial Bank of Commerce (Floating Rate)	4.57% due Feb. 4, 2008	15,996,027				
8,500,000	Canadian Imperial Bank of Commerce (Floating Rate)	5.01% due Jul. 14, 2008	8,498,794				
2,600,000	Canadian Imperial Bank of Commerce	4.40% due Aug. 26, 2008	2,593,401				
16,415,000	Canadian Utilities Ltd.	6.97% due Jun. 2, 2008	16,556,276				
5,135,000	Caterpillar Financial Services Ltd.	4.50% due Aug. 7, 2008	5,124,188				
9,150,000	Citigroup Finance Canada Inc.	3.40% due Feb. 18, 2008	9,135,334				
30,330,000	Citigroup Finance Canada Inc.	4.85% due Apr. 25, 2008	30,318,720				
16,301,000	Citigroup Finance Canada Inc.	4.30% due Aug. 5, 2008	16,236,574				
14,305,000	Citigroup Finance Canada Inc.	3.49% due Sep. 22, 2008	14,157,537				
12,991,000	Enbridge Inc.	5.80% due Jul. 29, 2008	13,057,553				
25,534,000	EnCana Corporation	5.80% due Jun. 2, 2008	25,634,752				
18,145,000	EnCana Corporation	3.60% due Sep. 15, 2008	18,007,882				
40,000,000	General Electric Capital Canada Funding Company (Floating Rate)	4.80% due Feb. 11, 2008	40,000,000				

The accompanying notes are an integral part of the financial statements

Scotia Money Market Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$1,614,568,423	\$1,609,738,235
Cash	96,331	118,398
Accrued investment income	11,338,556	10,892,377
Receivable for securities sold	—	1,032,661
	<u>1,626,003,310</u>	<u>1,621,781,671</u>
LIABILITIES		
Distributions payable	22,638	32,085
Accrued expenses	790,066	886,847
	<u>812,704</u>	<u>918,932</u>
Net assets	<u>\$1,625,190,606</u>	<u>\$1,620,862,739</u>
NET ASSETS PER CLASS		
Class A Units	\$ 809,889,441	\$ 870,583,021
Class I Units	\$ 15,692,820	\$ 13,172,631
Scotia Private Client Units	\$ 799,608,345	\$ 737,107,087
UNITS OUTSTANDING		
Class A Units	80,988,944	87,058,302
Class I Units	1,569,282	1,317,263
Scotia Private Client Units	79,960,835	73,710,709
NET ASSETS PER UNIT		
Class A Units	\$ 10.00	\$ 10.00
Class I Units	\$ 10.00	\$ 10.00
Scotia Private Client Units	\$ 10.00	\$ 10.00

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$70,349,912	\$65,678,554
Securities lending	1,097	600
	<u>70,351,009</u>	<u>65,679,154</u>
EXPENSES		
Management fees (note 4)	8,548,694	9,206,310
Audit fees	25,680	21,883
Directors'/Trustee fees	7,376	2,755
Custodian fees	105,181	110,147
Filing fees	59,484	62,337
Legal fees	10,795	21,466
Unitholder reporting	100,067	181,023
Unitholder administration, service fees and GST	1,325,277	1,618,794
	<u>10,182,554</u>	<u>11,224,715</u>
Absorbed expenses	(302,499)	(534,869)
	<u>9,880,055</u>	<u>10,689,846</u>
Net investment income (loss)	60,470,954	54,989,308
Increase (decrease) in net assets from operations	<u>\$60,470,954</u>	<u>\$54,989,308</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$28,145,247	\$25,992,858
Class I Units	\$ 647,321	\$ 452,980
Scotia Private Client Units	\$31,678,386	\$28,543,470
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.34	\$ 0.29
Class I Units	\$ 0.45	\$ 0.41
Scotia Private Client Units	\$ 0.45	\$ 0.40

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$ 870,583,021	\$ 1,058,448,738
Class I Units	13,172,631	8,109,762
Scotia Private Client Units	737,107,087	741,521,476
	<u>1,620,862,739</u>	<u>1,808,079,976</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	28,145,247	25,992,858
Class I Units	647,321	452,980
Scotia Private Client Units	31,678,386	28,543,470
	<u>60,470,954</u>	<u>54,989,308</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(28,145,247)	(25,992,858)
Class I Units	(647,321)	(452,980)
Scotia Private Client Units	(31,678,386)	(28,543,470)
	<u>(60,470,954)</u>	<u>(54,989,308)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	1,068,522,283	1,074,788,652
Class I Units	5,762,537	5,220,382
Scotia Private Client Units	1,554,776,892	1,673,847,321
Reinvested distributions		
Class A Units	27,836,984	25,611,088
Class I Units	647,320	452,980
Scotia Private Client Units	31,413,751	28,221,232
Payments on redemption		
Class A Units	(1,157,052,847)	(1,288,265,457)
Class I Units	(3,889,668)	(610,493)
Scotia Private Client Units	(1,523,689,385)	(1,706,482,942)
	<u>4,327,867</u>	<u>(187,217,237)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(60,693,580)	(187,865,717)
Class I Units	2,520,189	5,062,869
Scotia Private Client Units	62,501,258	(4,414,389)
	<u>4,327,867</u>	<u>(187,217,237)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	809,889,441	870,583,021
Class I Units	15,692,820	13,172,631
Scotia Private Client Units	799,608,345	737,107,087
	<u>\$ 1,625,190,606</u>	<u>\$ 1,620,862,739</u>

Scotia U.S. \$ Money Market Fund (formerly Scotia CanAm U.S. \$ Money Market Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer		Average Cost (\$)
U.S.\$			U.S.\$
SHORT-TERM NOTES – 98.9%			
Promissory Notes – 0.2%			
200,000	Province of Quebec	4.10% due Mar. 5, 2008	197,970
Bankers' Acceptance – 0.4%			
400,000	National Bank of Canada	4.68% due Feb. 11, 2008	397,468
Bearers' Deposit Notes – 11.3%			
3,300,000	Bank of Montreal	4.82% due Feb. 20, 2008	3,260,009
400,000	Bank of Montreal	4.60% due Apr. 23, 2008	391,888
4,000,000	National Bank of Canada	4.55% due Mar. 31, 2008	3,954,520
223,000	Toronto-Dominion Bank	4.57% due Jan. 3, 2008	220,094
3,700,000	Toronto-Dominion Bank	4.94% due Mar. 3, 2008	3,652,381
200,000	Toronto-Dominion Bank	4.65% due May 13, 2008	195,976
			<u>11,674,868</u>
Commercial Paper – 87.0%			
2,720,000	American Honda Finance Corporation	4.46% due Jan. 29, 2008	2,699,246
400,000	Bank of Montreal	4.70% due Feb. 12, 2008	394,996
700,000	Bank of Scotland	4.80% due Jan. 18, 2008	692,244
1,400,000	Bank of Scotland	4.78% due Feb. 4, 2008	1,384,550
2,400,000	BASF AG	4.70% due Jan. 25, 2008	2,371,536
1,500,000	Business Development Bank	4.41% due Jan. 7, 2008	1,482,570
2,020,000	Business Development Bank	4.33% due Jan. 14, 2008	1,999,218
3,500,000	Business Development Bank	4.09% due Feb. 13, 2008	3,459,505
300,000	Business Development Bank	4.04% due Feb. 28, 2008	296,967
300,000	Business Development Bank	4.12% due Apr. 30, 2008	294,078
10,000,000	Business Development Bank	3.95% due Jun. 20, 2008	9,803,199
1,300,000	Canadian Imperial Holdings Inc.	4.95% due Mar. 12, 2008	1,283,932
2,200,000	Canadian Imperial Holdings Inc.	4.75% due Jun. 16, 2008	2,147,552
900,000	Canadian Wheat Board	3.90% due Jan. 16, 2008	898,056
4,400,000	Citigroup Finance Canada Inc.	5.06% due Mar. 4, 2008	4,343,812
2,600,000	Deutsche Bank	4.65% due Mar. 10, 2008	2,570,438
1,300,000	Enbridge Inc.	4.70% due Feb. 28, 2008	1,280,929
1,500,000	Enbridge Inc.	5.15% due Mar. 3, 2008	1,480,725
600,000	EnCana Corporation	4.98% due Jan. 22, 2008	597,354
1,075,000	Export Development Corporation	4.35% due Jan. 10, 2008	1,065,734
2,690,000	Export Development Corporation	4.44% due Jan. 11, 2008	2,657,701
1,600,000	Export Development Corporation	5.22% due Jan. 22, 2008	1,559,296
2,800,000	Export Development Corporation	5.23% due Jan. 28, 2008	2,728,264
5,850,000	Export Development Corporation	5.23% due Jan. 30, 2008	5,697,666
2,000,000	Export Development Corporation	4.36% due Jan. 31, 2008	1,969,784
8,900,000	Export Development Corporation	5.19% due Feb. 1, 2008	8,670,024
2,735,000	Export Development Corporation	4.04% due Feb. 14, 2008	2,707,349
2,300,000	Export Development Corporation	4.26% due Feb. 19, 2008	2,275,229
1,460,000	Farm Credit Corporation	4.10% due Feb. 1, 2008	1,444,860
2,500,000	General Electric Capital Corporation	4.94% due Jan. 10, 2008	2,469,175
500,000	General Electric Capital Corporation	4.85% due Jan. 23, 2008	493,815
1,400,000	General Electric Capital Corporation	4.72% due Jan. 29, 2008	1,387,077
400,000	General Electric Capital Corporation	4.95% due Feb. 12, 2008	395,916
2,500,000	HSBC Financial Corporation Ltd.	4.67% due Jan. 24, 2008	2,471,150
1,000,000	Merrill Lynch Canada Inc.	5.10% due Mar. 7, 2008	987,270
3,900,000	Nestle Capital Corporation	4.52% due Feb. 5, 2008	3,839,258
2,400,000	Proctor & Gamble Corporation	4.46% due Feb. 28, 2008	2,366,267
4,000,000	Royal Bank of Canada	4.85% due Jan. 7, 2008	3,944,200
1,000,000	Wal-Mart Stores Inc.	4.75% due Jan. 23, 2008	985,570
400,000	Wells Fargo Financial Canada Corporation	4.80% due Jan. 22, 2008	396,668
			<u>89,993,180</u>
	TOTAL INVESTMENT PORTFOLIO		102,263,486
	ACCRUED INTEREST – 0.9%		922,900
	OTHER ASSETS, LESS LIABILITIES – 0.2%		266,350
	TOTAL NET ASSETS – 100.0%		<u>103,452,736</u>

The accompanying notes are an integral part of the financial statements

Scotia U.S. \$ Money Market Fund (formerly Scotia CanAm U.S. \$ Money Market Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
	U.S.\$	U.S.\$
ASSETS		
Investments at fair value	\$102,263,486	\$72,847,217
Cash	169,830	156,402
Accrued investment income	1,110,327	819,051
	<u>103,543,643</u>	<u>73,822,670</u>
LIABILITIES		
Distributions payable	2,079	3,700
Accrued expenses	88,828	72,660
	<u>90,907</u>	<u>76,360</u>
Net assets	<u>\$103,452,736</u>	<u>\$73,746,310</u>
NET ASSETS PER CLASS		
Class A Units	\$103,452,736	\$73,746,310
UNITS OUTSTANDING		
Class A Units	10,345,274	7,374,631
NET ASSETS PER UNIT		
Class A Units	\$ 10.00	\$ 10.00

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
	U.S.\$	U.S.\$
INVESTMENT INCOME		
Interest	\$4,218,374	\$3,870,593
EXPENSES		
Management fees (note 4)	813,890	771,803
Audit fees	14,587	11,861
Directors'/Trustee fees	975	2,612
Custodian fees	9,733	10,432
Filing fees	18,033	17,539
Legal fees	1,983	2,111
Unitholder reporting	11,824	17,677
Unitholder administration, service fees and GST	121,646	131,697
	<u>992,671</u>	<u>965,732</u>
Absorbed expenses	(100,463)	(102,378)
	<u>892,208</u>	<u>863,354</u>
Net investment income (loss)	3,326,166	3,007,239
Increase (decrease) in net assets from operations	<u>\$3,326,166</u>	<u>\$3,007,239</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$3,326,166	\$3,007,239
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.41	\$ 0.39

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
	U.S.\$	U.S.\$
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$ 73,746,310	\$ 83,625,083
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	3,326,166	3,007,239
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(3,326,166)	(3,007,239)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	160,266,422	116,882,782
Reinvested distributions		
Class A Units	3,291,485	2,982,692
Payments on redemption		
Class A Units	(133,851,481)	(129,744,247)
	<u>29,706,426</u>	<u>(9,878,773)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	29,706,426	(9,878,773)
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$ 103,452,736</u>	<u>\$ 73,746,310</u>

Scotia Mortgage Income Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Interest Rate (%)	Number	Principal Balance (\$)	Amortized Cost (\$)	Market Value (\$)
CONVENTIONAL MORTGAGES – 87.8%				
3.75 – 3.99	4	411,380	410,280	408,774
4.00 – 4.24	3	433,154	431,694	429,985
4.25 – 4.49	9	1,182,760	1,174,575	1,149,617
4.50 – 4.74	64	10,858,484	10,822,090	10,559,467
4.75 – 4.99	433	53,677,801	53,601,081	52,478,189
5.00 – 5.24	463	57,363,658	57,358,510	56,536,818
5.25 – 5.49	780	84,952,615	84,934,248	83,833,786
5.50 – 5.74	625	67,559,309	67,653,952	66,985,731
5.75 – 5.99	395	36,795,769	37,033,392	36,700,511
6.00 – 6.24	244	19,220,983	19,444,722	19,306,597
6.25 – 6.49	160	11,839,658	12,006,232	11,939,183
6.50 – 6.74	107	7,801,292	7,960,927	7,923,834
6.75 – 6.99	63	4,755,581	4,887,728	4,853,865
7.00 – 7.24	23	1,315,465	1,355,655	1,347,407
7.25 – 7.49	19	1,047,420	1,065,355	1,064,435
7.50 – 7.74	6	214,377	218,169	217,931
7.75 – 7.99	1	50,993	50,765	51,412
8.00 – 8.24	5	409,862	421,951	420,784
TOTAL	<u>3,404</u>	<u>359,890,561</u>	<u>360,831,326</u>	<u>356,208,326</u>

Face Value (\$)	Issuer	Average Cost (\$)	Market Value (\$)
SHORT-TERM NOTES – 9.3%			
38,215,000	Government of Canada Treasury Bills		
	3.77% to 3.99% due from		
	Jan. 10, 2008 to Apr. 3, 2008	37,863,348	37,980,369
	TOTAL INVESTMENT PORTFOLIO	<u>398,694,674</u>	394,188,695
	OTHER ASSETS, LESS LIABILITIES – 2.9%		11,620,159
	TOTAL NET ASSETS – 100.0%		<u>405,808,854</u>

Scotia Mortgage Income Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$394,188,695	\$424,677,002
Cash	56,035	130,768
Accrued investment income	516,781	—
Subscriptions receivable	134,093	1,800,761
Mortgage payments receivable	11,335,466	418,429
	<u>406,231,070</u>	<u>427,026,960</u>
LIABILITIES		
Distributions payable	365	288
Redemptions payable	209,743	39,039
Accrued expenses	212,108	257,045
Unearned income	—	818,564
	<u>422,216</u>	<u>1,114,936</u>
Net assets	<u>\$405,808,854</u>	<u>\$425,912,024</u>
NET ASSETS PER CLASS		
Class A Units	\$171,569,756	\$218,621,274
Class F Units	\$ 3,744	\$ —
Class I Units	<u>\$234,235,354</u>	<u>\$207,290,750</u>
UNITS OUTSTANDING		
Class A Units	16,138,126	20,290,627
Class F Units	352	—
Class I Units	<u>22,078,628</u>	<u>19,275,893</u>
NET ASSETS PER UNIT		
Class A Units	\$ 10.63	\$ 10.77
Class F Units	\$ 10.62	\$ —
Class I Units	<u>\$ 10.61</u>	<u>\$ 10.75</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$21,822,164	\$18,352,622
Securities lending	6,313	2,044
	<u>21,828,477</u>	<u>18,354,666</u>
EXPENSES		
Management fees (note 4)	2,440,606	2,991,178
Audit fees	24,139	19,970
Directors'/Trustee fees	10,668	2,755
Custodian fees	6,216	5,326
Filing fees	29,955	20,650
Legal fees	4,385	7,045
Unitholder reporting	35,395	63,685
Unitholder administration, service fees and GST	462,945	607,822
Mortgage service fees (note 9(b))	1,302,859	1,296,286
	<u>4,317,168</u>	<u>5,014,717</u>
Absorbed expenses	(180,725)	(197,833)
	<u>4,136,443</u>	<u>4,816,884</u>
Net investment income (loss)	<u>17,692,034</u>	<u>13,537,782</u>
Net realized gain (loss) on investments sold	(114,284)	(232,661)
Change in unrealized appreciation (depreciation) of investments	(5,578,073)	(413,232)
Net gain (loss) on investments and transaction costs	<u>(5,692,357)</u>	<u>(645,893)</u>
Increase (decrease) in net assets from operations	<u>\$11,999,677</u>	<u>\$12,891,889</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 4,164,111	\$ 6,133,624
Class F Units	\$ 61	\$ 100
Class I Units	<u>\$ 7,835,505</u>	<u>\$ 6,758,165</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.23	\$ 0.28
Class F Units	\$ 0.17	\$ 0.11
Class I Units	<u>\$ 0.39</u>	<u>\$ 0.44</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$218,621,274	\$273,259,018
New accounting policy adjustment (note 2)	—	—
Class A Units – GAAP net assets beginning of period	<u>218,621,274</u>	<u>273,259,018</u>
Class F Units – Pricing net asset value beginning of period	—	9,554
New accounting policy adjustment (note 2)	—	—
Class F Units – GAAP net assets beginning of period	<u>—</u>	<u>9,554</u>
Class I Units – Pricing net asset value beginning of period	207,290,750	126,568,010
New accounting policy adjustment (note 2)	—	—
Class I Units – GAAP net assets beginning of period	<u>207,290,750</u>	<u>126,568,010</u>
Total net assets – beginning of period	<u>425,912,024</u>	<u>399,836,582</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	4,164,111	6,133,624
Class F Units	61	100
Class I Units	<u>7,835,505</u>	<u>6,758,165</u>
	<u>11,999,677</u>	<u>12,891,889</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(6,805,329)	(6,582,375)
Class F Units	(74)	(154)
Class I Units	<u>(10,537,310)</u>	<u>(6,939,407)</u>
	<u>(17,342,713)</u>	<u>(13,521,936)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	7,432,738	12,173,820
Class F Units	3,991	—
Class I Units	<u>89,144,718</u>	<u>76,469,187</u>
Reinvested distributions		
Class A Units	6,525,115	6,304,644
Class F Units	74	154
Class I Units	<u>10,537,310</u>	<u>6,939,407</u>
Payments on redemption		
Class A Units	(58,368,153)	(72,667,457)
Class F Units	(308)	(9,654)
Class I Units	<u>(70,035,619)</u>	<u>(2,504,612)</u>
	<u>(14,760,134)</u>	<u>26,705,489</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(47,051,518)	(54,637,744)
Class F Units	3,744	(9,554)
Class I Units	<u>26,944,604</u>	<u>80,722,740</u>
	<u>(20,103,170)</u>	<u>26,075,442</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	171,569,756	218,621,274
Class F Units	3,744	—
Class I Units	<u>234,235,354</u>	<u>207,290,750</u>
	<u>\$405,808,854</u>	<u>\$425,912,024</u>

Scotia Canadian Income Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES – 99.2%				BONDS AND DEBENTURES (cont'd)			
Federal Bonds – 14.5%				Corporate Bonds (cont'd)			
226,335,000	Canada Housing Trust 4.55% due Dec. 15, 2012	228,146,478	230,015,207	38,500,000	Great-West Lifeco Inc. 6.67% due Mar. 21, 2033	39,980,905	43,755,722
30,185,000	Canada Housing Trust 4.80% due Jun. 15, 2012	30,398,649	30,958,641	31,145,000	Greater Toronto Airports Authority 7.10% due Jun. 4, 2031	31,263,535	38,203,703
98,910,000	Government of Canada 4.25% due Jun. 1, 2018	100,225,649	100,846,658	50,900,000	Honda Canada Finance Inc. 5.68% due Sep. 26, 2012	50,900,000	51,688,440
		<u>358,770,776</u>	<u>361,820,506</u>	40,700,000	HSBC Financial Corporation Ltd. 4.80% due Apr. 13, 2011	40,757,054	39,973,098
Mortgage-Backed Securities – 11.8%				46,200,000	Manulife Financial Corporation 4.67% due Mar. 28, 2013	46,114,539	45,464,958
35,100,000	Merrill Lynch Financial Assets Inc. 5.44% due Mar. 12, 2036	35,102,387	34,927,659	40,700,000	Morgan Stanley 4.90% due Feb. 23, 2017	40,543,485	36,953,158
49,000,000	Merrill Lynch Financial Assets Inc. 4.83% due Feb. 12, 2039	48,469,095	46,555,390	46,200,000	NAV Canada 4.71% due Feb. 24, 2016	46,107,979	45,791,130
55,500,000	Merrill Lynch Financial Assets Inc. 4.98% due Jun. 12, 2039	55,150,752	53,000,280	27,650,000	Renaissance Energy Ltd. 6.95% due Jul. 14, 2009	27,801,721	28,436,919
51,650,000	Merrill Lynch Financial Assets Inc. 4.81% due Oct. 12, 2039	51,063,340	48,675,477	44,400,000	Royal Bank of Canada 4.97% due Jun. 5, 2014	44,381,796	44,133,600
40,200,000	Real Estate Asset Liquidity Trust 4.78% due Apr. 12, 2023	40,196,659	38,041,260	41,600,000	Sun Life Financial Services Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	41,718,477	40,757,459
35,010,000	Schooner Trust 4.36% due Sep. 12, 2020	35,009,650	32,647,175	46,200,000	Toronto-Dominion Bank (callable) 4.78% due Dec. 14, 2105-(2016)	44,845,240	43,151,262
41,900,000	Schooner Trust 5.19% due Jun. 12, 2022	41,459,631	40,917,026	46,200,000	Toyota Credit Canada Inc. 5.05% due Jul. 27, 2012	46,175,976	46,602,864
		<u>306,451,514</u>	<u>294,764,267</u>	35,100,000	Wells Fargo Financial Canada Corporation 4.38% due Jun. 30, 2015	<u>35,083,854</u>	<u>33,183,189</u>
Provincial Bonds – 30.0%						<u>1,078,605,314</u>	<u>1,073,607,404</u>
63,555,000	Province of British Columbia 4.70% due Dec. 1, 2017	63,349,101	64,819,745		TOTAL BONDS AND DEBENTURES	<u>2,484,287,477</u>	<u>2,480,222,346</u>
364,120,000	Province of Ontario 4.30% due Mar. 8, 2017	356,136,487	360,129,245				
257,390,000	Province of Quebec 4.50% due Dec. 1, 2017	253,535,488	256,383,603	SHORT-TERM NOTES – 0.3%			
42,870,000	Quebec Hydro 11.00% due Aug. 15, 2020	67,438,797	68,697,576	8,300,000	Government of Canada Treasury Bills 3.58% to 3.77% due Jan. 10, 2008	8,287,797	8,292,491
		<u>740,459,873</u>	<u>750,030,169</u>		TOTAL INVESTMENT PORTFOLIO	<u>2,492,575,274</u>	<u>2,488,514,837</u>
Corporate Bonds – 42.9%							<u>13,660,457</u>
55,500,000	Bank of America Corporation 5.45% due Sep. 17, 2014	55,466,793	55,395,660		TOTAL NET ASSETS – 100.0%		<u>2,502,175,294</u>
37,000,000	Bank of Montreal 5.45% due Jul. 17, 2017	36,982,980	37,045,510				
9,200,000	Bank of Montreal 4.55% due Aug. 1, 2017	8,990,240	8,592,156				
22,080,000	Brascan Power Corporation 4.65% due Dec. 16, 2009	22,072,272	21,838,224				
50,900,000	Canadian Imperial Bank of Commerce 5.00% due Sep. 10, 2012	50,802,272	50,173,148				
22,000,000	Canadian Natural Resources Ltd. 5.50% due Dec. 17, 2010	21,989,220	22,126,590				
35,100,000	Canadian Natural Resources Ltd. 4.50% due Jan. 23, 2013	34,486,101	33,621,237				
29,000,000	Canadian Utilities Ltd. 4.80% due Nov. 22, 2021	29,096,960	27,792,440				
46,200,000	Caterpillar Financial Services Ltd. 4.94% due Jun. 1, 2012	46,123,585	45,692,724				
46,200,000	Citigroup Inc. (callable) 4.65% due Oct. 11, 2022-(2017)	45,819,728	40,771,121				
31,400,000	EnCana Corporation 4.30% due Mar. 12, 2012	31,307,666	30,762,559				
7,400,000	General Electric Capital Canada Funding Company 5.53% due Aug. 17, 2017	7,500,122	7,570,851				
52,000,000	General Electric Capital Canada Funding Company 5.73% due Oct. 22, 2037	51,970,360	54,674,019				
55,500,000	Genesis Trust 4.00% due Mar. 15, 2010	55,226,126	54,307,860				
46,200,000	Golden Credit Card Trust 4.25% due Feb. 15, 2011	45,096,328	45,147,803				

The accompanying notes are an integral part of the financial statements

Scotia Canadian Income Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$2,488,514,837	\$2,300,302,415
Cash	77,381	100,485
Accrued investment income	22,903,888	15,152,620
Subscriptions receivable	1,162,333	1,968,342
	<u>2,512,658,439</u>	<u>2,317,523,862</u>
LIABILITIES		
Payable for securities purchased	7,922,397	7,438,168
Distributions payable	4,949	390
Redemption payable	1,635,070	232,586
Accrued expenses	920,729	973,148
Payable for futures contracts	–	261,478
	<u>10,483,145</u>	<u>8,905,770</u>
Net assets	<u>\$2,502,175,294</u>	<u>\$2,308,618,092</u>
NET ASSETS PER CLASS		
Class A Units	\$ 684,289,697	\$ 780,415,565
Class F Units	\$ 279,370	\$ 360,874
Class I Units	\$1,415,580,142	\$ 916,729,909
Scotia Private Client Units	\$ 402,026,085	\$ 611,111,744
UNITS OUTSTANDING		
Class A Units	53,879,500	60,353,400
Class F Units	22,013	27,936
Class I Units	111,453,463	70,926,743
Scotia Private Client Units	31,651,715	47,277,542
NET ASSETS PER UNIT		
Class A Units	\$ 12.70	\$ 12.93
Class F Units	\$ 12.69	\$ 12.92
Class I Units	\$ 12.70	\$ 12.93
Scotia Private Client Units	\$ 12.70	\$ 12.93

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$124,893,485	\$ 99,977,499
Securities lending	510,789	403,656
	<u>125,404,274</u>	<u>100,381,155</u>
EXPENSES		
Management fees (note 4)	9,571,117	10,383,517
Audit fees	32,818	25,328
Directors'/Trustee fees	8,930	2,755
Custodian fees	169,144	139,275
Filing fees	45,492	54,047
Legal fees	12,905	24,669
Unitholder reporting	121,354	211,640
Unitholder administration, service fees and GST	1,439,109	1,744,595
	<u>11,400,869</u>	<u>12,585,826</u>
Absorbed expenses	(16,209)	(136,037)
	<u>11,384,660</u>	<u>12,449,789</u>
Net investment income (loss)	<u>114,019,614</u>	<u>87,931,366</u>
Net realized gain (loss) on investments sold	(20,524,369)	(6,394,660)
Net realized gain (loss) on foreign exchange	(370,579)	200,769
Change in unrealized appreciation (depreciation) of investments	(26,406,915)	(4,160,956)
Net gain (loss) on investments and transaction costs	<u>(47,301,863)</u>	<u>(10,354,847)</u>
Increase (decrease) in net assets from operations	<u>\$ 66,717,751</u>	<u>\$ 77,576,519</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 10,485,959	\$ 20,323,362
Class F Units	\$ 6,527	\$ 4,363
Class I Units	\$ 39,683,157	\$ 34,875,914
Scotia Private Client Units	\$ 16,542,108	\$ 22,372,880
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.18	\$ 0.33
Class F Units	\$ 0.28	\$ 0.17
Class I Units	\$ 0.40	\$ 0.57
Scotia Private Client Units	\$ 0.33	\$ 0.49

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 780,415,565	\$ 865,237,862
New accounting policy adjustment (note 2)	(439,890)	–
Class A Units – GAAP net assets beginning of period	<u>779,975,675</u>	<u>865,237,862</u>
Class F Units – Pricing net asset value beginning of period	360,874	453,830
New accounting policy adjustment (note 2)	(204)	–
Class F Units – GAAP net assets beginning of period	<u>360,670</u>	<u>453,830</u>
Class I Units – Pricing net asset value beginning of period	916,729,909	642,620,454
New accounting policy adjustment (note 2)	(516,706)	–
Class I Units – GAAP net assets beginning of period	<u>916,213,203</u>	<u>642,620,454</u>
Scotia Private Client Units – Pricing net asset value beginning of period	611,111,744	695,768,938
New accounting policy adjustment (note 2)	(344,447)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>610,767,297</u>	<u>695,768,938</u>
Total net assets – beginning of period	<u>2,307,316,845</u>	<u>2,204,081,084</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	10,485,959	20,323,362
Class F Units	6,527	4,363
Class I Units	39,683,157	34,875,914
Scotia Private Client Units	16,542,108	22,372,880
	<u>66,717,751</u>	<u>77,576,519</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(23,989,812)	(24,768,985)
Class F Units	(11,443)	(12,635)
Class I Units	(59,482,313)	(36,260,424)
Scotia Private Client Units	(29,200,215)	(26,690,956)
From realized gain		
Class A Units	–	(5,414,480)
Class F Units	–	(2,499)
Class I Units	–	(6,336,705)
Scotia Private Client Units	–	(4,211,619)
	<u>(112,683,783)</u>	<u>(103,698,303)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	75,127,440	120,206,787
Class F Units	65,172	206,909
Class I Units	527,616,848	253,568,195
Scotia Private Client Units	282,441,191	228,483,476
Reinvested distributions		
Class A Units	23,358,128	29,337,246
Class F Units	10,888	13,902
Class I Units	59,479,175	42,597,129
Scotia Private Client Units	28,815,095	30,621,840
Payments on redemption		
Class A Units	(180,667,693)	(224,506,227)
Class F Units	(152,444)	(302,996)
Class I Units	(67,929,928)	(14,334,654)
Scotia Private Client Units	(507,339,391)	(335,232,815)
	<u>240,824,481</u>	<u>130,658,792</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(95,685,978)	(84,822,297)
Class F Units	(81,300)	(92,956)
Class I Units	499,366,939	274,109,455
Scotia Private Client Units	(208,741,212)	(84,657,194)
	<u>194,858,449</u>	<u>104,537,008</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	684,289,697	780,415,565
Class F Units	279,370	360,874
Class I Units	1,415,580,142	916,729,909
Scotia Private Client Units	402,026,085	611,111,744
	<u>\$2,502,175,294</u>	<u>\$2,308,618,092</u>

Scotia U.S. \$ Bond Fund (formerly Scotia CanAm U.S. \$ Income Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
U.S.\$		U.S.\$	U.S.\$
BONDS AND DEBENTURES – 97.7%			
Provincial Bonds – 69.4%			
1,800,000	Province of British Columbia 4.30% due May 30, 2013	1,811,664	1,806,246
700,000	Province of Manitoba 4.90% due Dec. 6, 2016	684,177	717,179
2,000,000	Province of New Brunswick 7.63% due Feb. 15, 2013	2,418,799	2,292,779
1,000,000	Province of Nova Scotia 5.75% due Feb. 27, 2012	1,098,727	1,046,690
1,750,000	Province of Ontario 4.75% due Jan. 19, 2016	1,732,430	1,777,703
1,000,000	Province of Quebec 4.60% due May 26, 2015	1,010,390	993,560
1,500,000	Province of Saskatchewan 7.38% due Jul. 15, 2013	1,727,802	1,710,705
		<u>10,483,989</u>	<u>10,344,862</u>
Corporate Bonds – 28.3%			
650,000	Citigroup Inc. 6.50% due Jan. 18, 2011	658,450	676,423
350,000	European Investment Bank 5.25% due Jun. 15, 2011	366,709	365,960
500,000	General Electric Capital Corporation 7.38% due Jan. 19, 2010	537,360	528,515
500,000	Household Financial Corporation Ltd. 6.38% due Oct. 15, 2011	491,525	514,520
500,000	John Deere Capital Corporation 3.90% due Jan. 15, 2008	498,250	499,750
500,000	Petro-Canada 5.00% due Nov. 15, 2014	493,313	487,290
650,000	Toronto-Dominion Bank 6.15% due Oct. 15, 2008	658,938	658,099
500,000	Wal-Mart Stores Inc. 4.55% due May 1, 2013	484,085	496,420
		<u>4,188,630</u>	<u>4,226,977</u>
	TOTAL BONDS AND DEBENTURES	<u>14,672,619</u>	<u>14,571,839</u>
SHORT-TERM NOTES – 0.9%			
135,000	Export Development Corporation 3.90% due Jan. 28, 2008	134,490	134,606
	TOTAL INVESTMENT PORTFOLIO	<u>14,807,109</u>	14,706,445
	OTHER ASSETS, LESS LIABILITIES – 1.4%		209,410
	TOTAL NET ASSETS – 100.0%		<u>14,915,855</u>

Scotia U.S. \$ Bond Fund (formerly Scotia CanAm U.S. \$ Income Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
	U.S.\$	U.S.\$
ASSETS		
Investments at fair value	\$14,706,445	\$15,497,153
Cash	112,921	43,338
Accrued investment income	244,803	287,635
Receivable for securities sold	1,082,845	–
Subscriptions receivable	14,998	–
	<u>16,162,012</u>	<u>15,828,126</u>
LIABILITIES		
Payable for securities purchased	1,221,500	–
Distributions payable	40	24
Redemptions payable	1,520	5,097
Accrued expenses	23,097	23,265
	<u>1,246,157</u>	<u>28,386</u>
Net assets	<u>\$14,915,855</u>	<u>\$15,799,740</u>
NET ASSETS PER CLASS		
Class A Units	\$14,902,609	\$15,787,327
Class F Units	\$ 13,246	\$ 12,413
UNITS OUTSTANDING		
Class A Units	1,414,850	1,528,561
Class F Units	1,259	1,203
NET ASSETS PER UNIT		
Class A Units	\$ 10.53	\$ 10.33
Class F Units	\$ 10.52	\$ 10.32

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
	U.S.\$	U.S.\$
INVESTMENT INCOME		
Interest	\$822,293	\$ 953,081
EXPENSES		
Management fees (note 4)	223,002	256,508
Audit fees	15,467	11,127
Directors'/Trustee fees	827	2,428
Custodian fees	1,122	1,672
Filing fees	14,280	13,506
Legal fees	1,787	1,708
Unitholder reporting	9,884	14,040
Unitholder administration, service fees and GST	68,235	74,844
	<u>334,604</u>	<u>375,833</u>
Absorbed expenses	(63,538)	(62,505)
	<u>271,066</u>	<u>313,328</u>
Net investment income (loss)	<u>551,227</u>	<u>639,753</u>
Net realized gain (loss) on investments sold	(52,409)	(247,796)
Change in unrealized appreciation (depreciation) of investments	335,144	(104,855)
Net gain (loss) on investments and transaction costs	<u>282,735</u>	<u>(352,651)</u>
Increase (decrease) in net assets from operations	<u>\$833,962</u>	<u>\$ 287,102</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$833,129	\$ 286,704
Class F Units	\$ 833	\$ 398
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.58	\$ 0.17
Class F Units	\$ 0.68	\$ 0.32

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
	U.S.\$	U.S.\$
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$15,787,327	\$19,469,449
New accounting policy adjustment (note 2)	–	–
Class A Units – GAAP net assets beginning of period	<u>15,787,327</u>	<u>19,469,449</u>
Class F Units – Pricing net asset value beginning of period	12,413	12,085
New accounting policy adjustment (note 2)	–	–
Class F Units – GAAP net assets beginning of period	<u>12,413</u>	<u>12,085</u>
Total net assets – beginning of period	<u>15,799,740</u>	<u>19,481,534</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	833,129	286,704
Class F Units	833	398
	<u>833,962</u>	<u>287,102</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(551,778)	(646,395)
Class F Units	(577)	(611)
	<u>(552,355)</u>	<u>(647,006)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	1,894,984	1,330,815
Class F Units	–	12,638
Reinvested distributions		
Class A Units	530,804	623,877
Class F Units	577	611
Payments on redemption		
Class A Units	(3,591,857)	(5,277,123)
Class F Units	–	(12,708)
	<u>(1,165,492)</u>	<u>(3,321,890)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(884,718)	(3,682,122)
Class F Units	833	328
	<u>(883,885)</u>	<u>(3,681,794)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	14,902,609	15,787,327
Class F Units	13,246	12,413
	<u>\$14,915,855</u>	<u>\$15,799,740</u>

Scotia Global Bond Fund

(formerly Scotia CanGlobal Income Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES – 95.4%				BONDS AND DEBENTURES (cont'd)			
Canadian Dollar – 8.3%				British Pound – 4.6%			
1,600,000	Government of Canada 4.00% due Jun. 1, 2016	1,561,080	1,603,280	200,000	Eurofima 6.13% due Oct. 14, 2014	470,061	416,348
1,600,000	Government of Canada 5.75% due Jun. 1, 2033	<u>1,957,891</u>	<u>2,012,800</u>	410,000	Province of Ontario 5.38% due Jul. 28, 2009	929,208	807,843
		<u>3,518,971</u>	<u>3,616,080</u>	370,000	UK Treasury Gilt 5.00% due Mar. 7, 2025	<u>846,557</u>	<u>770,607</u>
United States Dollar – 38.5%				Euro – 26.1%			
500,000	European Investment Bank 5.25% due Jun. 15, 2011	521,305	516,631	2,630,000	European Investment Bank 4.63% due Apr. 15, 2020	4,298,801	3,784,864
1,940,000	Export Development Corporation 4.63% due Apr. 1, 2010	2,241,976	1,961,666	590,000	Government of Canada 4.50% due Apr. 28, 2009	796,853	853,250
150,000	Federal National Mortgage Association 7.13% due Jan. 15, 2030	238,894	191,423	1,040,000	Inter-American Development Bank 5.50% due Mar. 30, 2010	1,878,359	1,530,563
340,000	Household Financial Corporation Ltd. 6.38% due Oct. 15, 2011	536,246	345,745	3,660,000	Province of Ontario 4.13% due May 14, 2013	<u>5,785,561</u>	<u>5,170,498</u>
3,880,000	Province of British Columbia 4.30% due May 30, 2013	4,568,119	3,847,524			<u>12,759,574</u>	<u>11,339,175</u>
1,200,000	Province of Manitoba 4.90% due Dec. 6, 2016	1,402,390	1,214,943	French Franc – 4.9%			
300,000	Province of Manitoba 9.25% due Apr. 1, 2020	552,973	405,495	1,500,000	Government of France 4.00% due Oct. 25, 2014	<u>2,201,062</u>	<u>2,132,498</u>
150,000	Province of Manitoba 8.88% due Sep. 15, 2021	240,110	201,841	Italian Lira – 2.1%			
978,000	Province of New Brunswick 7.63% due Feb. 15, 2013	1,578,580	1,107,941	890,000	Republic of Italy 4.75% due Jan. 25, 2016	993,291	881,610
2,250,000	Province of Nova Scotia 5.75% due Feb. 27, 2012	2,741,277	2,327,265	Spanish Peseta – 2.3%			
1,340,000	Province of Nova Scotia 8.88% due Jul. 1, 2019	2,080,860	1,800,267	1,000,000	Instituto de Credito Oficial 4.53% due Mar. 17, 2016	<u>964,550</u>	<u>996,830</u>
1,800,000	Province of Quebec 4.60% due May 26, 2015	1,821,179	1,767,306		TOTAL BONDS AND DEBENTURES	<u>46,533,369</u>	<u>41,387,620</u>
900,000	Province of Saskatchewan 7.38% due Jul. 15, 2013	<u>1,286,994</u>	<u>1,014,312</u>	SHORT-TERM NOTES – 2.3%			
		<u>19,810,903</u>	<u>16,702,359</u>	375,000	Canadian Wheat Board Commercial Paper (US) 3.94% due Mar. 20, 2008	369,265	367,404
Austrian Schilling – 3.5%				395,000	Export Development Corporation Commercial Paper (US) 3.90% to 4.15% due from Jan. 4, 2008 to Feb. 6, 2008	371,980	389,318
1,500,000	Oesterreichische Kontrollbank Aktiengesellschaft 5.00% due Apr. 25, 2017	<u>1,633,650</u>	<u>1,524,176</u>	260,000	Farm Credit Corporation Commercial Paper (US) 4.10% due Feb. 1, 2008	<u>244,374</u>	<u>256,034</u>
Australian Dollar – 5.1%						<u>985,619</u>	<u>1,012,756</u>
900,000	European Investment Bank 5.75% due Sep. 15, 2009	878,225	760,647		TOTAL SHORT-TERM NOTES	<u>47,518,988</u>	<u>42,400,376</u>
1,800,000	Province of Ontario 5.50% due Jul. 13, 2012	<u>1,527,317</u>	<u>1,439,447</u>		TOTAL INVESTMENT PORTFOLIO	<u>47,518,988</u>	<u>42,400,376</u>
		<u>2,405,542</u>	<u>2,200,094</u>		OTHER ASSETS, LESS LIABILITIES – 2.3%		<u>1,003,602</u>
					TOTAL NET ASSETS – 100.0%		<u>43,403,978</u>

COMMITMENTS – FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 31, 2008	Euro Dollar	505,994	Norwegian Krone	4,047,500	735,921	(5,760)
Jan. 31, 2008	Euro Dollar	2,258,924	U.S. Dollar	3,292,382	3,251,825	7,853
Jan. 31, 2008	Japanese Yen	226,525,811	Australian Dollar	2,291,333	1,983,821	22,533
Jan. 31, 2008	Japanese Yen	285,452,040	Canadian Dollar	2,479,777	2,478,956	49,312
Jan. 31, 2008	Japanese Yen	289,073,105	Euro Dollar	1,762,351	2,538,091	22,249
Jan. 31, 2008	Japanese Yen	522,141,831	U.S. Dollar	4,586,629	4,523,839	100,806
Jan. 31, 2008	Norwegian Krone	7,171,073	U.S. Dollar	1,306,540	1,293,302	11,032
Jan. 31, 2008	Singapore Dollar	868,744	U.S. Dollar	600,733	592,410	4,698
Jan. 31, 2008	Swiss Franc	987,750	Euro Dollar	593,921	859,872	1,678
Jan. 31, 2008	Swiss Franc	504,184	U.S. Dollar	442,072	438,107	1,660
Jan. 31, 2008	U.S. Dollar	377,978	British Pound	190,000	371,791	1,728
Jan. 31, 2008	U.S. Dollar	1,547,315	Canadian Dollar	1,515,889	<u>1,516,780</u>	<u>12,277</u>
					<u>20,584,715</u>	<u>230,066</u>

The currency forward contracts outstanding at December 31, 2007 are placed with a financial institution with a credit rating of A1 by Standard & Poor's.

The accompanying notes are an integral part of the financial statements

Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$42,400,376	\$136,081,637
Cash	88,686	109,299
Accrued investment income	759,835	2,643,969
Subscriptions receivable	9,283	249,479
Receivable from currency forward contracts	230,066	—
	<u>43,488,246</u>	<u>139,084,384</u>
LIABILITIES		
Distributions payable	69	7
Redemptions payable	46,548	—
Accrued expenses	37,651	46,920
Payable for currency forward contracts	—	53,173
	<u>84,268</u>	<u>100,100</u>
Net assets	<u>\$43,403,978</u>	<u>\$138,984,284</u>
NET ASSETS PER CLASS		
Class A Units	\$18,480,918	\$ 24,560,096
Class I Units	\$24,923,060	\$114,424,188
UNITS OUTSTANDING		
Class A Units	2,463,229	2,920,680
Class I Units	3,316,498	13,582,921
NET ASSETS PER UNIT		
Class A Units	\$ 7.50	\$ 8.41
Class I Units	\$ 7.51	\$ 8.42

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$ 3,823,815	\$ 6,074,576
Securities lending	1,461	8,880
	<u>3,825,276</u>	<u>6,083,456</u>
EXPENSES		
Management fees (note 4)	312,468	397,748
Audit fees	23,867	19,428
Directors'/Trustee fees	1,623	2,755
Custodian fees	7,333	9,309
Filing fees	16,533	17,384
Legal fees	2,941	4,237
Unitholder reporting	20,919	37,559
Unitholder administration, service fees and GST	165,354	269,173
	<u>551,038</u>	<u>757,593</u>
Absorbed expenses	(84,425)	(148,385)
	<u>466,613</u>	<u>609,208</u>
Net investment income (loss)	<u>3,358,663</u>	<u>5,474,248</u>
Net realized gain (loss) on investments sold	(8,851,762)	(6,340,845)
Net realized gain (loss) on foreign exchange	(265,488)	(129,620)
Change in unrealized appreciation (depreciation) of investments	(1,033,591)	4,688,728
Change in unrealized appreciation (depreciation) of currency forward	283,239	240,154
Net gain (loss) on investments and transaction costs	<u>(9,867,602)</u>	<u>(1,541,583)</u>
Increase (decrease) in net assets from operations	<u>\$(6,508,939)</u>	<u>\$ 3,932,665</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(1,809,606)	\$ 140,406
Class I Units	\$(4,699,333)	\$ 3,792,259
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.68)	\$ 0.04
Class I Units	\$ (0.67)	\$ 0.33

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 24,560,096	\$ 33,302,652
New accounting policy adjustment (note 2)	—	—
Class A Units – GAAP net assets beginning of period	<u>24,560,096</u>	<u>33,302,652</u>
Class I Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	—	—
Class I Units – GAAP net assets beginning of period	<u>114,424,188</u>	<u>74,776,488</u>
Total net assets – beginning of period	<u>138,984,284</u>	<u>108,079,140</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(1,809,606)	140,406
Class I Units	(4,699,333)	3,792,259
	<u>(6,508,939)</u>	<u>3,932,665</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(631,655)	(735,513)
Class I Units	(2,935,546)	(4,632,573)
	<u>(3,567,201)</u>	<u>(5,368,086)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	1,165,997	1,827,352
Class I Units	20,177,209	37,821,136
Reinvested distributions		
Class A Units	628,531	731,821
Class I Units	2,935,546	4,632,573
Payments on redemption		
Class A Units	(5,432,445)	(10,706,622)
Class I Units	(104,979,004)	(1,965,695)
	<u>(85,504,166)</u>	<u>32,340,565</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(6,079,178)	(8,742,556)
Class I Units	(89,501,128)	39,647,700
	<u>(95,580,306)</u>	<u>30,905,144</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	18,480,918	24,560,096
Class I Units	24,923,060	114,424,188
	<u>\$ 43,403,978</u>	<u>\$138,984,284</u>

Scotia Diversified Monthly Income Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 52.8%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 47.3%				CANADIAN EQUITIES (cont'd)			
Energy – 1.5%				Utilities – 4.3%			
50,000	EnCana Corporation	3,390,966	3,375,000	190,000	Emera Inc.	3,839,501	4,145,800
65,000	Petro-Canada	3,451,750	3,461,250	100,000	Enbridge Inc.	3,565,483	4,000,000
		<u>6,842,716</u>	<u>6,836,250</u>	140,000	Fortis Inc.	3,501,705	4,048,800
				90,000	TransAlta Corporation	2,141,251	2,997,000
				100,000	TransCanada Corporation	3,610,938	4,051,000
						<u>16,658,878</u>	<u>19,242,600</u>
Materials – 1.9%				Income Trust Units – 12.9%			
50,000	Harry Winston Diamond Corporation	2,014,500	1,622,500	115,000	AltaGas Income Trust	2,914,600	3,024,500
225,000	Norbord Inc.	2,044,050	1,791,000	175,000	ARC Energy Trust	3,685,537	3,564,750
100,000	Russel Metals Inc.	2,415,530	2,545,000	100,000	Arctic Glacier Income Fund	1,300,038	1,145,000
80,000	Teck Cominco Ltd. Class B	3,233,365	2,834,400	210,000	Baytex Energy Trust	4,173,169	3,969,000
		<u>9,707,445</u>	<u>8,792,900</u>	110,000	BFI Canada Income Fund	3,018,774	2,926,000
				35,000	Bonavista Energy Trust	1,030,537	993,300
				85,000	Canadian Oil Sands Trust	2,556,181	3,290,350
				100,000	Chartwell Seniors Housing Real Estate Investment	1,327,061	1,131,000
				31,000	CI Financial Income Fund	900,098	866,140
Industrials – 1.3%				125,000	Cineplex Galaxy Income Fund	2,035,480	2,078,750
100,000	Finning International Inc.	2,729,128	2,864,000	125,000	CML Healthcare Income Fund	1,918,269	2,140,000
183,700	Student Transportation of America Ltd.	1,285,900	1,019,535	100,000	Cominar Real Estate Investment Trust	1,978,656	2,034,000
75,000	Toromont Industries Ltd.	1,815,000	2,113,500	25,000	Enerplus Resources Fund	1,195,642	994,000
		<u>5,830,028</u>	<u>5,997,035</u>	250,000	Eveready Income Fund Trust	1,681,622	992,500
				70,000	Fording Canadian Coal Trust	1,886,049	2,686,600
				100,000	Fort Chicago Energy Partners LP	1,228,879	1,083,000
Consumer Discretionary – 2.8%				100,000	Great Lakes Hydro Income Fund	1,845,376	2,001,000
125,000	Rogers Communications Inc. Class B	5,434,603	5,623,750	91,200	Keyera Facilities Income Fund	1,714,912	1,803,024
160,000	Shaw Communications Inc. Class B	3,634,615	3,774,400	35,000	Labrador Iron Ore Royalty Income Fund	857,416	1,655,150
85,000	Thomson Corporation	3,698,262	3,423,800	175,000	Mullen Group Income Fund	3,158,117	3,062,500
		<u>12,767,480</u>	<u>12,821,950</u>	50,000	Newalta Income Fund	1,376,603	910,000
				176,600	Progress Energy Trust	1,889,258	1,910,812
Consumer Staples – 1.0%				90,000	RioCan Real Estate Investment Trust	2,122,178	1,957,500
65,000	Alimentation Couche-Tard Inc. Class B	1,592,930	1,177,800	50,000	Royal Utilities Income Fund Trust	494,467	529,500
60,000	Shoppers Drug Mart Corporation	3,063,000	3,195,600	250,000	Spectra Energy Income Fund	2,548,928	2,237,500
		<u>4,655,930</u>	<u>4,373,400</u>	275,000	Teranet Income Fund	2,758,347	2,796,750
				75,000	Transforce Income Fund	1,148,778	690,000
				225,000	Trinidad Energy Services Income Trust	3,002,461	2,362,500
				105,000	Vermilion Energy Trust	3,666,016	3,576,300
						<u>59,413,449</u>	<u>58,411,426</u>
Financials – 18.8%				TOTAL CANADIAN EQUITIES			
80,000	Bank of Montreal	5,388,292	4,500,000			<u>215,243,749</u>	<u>214,326,232</u>
200,000	Bank of Nova Scotia, The	9,892,293	10,032,000	FOREIGN EQUITIES – 5.5%			
90,000	Brookfield Asset Management Inc. Class A	3,524,951	3,189,600	United States – 5.5%			
115,000	Brookfield Properties Corporation	2,725,699	2,201,100	30,000	Abbott Laboratories	1,672,290	1,660,770
70,000	Canadian Imperial Bank of Commerce	6,167,213	4,937,100	31,500	Duke Energy Corporation	584,785	627,236
75,000	First Capital Realty Inc.	1,753,278	1,800,750	60,000	DuPont (E.I.) de Nemours & Company	2,859,558	2,612,408
160,000	Great-West Lifeco Inc.	5,271,939	5,676,800	15,000	Exelon Corporation	1,022,763	1,208,076
3,280	Great-West Lifeco Inc. 4.80% 1st Pref. Series E	91,086	85,542	40,000	Johnson & Johnson	2,715,401	2,632,962
20,000	IGM Financial Inc.	925,000	1,000,600	40,000	Kellogg Company	1,992,247	2,069,293
290,000	Manulife Financial Corporation	11,252,626	11,730,500	175,000	Navios Maritime Partners LP	3,377,857	3,287,497
35,000	National Bank of Canada	2,159,711	1,825,950	25,000	PepsiCo Inc.	1,775,553	1,871,405
125,000	Power Corporation of Canada	5,003,521	5,010,000	100,000	Pfizer Inc.	2,823,798	2,243,216
28,000	Power Financial Corporation	888,740	1,141,560	50,000	Republic Services Inc.	1,539,270	1,550,487
275,000	Royal Bank of Canada	14,633,372	13,939,750	87,800	Seaspan Corporation	2,307,838	2,121,381
125,000	Sun Life Financial Services of Canada Inc.	6,190,182	6,948,750	85,000	Spectra Energy Corporation	2,239,159	2,165,445
160,000	Toronto-Dominion Bank	10,643,162	11,112,000				
		<u>86,511,065</u>	<u>85,132,002</u>				
Telecommunication Services – 2.8%							
115,000	BCE Inc.	3,579,391	4,554,000				
3,930	BCE Inc. Pref. T	98,942	95,342				
105,847	Bell Aliant Regional Communications	3,369,572	3,115,077				
40,000	Manitoba Telecom Services Inc.	1,784,283	1,838,800				
65,000	Telus Corporation Non-Voting	4,024,570	3,115,450				
		<u>12,856,758</u>	<u>12,718,669</u>				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Diversified Monthly Income Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares/ Face Value (\$)		Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	
EQUITIES (cont'd)					BONDS AND DEBENTURES (cont'd)				
FOREIGN EQUITIES (cont'd)					Corporate Bonds (cont'd)				
United States (cont'd)									
20,000	U.S. Bancorp		764,738	626,124	1,000,000	Canadian Utilities Ltd.			
12,000	Wachovia Corporation		756,197	449,671	1,700,000	4.80% due Nov. 22, 2021	1,002,574	958,360	
	TOTAL FOREIGN EQUITIES		26,431,454	25,125,971	1,700,000	Caterpillar Financial Services Ltd.			
	TOTAL EQUITIES		241,675,203	239,452,203	1,700,000	4.94% due Jun. 1, 2012	1,696,560	1,681,334	
BONDS AND DEBENTURES - 18.5%									
Federal Bonds - 2.8%									
6,235,000	Canada Housing Trust				1,000,000	EnCana Corporation			
	4.80% due Jun. 15, 2012		6,273,615	6,394,803	1,700,000	4.30% due Mar. 12, 2012	998,930	979,699	
2,530,000	Canada Housing Trust				1,700,000	General Electric Capital Canada Funding Company			
	4.55% due Dec. 15, 2012		2,562,487	2,571,138	1,700,000	5.73% due Oct. 22, 2037	1,699,031	1,787,420	
3,430,000	Government of Canada				1,500,000	Genesis Trust			
	4.25% due Jun. 1, 2018		3,475,207	3,497,159	1,500,000	4.00% due Mar. 15, 2010	1,675,901	1,663,484	
			12,311,309	12,463,100	1,500,000	Golden Credit Card Trust			
					1,000,000	4.25% due Feb. 15, 2011	1,463,805	1,465,838	
Mortgage-Backed Securities - 1.9%									
1,000,000	Merrill Lynch Financial Assets Inc.				1,000,000	Great-West Lifeco Inc.			
	5.44% due Mar. 12, 2036		1,056,712	995,090	1,000,000	6.67% due Mar. 21, 2033	1,220,044	1,136,512	
1,500,000	Merrill Lynch Financial Assets Inc.				1,700,000	Greater Toronto Airports Authority			
	4.83% due Feb. 12, 2039		1,486,543	1,425,165	1,700,000	7.10% due Jun. 4, 2031	1,236,971	1,226,640	
1,525,000	Merrill Lynch Financial Assets Inc.				1,700,000	Honda Canada Finance Inc.			
	4.98% due Jun. 12, 2039		1,531,646	1,456,314	1,700,000	5.68% due Sep. 26, 2012	1,700,000	1,726,333	
1,500,000	Merrill Lynch Financial Assets Inc.				1,500,000	HSBC Financial Corporation Ltd.			
	4.81% due Oct. 12, 2039		1,486,070	1,413,615	1,500,000	4.80% due Apr. 13, 2011	1,701,072	1,669,639	
1,500,000	Real Estate Asset Liquidity Trust				1,000,000	Manulife Financial Corporation			
	4.78% due Apr. 12, 2023		1,499,875	1,419,450	1,000,000	4.67% due Mar. 28, 2013	1,492,895	1,476,135	
500,000	Schooner Trust				1,700,000	Morgan Stanley			
	4.36% due Sep. 12, 2020		493,149	466,255	1,700,000	4.90% due Feb. 23, 2017	995,759	907,940	
1,500,000	Schooner Trust				150,000	NAV Canada			
	5.19% due Jun. 12, 2022		1,484,235	1,464,810	150,000	4.71% due Feb. 24, 2016	1,687,434	1,684,955	
			9,038,230	8,640,699	150,000	Renaissance Energy Ltd.			
					1,700,000	6.95% due Jul. 14, 2009	163,464	154,269	
Provincial Bonds - 5.8%									
1,905,000	Province of British Columbia				1,700,000	Royal Bank of Canada			
	4.70% due Dec. 1, 2017		1,898,826	1,942,910	1,700,000	4.97% due Jun. 5, 2014	1,697,639	1,689,800	
11,295,000	Province of Ontario				1,700,000	Sun Life Financial Services Inc. (callable)			
	4.30% due Mar. 8, 2017		11,065,117	11,171,207	1,700,000	4.95% due Jun. 1, 2036-(2016)	1,690,779	1,665,569	
11,555,000	Province of Quebec				1,500,000	Toronto-Dominion Bank (callable)			
	4.50% due Dec. 1, 2017		11,427,527	11,509,820	1,500,000	4.78% due Dec. 14, 2105-(2016)	1,651,557	1,587,817	
1,135,000	Quebec Hydro				1,500,000	Toyota Credit Canada Inc.			
	11.00% due Aug. 15, 2020		1,785,469	1,818,795	1,700,000	5.05% due Jul. 27, 2012	1,499,220	1,513,080	
			26,176,939	26,442,732	1,700,000	Wells Fargo Financial Canada Corporation			
					1,700,000	4.38% due Jun. 30, 2015	1,626,680	1,607,163	
							36,725,158	36,227,129	
Corporate Bonds - 8.0%					TOTAL BONDS AND DEBENTURES				
1,700,000	Bank of America Corporation						84,251,636	83,773,660	
	5.45% due Sep. 17, 2014		1,700,040	1,696,804	FIXED INCOME - 24.0%				
1,700,000	Bank of Montreal				10,251,264	Scotia Mortgage Income Fund Class I	109,900,773	108,756,687	
	5.45% due Jul. 17, 2017		1,701,620	1,702,091	SHORT-TERM NOTES - 4.2%				
1,700,000	Brascan Power Corporation				19,310,000	Government of Canada Treasury Bills			
	4.65% due Dec. 16, 2009		1,698,011	1,681,385		3.81% to 3.97% due from			
1,700,000	Canadian Imperial Bank of Commerce					Feb. 7, 2008 to Apr. 3, 2008	19,122,217	19,196,912	
	5.00% due Sep. 10, 2012		1,697,262	1,675,724	TOTAL INVESTMENT PORTFOLIO				
1,000,000	Canadian Natural Resources Ltd.						454,949,829	451,179,462	
	5.50% due Dec. 17, 2010		999,510	1,005,754	OTHER ASSETS, LESS LIABILITIES - 0.5%				
400,000	Canadian Natural Resources Ltd.							2,448,630	
	4.50% due Jan. 23, 2013		390,595	383,148	TOTAL NET ASSETS - 100.0%				
								453,628,092	

BALANCED FUNDS

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Diversified Monthly Income Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$451,179,462	\$200,079,193
Cash	104,619	63,649
Accrued investment income	1,701,141	430,895
Subscriptions receivable	1,469,503	12,051
Receivable from futures contracts	—	94,318
	<u>454,454,725</u>	<u>200,680,106</u>
LIABILITIES		
Payable for securities purchased	—	2,594,429
Distributions payable	117,983	50,835
Redemptions payable	174,333	6,706
Accrued expenses	534,317	221,288
	<u>826,633</u>	<u>2,873,258</u>
Net assets	<u>\$453,628,092</u>	<u>\$197,806,848</u>
NET ASSETS PER CLASS		
Class A Units	\$453,620,909	\$197,806,195
Class F Units	\$ 7,183	\$ 653
UNITS OUTSTANDING		
Class A Units	43,478,743	18,767,215
Class F Units	683	62
NET ASSETS PER UNIT		
Class A Units	\$ 10.43	\$ 10.54
Class F Units	\$ 10.51	\$ 10.56

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 4,494,483	\$1,654,252
Interest	11,645,620	3,225,699
Securities lending	118,641	36,753
Foreign withholding taxes	(63,161)	(32,196)
	<u>16,195,583</u>	<u>4,884,508</u>
EXPENSES		
Management fees (note 4)	4,146,750	1,376,447
Audit fees	25,622	20,995
Directors'/Trustee fees	2,970	2,755
Custodian fees	30,496	17,205
Filing fees	33,943	18,842
Legal fees	8,775	3,474
Unitholder reporting	36,196	30,882
Unitholder administration, service fees and GST	457,292	216,447
	<u>4,742,044</u>	<u>1,687,047</u>
Absorbed expenses	(4,795)	(15,336)
	<u>4,737,249</u>	<u>1,671,711</u>
Net investment income (loss)	<u>11,458,334</u>	<u>3,212,797</u>
Net realized gain (loss) on investments sold	1,819,218	1,153,211
Net realized gain (loss) on foreign exchange	17,643	(30,876)
Capital gains distributions received from investments	31,172	45,549
Transaction costs	(262,153)	—
Change in unrealized appreciation (depreciation) of investments	(7,293,023)	2,593,218
Net gain (loss) on investments and transaction costs	<u>(5,687,143)</u>	<u>3,761,102</u>
Increase (decrease) in net assets from operations	<u>\$ 5,771,191</u>	<u>\$6,973,899</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 5,771,143	\$6,973,839
Class F Units	\$ 48	\$ 60
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.19	\$ 0.66
Class F Units	\$ 0.13	\$ 0.80

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$197,806,195	\$ 57,945,931
New accounting policy adjustment (note 2)	(280,110)	—
Class A Units – GAAP net assets beginning of period	<u>197,526,085</u>	<u>57,945,931</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	653	2,206
	(1)	—
Class F Units – GAAP net assets beginning of period	<u>652</u>	<u>2,206</u>
Total net assets – beginning of period	<u>197,526,737</u>	<u>57,948,137</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	5,771,143	6,973,839
Class F Units	48	60
	<u>5,771,191</u>	<u>6,973,899</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(10,664,899)	(3,183,496)
Class F Units	(128)	(15)
From realized gain		
Class A Units	(1,339,637)	(1,077,478)
Class F Units	(21)	(5)
	<u>(12,004,685)</u>	<u>(4,260,994)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	317,435,198	156,130,300
Class F Units	6,483	3,607
Reinvested distributions		
Class A Units	11,278,680	4,006,396
Class F Units	149	20
Payments on redemption		
Class A Units	(66,385,661)	(22,989,297)
Class F Units	—	(5,220)
	<u>262,334,849</u>	<u>137,145,806</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	256,094,824	139,860,264
Class F Units	6,531	(1,553)
	<u>256,101,355</u>	<u>139,858,711</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	453,620,909	197,806,195
Class F Units	7,183	653
	<u>\$453,628,092</u>	<u>\$197,806,848</u>

Scotia Canadian Balanced Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares/ Number of Contracts		Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares		Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 59.6%					EQUITIES (cont'd)				
CANADIAN EQUITIES – 38.9%					CANADIAN EQUITIES (cont'd)				
Energy – 8.5%					Financials (cont'd)				
290,706		Canadian Natural Resources Ltd.	11,634,497	21,087,813	196,360		Canadian Imperial Bank of Commerce	13,707,141	13,849,271
604,612		EnCana Corporation	27,379,548	40,811,308	206,000		Great-West Lifeco Inc.	5,730,196	7,308,880
144,475		Ensign Resource Service Group Inc.	2,377,104	2,203,244	1,009,786		Manulife Financial Corporation	31,029,040	40,845,844
150,532		Husky Energy Inc.	3,571,741	6,703,190	433,550		Power Corporation of Canada	10,873,363	17,376,684
223,699		Imperial Oil Ltd.	7,045,877	12,209,491	871,762		Royal Bank of Canada	33,379,951	44,189,616
527,884		Nexen Inc.	17,292,798	16,923,961	367,034		Sun Life Financial Services of Canada Inc.	14,802,231	20,403,420
189,110		Opti Canada Inc.	3,930,255	3,137,335	519,505		Toronto-Dominion Bank	28,356,865	36,079,622
408,882		Petro-Canada	15,021,514	21,772,967				182,922,974	225,651,955
272,200		Suncor Energy Inc.	13,571,456	29,373,102					
961,770		Talisman Energy Inc.	13,361,338	17,658,097					
96,200		Trican Well Service Ltd.	2,377,276	1,846,078					
			117,563,404	173,726,586					
Materials – 6.3%					Information Technology – 1.9%				
150,700		Agnico-Eagle Mines Ltd.	6,097,104	8,189,038	189,089		Nortel Networks Corporation	8,855,677	2,832,553
76,250		Agrium Inc.	3,853,731	5,464,838	322,230		Research in Motion Ltd.	23,146,057	36,270,209
683,560		Barrick Gold Corporation	20,618,106	28,483,945				32,001,734	39,102,762
224,384		Cameco Corporation	5,767,315	8,878,875					
503,000		Eldorado Gold Corporation	2,996,796	2,907,340					
508,440		Goldcorp Inc.	14,444,418	17,159,850					
70,000		Harry Winston Diamond Corporation	2,988,649	2,271,500					
33,600		Nova Chemicals Corporation	1,372,167	1,080,576					
189,350		Potash Corporation of Saskatchewan Inc.	11,929,292	27,094,092					
225,000		Russel Metals Inc.	6,472,900	5,726,250					
143,800		Sherritt International Corporation	1,917,396	1,898,160					
445,480		Teck Cominco Ltd. Class B	13,102,745	15,783,356					
418,040		Yamana Gold Inc.	5,787,970	5,355,092					
			97,348,589	130,292,912					
Industrials – 2.6%					Telecommunication Services – 1.6%				
1,319,000		Bombardier Inc. Class B	7,835,049	7,861,240	507,361		BCE Inc.	16,383,096	20,091,496
334,600		CAE Inc.	3,356,331	4,433,450	252,156		Telus Corporation	9,839,956	12,464,071
(374)		Canadian National Railway Company Written Put Options \$50.00 Jan. 18, 2008	(64,702)	(121,550)				26,223,052	32,555,567
363,302		Canadian National Railway Company	9,612,309	16,948,038					
120,301		Canadian Pacific Railway Ltd.	5,084,289	7,725,730					
286,460		Finning International Inc.	6,137,360	8,204,214					
52,389		Macdonald Dettwiler & Associates Ltd.	1,833,573	2,187,241					
75,400		SNC-Lavalin Group Inc.	2,363,241	3,626,740					
100,000		Westjet Airlines Ltd.	1,525,000	2,250,000					
			37,682,450	53,115,103					
Consumer Discretionary – 3.8%					Utilities – 1.4%				
78,910		Astral Media Inc. Class A	2,428,710	3,677,206	270,930		Enbridge Inc.	8,520,570	10,837,200
49,934		Canadian Tire Corporation Ltd. Class A	2,702,734	3,693,618	130,000		Fortis Inc.	3,455,219	3,759,600
34,900		Corus Entertainment Inc. Class B	1,670,480	1,685,321	342,930		TransCanada Corporation	11,286,067	13,892,094
64,000		Gildan Activewear Inc.	2,552,938	2,619,520				23,261,856	28,488,894
106,499		Magna International Inc. Class A	9,562,248	8,503,945					
564,840		Rogers Communications Inc. Class B	17,095,977	25,412,152					
294,000		Shaw Communications Inc. Class B	6,833,600	6,935,460					
438,599		Thomson Corporation	19,382,980	17,666,768					
207,550		Tim Hortons Inc.	7,075,346	7,598,406					
			69,305,013	77,792,396					
Consumer Staples – 0.9%					Income Trust Units – 0.9%				
87,520		Metro Inc. Class A	2,406,800	2,301,776	321,170		Canadian Oil Sands Trust	9,529,116	12,432,491
206,352		Saputo Inc.	3,696,056	6,155,480	413,430		Yellow Pages Income Fund	5,685,199	5,742,543
184,946		Shoppers Drug Mart Corporation	5,331,836	9,850,224				15,214,315	18,175,034
			11,434,692	18,307,480					
Financials – 11.0%					TOTAL CANADIAN EQUITIES				
219,334		Bank of Montreal	11,953,310	12,337,538				612,958,079	797,208,689
587,500		Bank of Nova Scotia, The	29,303,077	29,469,000					
107,000		Brookfield Asset Management Inc. Class A	3,787,800	3,792,080					
					FOREIGN EQUITIES – 20.7%				
					United States – 12.3%				
					74,378 Abbott Laboratories				
					50,364 Abercrombie & Fitch Company Class A				
					99,828 Adobe Systems Inc.				
					41,517 AFLAC Inc.				
					50,486 Alcoa Inc.				
					60,863 Altria Group Inc.				
					55,890 American International Group Inc.				
					19,847 Apple Computer Inc.				
					110,376 AT&T Inc.				
					87,604 Bank of America Corporation				
					85,338 Bank of New York Company Inc.				
					27,750 Boeing Company				
					119,378 Chesapeake Energy Corporation				
					46,546 Chevron Corporation				
					98,257 Ciena Corporation				
					130,067 Cisco Systems Inc.				
					44,898 Colgate-Palmolive Company				
					101,847 CVS Caremark Corporation				
					35,226 Deere & Company				
					56,499 Eli Lilly & Company				
					65,925 Emerson Electric Company				
					35,590 Entergy Corporation				
					63,706 Exelon Corporation				
					41,576 Express Scripts Inc.				
					47,526 Exxon Mobil Corporation				
					32,664 Franklin Resources Inc.				
					15,015 Freeport-McMoran Copper & Gold Inc. Class B				
					272,089 GAP Inc.				
					96,781 General Electric Company				
					59,999 Genzyme Corporation				
					4,008,025				
					4,034,964				
					4,393,135				
					2,321,714				
					2,049,369				
					4,212,029				
					4,082,246				
					2,439,582				
					4,253,077				
					4,559,740				
					3,822,420				
					2,713,698				
					4,462,044				
					4,040,454				
					4,208,513				
					3,773,555				
					3,199,197				
					3,777,764				
					2,340,479				
					3,336,975				
					3,252,123				
					3,812,369				
					4,916,514				
					3,039,297				
					3,722,411				
					4,289,698				
					1,169,649				
					5,079,106				
					3,939,509				
					4,283,767				
					4,407,105				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Balanced Fund (continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares/ Number of Contracts			Average Cost (\$)	Fair Value (\$)	Number of Shares Issuer		Average Cost (\$)	Fair Value (\$)			
EQUITIES (cont'd)					EQUITIES (cont'd)						
FOREIGN EQUITIES (cont'd)					FOREIGN EQUITIES (cont'd)						
United States (cont'd)					France (cont'd)						
77,029	Gilead Sciences Inc.		3,188,939	3,502,287	9,200	Compagnie Generale des Etablissements Michelin Class B	773,496	1,040,998			
13,354	Goldman Sachs Group Inc.		2,812,818	2,833,275	33,259	Credit Agricole SA	1,153,270	1,101,177			
44,591	Goodrich Corporation		2,666,195	3,108,776	19,930	Essilor International SA	1,178,051	1,251,869			
5,803	Google Inc.		3,334,017	3,963,994	17,300	France Telecom SA	459,728	612,763			
37,682	Hartford Financial Services Group Inc.		3,585,465	3,241,142	8,258	L'Oréal SA	1,062,054	1,163,489			
82,353	Hewlett-Packard Company		3,912,052	4,104,059	9,600	Lagarardere S.C.A.	838,282	706,507			
63,757	Honeywell International Inc.		3,663,799	3,875,421	17,600	Renault SA	1,826,188	2,437,375			
177,347	Intel Corporation		4,500,028	4,670,531	16,910	Sanofi-Aventis SA	1,622,575	1,525,467			
65,967	Johnson & Johnson		4,274,371	4,342,216	7,665	Societe Generale	975,363	1,081,186			
86,737	JPMorgan Chase & Company		4,259,494	3,733,684	20,313	Suez SA	1,351,818	1,359,000			
59,911	Kellogg Company		3,198,493	3,099,335	9,946	Technip-Coflexip SA	867,377	776,395			
61,316	Lincoln National Corporation		4,212,898	3,523,455	50,467	Total SA	3,671,970	4,133,728			
63,224	Marathon Oil Corporation		3,556,965	3,796,164	15,066	Veolia Environment	1,293,694	1,350,469			
82,600	McDonald's Corporation		4,761,121	4,802,022			<u>19,618,504</u>	<u>20,879,229</u>			
63,687	MEMC Electronic Materials Inc.		3,956,648	5,572,314							
67,704	Merck & Company Inc.		3,628,244	3,887,189							
155,750	Microsoft Corporation		5,161,420	5,463,886							
67,668	Nike Inc. Class B		4,120,867	4,290,352							
176,908	Oracle Corporation		3,474,620	3,931,716							
59,372	PepsiCo Inc.		4,131,274	4,444,363							
21,111	Praxair Inc.		1,339,548	1,846,696							
46,343	Procter & Gamble Company		3,077,188	3,355,029							
38,180	Prudential Financial Inc.		3,434,275	3,503,940							
1,633	S&P 500 Depository Receipts Put Options \$150.00 Jan. 18, 2008		624,573	718,111							
153,818	S&P 500 Depository Receipts		23,153,376	22,247,169							
34,138	Schlumberger Ltd.		2,702,802	3,311,447							
1,600	Technology Select Sector SPDR Fund Put Options \$27.00 Jan. 18, 2008		145,560	86,962							
43,252	Textron Inc.		2,402,194	3,042,779							
73,404	Thermo Electron Corporation		3,973,457	4,177,458							
27,551	Transocean Inc.		2,781,283	3,894,940							
34,043	United Technologies Corporation		2,430,491	2,570,533							
91,039	Verizon Communications Inc.		3,869,452	3,926,065							
149,716	Walt Disney Company		5,208,471	4,769,891							
124,860	Wells Fargo & Company		4,454,204	3,715,175							
			<u>245,530,025</u>	<u>252,943,018</u>							
Australia – 0.4%					Germany – 1.1%						
28,600	BHP Billiton Ltd.		926,523	990,433	9,300	Allianz AG Holdings	2,080,539	1,963,295			
28,017	CSL Ltd.		755,600	879,298	13,800	BASF AG	1,494,636	2,012,946			
185,837	Macquarie Airports		603,666	650,203	29,593	Bayer AG	1,781,448	2,663,013			
23,533	Macquarie Group Ltd.		1,690,287	1,540,293	9,700	Deutsche Bank AG	1,451,946	1,238,371			
122,863	Macquarie Infrastructure Group		419,567	321,483	15,174	Deutsche Boerse AG	1,921,562	2,939,747			
24,321	National Australia Bank Ltd.		837,188	792,330	27,200	Deutsche Lufthansa AG	528,128	710,921			
567	Origin Energy Ltd.		4,884	4,338	37,900	Deutsche Telekom AG	758,655	818,137			
61,287	QBE Insurance Group Ltd.		1,219,153	1,763,558	12,671	E.ON AG	1,339,197	2,655,366			
19,100	Suncorp-Metway Ltd.		339,498	279,237	200	Epcos AG	3,666	3,404			
51,100	Zinifex Ltd.		734,552	544,115	7,900	Muenchener Rueckver AG	1,159,397	1,507,282			
			<u>7,530,918</u>	<u>7,765,288</u>	593	Porsche AG Pref	1,166,163	1,179,459			
Austria – 0.0%					Greece – 0.0%						
5,000	Voest Alpine AG		224,833	353,315	11,440	RWE AG	1,149,357	1,582,216			
Belgium – 0.0%					Hong Kong – 0.1%						
30,200	Fortis		1,215,918	777,789	15,096	Siemens AG	2,183,637	2,339,067			
Denmark – 0.0%					Italy – 0.3%						
4,125	Carlsberg A/S Series B		545,949	489,853	13,473	Assicurazione Generali SpA	608,699	596,114			
Finland – 0.3%					Japan – 1.5%						
109,417	Nokia Oyj		2,952,401	4,158,210	31,200	Buzzi Unicem SpA	622,777	845,104			
52,700	Stora Enso Oyj Class R		954,320	763,696	53,200	Eni SpA	1,683,391	1,913,200			
			<u>3,906,721</u>	<u>4,921,906</u>	44,585	Fiat SpA	1,229,605	1,130,996			
France – 1.0%					13,800				Fondiarria-Sai SpA	654,235	562,441
17,400	Air France		906,771	598,832	6,100	Fondiarria-Sai SpA – RNC	220,920	169,286			
16,400	BNP Paribas SA		1,637,867	1,739,974			<u>5,019,627</u>	<u>5,217,141</u>			

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Balanced Fund (continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Japan (cont'd)				United Kingdom (cont'd)			
78,000	Mitsui O.S.K. Lines Ltd.	603,578	980,392	77,300	Aviva PLC	1,066,952	1,011,512
22,400	Namco Bandai Holdings Inc.	364,010	351,013	256,285	BAE Systems PLC	2,246,260	2,472,805
42,000	NGK Insulators Ltd.	735,054	1,121,299	100,797	Barclays PLC	1,123,567	1,005,911
1,800	Nintendo Co. Ltd.	1,041,195	1,081,355	69,109	BG Group PLC	1,458,585	1,567,569
78,500	Nippon Mining Holdings Inc.	559,121	498,971	42,077	Billiton PLC	1,240,854	1,276,866
101,000	Nippon Steel Corporation	565,051	615,430	113,900	BP PLC	1,520,356	1,372,328
228	Nippon Telegraph and Telephone Corporation	1,247,560	1,116,478	50,757	British American Tobacco PLC	1,751,207	1,969,068
43,000	Nippon Yusen Kabushiki Kaisha	419,398	338,759	27,116	Capita Group PLC	420,310	373,557
113,500	Nissan Motor Co. Ltd.	1,316,069	1,215,958	69,300	GlaxoSmithKline PLC	2,079,824	1,732,579
6,150	Orix Corporation	1,513,523	1,017,606	87,280	HBOS PLC	1,669,193	1,246,884
51,000	Sharp Corporation	996,030	904,046	85,000	Home Retail Group PLC	869,342	538,284
163	Sumitomo Mitsui Financial Group Inc.	1,528,530	1,200,128	146,620	International Power PLC	1,014,468	1,296,681
37,700	Tokyo Electric Power Co. Ltd.	1,097,544	966,285	221,600	ITV PLC	518,168	369,060
126,000	Toshiba Corporation	1,059,794	929,682	2,145	Kazakhmys PLC	56,132	57,077
62,000	Tosoh Corporation	386,673	263,278	209,283	Man Group PLC	1,988,612	2,371,647
31,800	Toyota Motor Corporation	1,761,793	1,693,611	34,490	Punch Taverns PLC	561,333	514,348
		<u>32,036,685</u>	<u>30,832,887</u>	26,119	Reckitt Benkiser PLC	1,475,792	1,486,528
				41,168	Rio Tinto PLC	2,932,804	4,249,221
Netherlands – 0.4%				180,215	Royal & Sun Alliance Insurance Group PLC	339,435	520,278
54,378	ING Groep NV	1,614,984	2,094,889	165,642	Royal Bank of Scotland Group PLC	2,210,004	1,467,098
73,520	Koninklijke Ahold NV	1,030,877	1,007,550	12,958	Royal Dutch Shell PLC Class B	541,702	533,926
20,766	ArcelorMittal	781,655	1,570,717	52,252	Standard Chartered PLC	1,715,855	1,869,529
87,472	Royal Dutch Shell PLC Class A	3,509,217	3,629,833	99,896	Tesco PLC	895,239	929,322
21,300	Wolters Kluwer NV	541,014	686,847	46,499	Unilever PLC	1,706,633	1,717,984
		<u>7,477,747</u>	<u>8,989,836</u>	1,467,251	Vodafone Group PLC	4,576,553	5,387,505
Norway – 0.1%				51,210	Xstrata PLC	1,994,664	3,552,637
34,813	Aker Kvaerner ASA	1,148,927	906,793			<u>42,955,501</u>	<u>44,911,244</u>
9,509	Renewable Energy Corporation AS	358,221	469,485		TOTAL FOREIGN EQUITIES	<u>406,023,980</u>	<u>425,606,305</u>
26,275	Statoil ASA	858,449	802,349		TOTAL EQUITIES	<u>1,018,982,059</u>	<u>1,222,814,994</u>
		<u>2,365,597</u>	<u>2,178,627</u>	Currency Options – 0.0%			
Spain – 0.3%				20,000,000	Canadian Dollars Call Option \$0.9200 Feb. 7, 2008	458,340	6,779
11,693	Banco Santander Central Hispano SA	246,404	249,330	10,000,000	Canadian Dollars Call Option \$0.9105 Feb. 7, 2008	234,592	1,601
65,101	Iberdrola Renovables	511,860	530,773	10,000,000	Canadian Dollars Call Options \$0.9212 Feb. 7, 2008	228,871	3,706
19,378	Industria de Diseno Textil SA	1,275,310	1,162,886			<u>921,803</u>	<u>12,086</u>
35,500	Repsol YPF SA	1,139,065	1,249,367	BONDS AND DEBENTURES – 37.4%			
93,680	Telefonica SA	2,263,785	2,988,075	Federal Bonds – 8.5%			
		<u>5,436,424</u>	<u>6,180,431</u>	22,355,000	Canada Housing Trust		
Sweden – 0.1%				4,800	due Jun. 15, 2012	22,723,660	22,927,958
22,000	Nordea Bank AB	363,962	360,880	93,950,000	Canada Housing Trust		
42,600	Svenska Cellulosa AB Class B	722,814	740,791		4.55% due Dec. 15, 2012	94,634,833	95,477,627
119,037	TeliaSonera AB	1,138,925	1,094,698	54,045,000	Government of Canada		
		<u>2,225,701</u>	<u>2,196,369</u>		4.25% due Jun. 1, 2018	<u>54,748,118</u>	<u>55,103,201</u>
Switzerland – 0.6%						<u>172,106,611</u>	<u>173,508,786</u>
95,288	ABB Ltd.	1,471,295	2,712,999	Mortgage-Backed Securities – 3.8%			
6,200	Alcon Inc.	813,463	880,550	9,000,000	Merrill Lynch Financial Assets Inc.		
37,305	Credit Suisse Group	2,163,582	2,215,016		5.44% due Mar. 12, 2036	9,064,420	8,955,810
27,131	Julius Baer Holding AG	2,191,508	2,177,742	14,000,000	Merrill Lynch Financial Assets Inc.		
6,420	Nestle SA	2,358,713	2,904,962		4.83% due Feb. 12, 2039	13,846,873	13,301,540
23,070	Novartis AG	1,402,373	1,241,104	15,000,000	Merrill Lynch Financial Assets Inc.		
5,723	Roche Holdings AG	774,991	973,473		4.98% due Jun. 12, 2039	14,931,211	14,324,400
		<u>11,175,925</u>	<u>13,105,846</u>	14,000,000	Merrill Lynch Financial Assets Inc.		
United Kingdom – 2.2%					4.81% due Oct. 12, 2039	13,807,840	13,193,740
50,149	3i Group PLC	1,309,740	981,909				
27,256	Anglo American PLC	1,805,037	1,627,365				
19,000	Antofagasta PLC	222,056	264,559				
27,100	Astrazeneca PLC	1,644,824	1,147,207				

BALANCED FUNDS

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Balanced Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Mortgage-Backed Securities (cont'd)				Corporate Bonds (cont'd)			
12,000,000	Real Estate Asset Liquidity Trust 4.78% due Mar. 12, 2023	11,999,003	11,355,600	14,000,000	Golden Credit Card Trust 4.25% due Feb. 15, 2011	13,662,180	13,681,153
8,000,000	Schooner Trust 4.36% due Sep. 12, 2020	7,999,920	7,460,080	10,500,000	Great-West Lifeco Inc. 6.67% due Mar. 21, 2033	11,054,545	11,933,379
10,000,000	Schooner Trust 5.19% due Jun. 12, 2022	9,894,900	9,765,400	11,000,000	Greater Toronto Airports Authority 7.10% due Jun. 4, 2031	11,483,170	13,493,040
		<u>81,544,167</u>	<u>78,356,570</u>	14,100,000	Honda Canada Finance Inc. 5.68% due Sep. 26, 2012	14,100,000	14,318,409
Provincial Bonds - 10.4%				12,000,000	HSBC Financial Corporation Ltd. 4.80% due Apr. 13, 2011	12,022,860	11,785,680
20,150,000	Province of British Columbia 4.70% due Dec. 1, 2017	20,084,727	20,550,985	12,000,000	Manulife Financial Corporation 4.67% due Mar. 28, 2013	11,994,540	11,809,080
106,170,000	Province of Ontario 4.30% due Mar. 8, 2017	103,846,652	105,006,375	12,000,000	Morgan Stanley 4.90% due Feb. 23, 2017	11,952,670	10,895,280
67,300,000	Province of Quebec 4.50% due Dec. 1, 2017	66,222,289	67,036,857	12,000,000	NAV Canada 4.71% due Feb. 24, 2016	11,973,360	11,893,800
12,465,000	Quebec Hydro 11.00% due Aug. 15, 2020	19,608,692	19,974,698	8,500,000	Renaissance Energy Ltd. 6.95% due Jul. 14, 2009	8,486,060	8,741,910
		<u>209,762,360</u>	<u>212,568,915</u>	13,400,000	Royal Bank of Canada 4.97% due Jun. 5, 2014	13,394,506	13,319,600
Corporate Bonds - 14.7%				13,000,000	Sun Life Financial Services Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	13,016,660	12,736,706
2,000,000	Bank of America Corporation 5.45% due Sep. 17, 2014	1,998,160	1,996,240	12,000,000	Toronto-Dominion Bank (callable) 4.78% due Dec. 14, 2105-(2016)	11,783,320	11,208,120
12,000,000	Bank of America Corporation (callable) 4.81% due Jun. 1, 2016-(2011)	11,853,840	11,815,443	13,000,000	Toyota Credit Canada Inc. 5.05% due Jul. 27, 2012	12,993,240	13,113,360
11,000,000	Bank of Montreal 4.55% due Aug. 1, 2017	10,723,930	10,273,230	10,000,000	Wells Fargo Financial Canada Corporation 4.38% due Jun. 30, 2015	9,964,621	9,453,900
5,000,000	Brascan Power Corporation 4.65% due Dec. 16, 2009	4,998,250	4,945,250			<u>303,275,056</u>	<u>301,676,024</u>
12,800,000	Canadian Imperial Bank of Commerce 5.00% due Sep. 10, 2012	12,775,424	12,617,216			<u>766,688,194</u>	<u>766,110,295</u>
5,000,000	Canadian Natural Resources Ltd. 5.50% due Dec. 17, 2010	4,997,550	5,028,770		TOTAL BONDS AND DEBENTURES		
10,000,000	Canadian Natural Resources Ltd. 4.50% due Jan. 23, 2013	9,824,100	9,578,700		SHORT-TERM NOTES - 3.2%		
9,000,000	Canadian Utilities Ltd. 4.80% due Nov. 22, 2021	9,024,240	8,625,240	62,565,000	Government of Canada Treasury Bills 3.68% to 3.87% due from Jan. 10, 2008 to Apr. 3, 2008	62,018,968	62,154,249
12,000,000	Caterpillar Financial Services Ltd. 4.94% due Jun. 1, 2012	11,987,190	11,868,240	2,390,000	Canadian Wheat Board Commercial Paper (US) 3.89% due Jan. 15, 2008	2,407,799	2,358,234
12,000,000	Citigroup Inc. (callable) 4.65% due Oct. 11, 2022-(2017)	11,770,440	10,589,901	500,000	Export Development Corporation Commercial Paper (US) 3.90% due Jan. 28, 2008	491,708	492,660
11,000,000	EnCana Corporation 4.30% due Mar. 12, 2012	10,945,830	10,776,693		TOTAL SHORT-TERM NOTES	64,918,475	65,005,143
7,820,000	General Electric Capital Canada Funding Company 5.53% due Aug. 17, 2017	7,816,403	8,000,548		TOTAL INVESTMENT PORTFOLIO	1,851,510,531	2,053,942,518
14,680,000	General Electric Capital Canada Funding Company 5.73% due Oct. 22, 2037	14,720,832	15,434,896		OTHER ASSETS, LESS LIABILITIES - (0.2%)		(4,783,615)
12,000,000	Genesis Trust 4.00% due Mar. 15, 2010	11,957,135	11,742,240		TOTAL NET ASSETS - 100.0%		<u>2,049,158,903</u>

COMMITMENTS - FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar. 17, 2008	Canadian Dollar	1,300,407	Hong Kong Dollar	10,058,000	1,266,937	33,470
Mar. 17, 2008	Canadian Dollar	8,809,989	Swiss Franc	9,913,000	8,587,740	222,249
					<u>9,854,677</u>	<u>255,719</u>

The currency forward contracts outstanding at December 31, 2007 are placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia Canadian Balanced Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$2,053,942,518	\$1,826,396,122
Cash	2,170,701	6,352,940
Accrued investment income	8,527,682	5,746,125
Receivable for securities sold	175,290	512,089
Subscriptions receivable	3,011,674	78,885
Receivable from futures contracts	—	2,853,810
Receivable from currency forward contracts	255,719	144,519
	<u>2,068,083,584</u>	<u>1,842,084,490</u>
LIABILITIES		
Payable for securities purchased	14,102,623	640,951
Distributions payable	638	672
Redemptions payable	1,299,122	88,818
Accrued expenses	3,522,298	2,919,322
	<u>18,924,681</u>	<u>3,649,763</u>
Net assets	<u>\$2,049,158,903</u>	<u>\$1,838,434,727</u>
NET ASSETS PER CLASS		
Class A Units	\$2,049,096,661	\$1,838,373,876
Class F Units	\$ 62,242	\$ 60,851
UNITS OUTSTANDING		
Class A Units	93,704,784	82,176,820
Class F Units	2,895	2,767
NET ASSETS PER UNIT		
Class A Units	\$ 21.87	\$ 22.37
Class F Units	\$ 21.50	\$ 21.99

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 18,617,247	\$ 19,152,502
Interest	42,188,352	35,923,221
Securities lending	308,449	310,258
Foreign withholding taxes	(1,136,461)	(1,159,039)
	<u>59,977,587</u>	<u>54,226,942</u>
EXPENSES		
Management fees (note 4)	34,670,022	29,026,942
Audit fees	33,931	26,325
Directors'/Trustee fees	22,511	2,755
Custodian fees	297,440	348,302
Filing fees	79,409	69,881
Legal fees	29,809	46,928
Unitholder reporting	298,554	428,722
Unitholder administration, service fees and GST	3,929,908	3,749,334
	<u>39,361,584</u>	<u>33,699,189</u>
Absorbed expenses	(5,344)	(25,205)
	<u>39,356,240</u>	<u>33,673,984</u>
Net investment income (loss)	<u>20,621,347</u>	<u>20,552,958</u>
Net realized gain (loss) on investments sold	96,355,480	79,920,457
Net realized gain (loss) on foreign exchange	(5,785,878)	1,128,561
Transaction costs	(1,774,227)	—
Change in unrealized appreciation (depreciation) of investments	(82,973,318)	54,174,568
Change in unrealized appreciation (depreciation) of currency forward	111,200	349,137
Net gain (loss) on investments and transaction costs	<u>5,933,257</u>	<u>135,572,723</u>
Increase (decrease) in net assets from operations	<u>\$ 26,554,604</u>	<u>\$ 156,125,681</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 26,553,174	\$ 156,118,718
Class F Units	\$ 1,430	\$ 6,963
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.30	\$ 1.99
Class F Units	\$ 0.51	\$ 1.82

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$1,838,373,876	\$1,521,827,869
New accounting policy adjustment (note 2)	(1,149,468)	—
Class A Units – GAAP net assets beginning of period	<u>1,837,224,408</u>	<u>1,521,827,869</u>
Class F Units Pricing net asset value beginning of period		
Class F Units Pricing net asset value beginning of period	60,851	110,251
New accounting policy adjustment (note 2)	(38)	—
Class F Units – GAAP net assets beginning of period	<u>60,813</u>	<u>110,251</u>
Total net assets – beginning of period	<u>1,837,285,221</u>	<u>1,521,938,120</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	26,553,174	156,118,718
Class F Units	1,430	6,963
	<u>26,554,604</u>	<u>156,125,681</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(22,608,971)	(17,238,816)
Class F Units	(1,254)	(1,335)
From realized gain		
Class A Units	(49,679,005)	—
Class F Units	(1,512)	—
	<u>(72,290,742)</u>	<u>(17,240,151)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	480,375,204	423,723,625
Class F Units	—	2,277
Reinvested distributions		
Class A Units	72,096,599	17,177,896
Class F Units	2,765	1,335
Payments on redemption		
Class A Units	(294,864,748)	(263,235,416)
Class F Units	—	(58,640)
	<u>257,609,820</u>	<u>177,611,077</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	211,872,253	316,546,007
Class F Units	1,429	(49,400)
	<u>211,873,682</u>	<u>316,496,607</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	2,049,096,661	1,838,373,876
Class F Units	62,242	60,851
	<u>\$2,049,158,903</u>	<u>\$1,838,434,727</u>

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 68.8%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 46.5%				CANADIAN EQUITIES (cont'd)			
Energy – 13.5%				Information Technology – 0.9%			
104,040	Canadian Natural Resources Ltd.	5,114,693	7,547,062	37,400	Research in Motion Ltd.	2,494,072	4,209,744
141,900	CHC Helicopter Corporation Class A	3,277,150	3,575,880	215,300	Zarlink Semiconductor Inc.	992,748	159,322
168,300	EnCana Corporation	8,530,547	11,360,250			<u>3,486,820</u>	<u>4,369,066</u>
236,100	Nexen Inc.	7,594,815	7,569,366				
27,800	Imperial Oil Ltd.	1,472,315	1,517,324	Telecommunication Services – 1.0%			
173,800	Petro-Canada	7,318,180	9,254,850	50,841	BCE Inc.	1,697,247	2,013,304
63,800	Savanna Energy Services Corporation	1,164,020	1,020,800	3,491	Bell Aliant Regional Communications	141,923	102,740
102,800	Suncor Energy Inc.	7,076,590	11,093,148	55,600	Telus Corporation Non-Voting	1,912,669	2,664,908
365,900	Talisman Energy Inc.	6,087,860	6,717,924			<u>3,751,839</u>	<u>4,780,952</u>
100,200	Trican Well Service Ltd.	2,147,578	1,922,838	Income Trust Units – 0.6%			
		<u>49,783,748</u>	<u>61,579,442</u>	57,300	CI Financial Income Fund	1,586,552	1,600,962
				41,400	Penn West Energy Trust	951,232	1,068,534
Materials – 8.8%						<u>2,537,784</u>	<u>2,669,496</u>
45,000	Agnico-Eagle Mines Ltd.	1,885,048	2,445,300	TOTAL CANADIAN EQUITIES			
77,100	Agrium Inc.	2,864,084	5,525,754			<u>184,355,976</u>	<u>212,793,073</u>
86,900	Barrick Gold Corporation	2,533,057	3,621,123	FOREIGN EQUITIES – 22.3%			
37,800	Cameco Corporation	1,559,740	1,495,746	United States – 11.0%			
113,100	Cascades Inc.	1,337,657	953,433	2,000	3M Company	184,045	166,690
97,400	Domtar Corporation	1,351,656	739,266	3,900	Abbott Laboratories	224,398	215,900
164,500	Gerdau AmeriSteel Corporation	1,623,816	2,319,450	3,000	Accenture Ltd. Class A	122,011	106,844
104,400	Goldcorp Inc.	2,898,297	3,523,500	19,900	Accuride Corporation	266,823	154,568
47,400	Harry Winston Diamond Corporation	2,046,515	1,538,130	8,800	Aetna Inc.	463,319	500,725
151,100	Lundin Mining Corporation	1,948,248	1,435,450	1,400	AFLAC Inc.	85,600	86,440
78,200	Nova Chemicals Corporation	3,115,209	2,514,912	9,200	Alberto-Culver Company	242,445	222,922
34,100	Potash Corporation of Saskatchewan Inc.	3,141,434	4,879,369	7,200	Altria Group Inc.	524,050	537,328
58,600	Russel Metals Inc.	1,389,323	1,491,370	2,000	Amazon.com Inc.	161,551	183,074
208,600	Sherritt International Corporation	2,178,299	2,753,520	5,200	AmerisourceBergen Corporation	227,728	230,263
85,000	Teck Cominco Ltd. Class B	3,404,683	3,011,550	8,000	Amgen Inc.	442,338	366,662
145,500	Yamana Gold Inc.	1,801,004	1,863,855	8,900	Amkor Technology Inc.	119,242	74,582
		<u>35,078,070</u>	<u>40,111,728</u>	5,200	Aon Corporation	230,270	244,651
Industrials – 3.1%				4,000	Apache Corporation	370,650	424,373
182,800	Allen-Vanguard Corporation	1,583,365	972,496	3,000	Apollo Group Inc. Class A	213,554	206,959
340,900	Bombardier Inc. Class B	1,855,334	2,031,764	4,500	Apple Computer Inc.	611,193	880,843
105,900	CAE Inc.	1,220,939	1,403,175	3,000	Applied Materials Inc.	65,124	52,533
122,400	Canadian National Railway Company	5,712,328	5,709,960	13,700	Apria Healthcare Group Inc.	431,036	292,428
59,500	Canadian Pacific Railway Ltd.	3,390,705	3,821,090	6,200	Asbury Automotive Group	186,881	93,821
99,600	Westaim Corporation	430,207	26,892	3,825	AT&T Inc.	126,840	156,865
		<u>14,192,878</u>	<u>13,965,377</u>	6,900	Avnet Inc.	300,053	238,446
Consumer Discretionary – 3.9%				12,156	Bank of America Corporation	675,336	494,317
25,100	Canadian Tire Corporation Ltd. Class A	1,892,677	1,856,647	3,500	BB&T Corporation	125,873	106,078
7,990	Magna International Inc. Class A	822,231	638,002	4,600	Biogen Idec Inc.	300,800	258,743
184,100	Rogers Communications Inc. Class B	5,507,266	8,282,659	12,000	Bristol-Myers Squibb Company	360,864	314,485
171,600	Rona Inc.	3,628,402	2,924,064	25,800	Cambrex Corporation	316,160	214,928
103,800	Thomson Corporation	4,670,241	4,181,064	3,500	Cardinal Health Inc.	203,320	199,567
		<u>16,520,817</u>	<u>17,882,436</u>	5,500	Caterpillar Inc.	404,569	393,991
Consumer Staples – 0.9%				6,600	CBS Corporation Class B	199,079	177,402
93,800	Alimentation Couche-Tard Inc. Class B	2,251,637	1,699,656	3,000	CF Industries Holdings Inc.	157,068	325,869
118,600	Maple Leaf Foods Inc.	1,571,651	1,758,838	2,500	Charles River Laboratories Inc.	139,096	162,337
33,712	Metro Inc. Class A	1,033,989	886,626	12,070	Chevron Corporation	956,201	1,111,055
		<u>4,857,277</u>	<u>4,345,120</u>	7,200	Chubb Corporation	376,346	388,339
Financials – 13.8%				6,800	CIGNA Corporation	371,418	360,314
58,900	Bank of Montreal	2,625,061	3,313,125	20,900	Cisco Systems Inc.	566,233	559,085
71,000	Brookfield Asset Management Inc. Class A	2,483,284	2,516,240	729	Citadel Broadcasting Corporation	4,578	1,477
142,760	Canadian Imperial Bank of Commerce	11,600,296	10,068,863	1,900	Clear Channel Communications Inc.	77,318	64,814
41,600	Franco-Nevada Corporation	630,370	626,080	6,000	Computer Sciences Corporation	356,426	292,666
324,300	Manulife Financial Corporation	10,207,951	13,117,935	17,800	ConAgra Foods Inc.	515,624	418,114
304,800	Royal Bank of Canada	12,250,880	15,450,312	6,000	ConocoPhillips	511,716	523,252
33,900	Sun Life Financial Services of Canada Inc.	1,763,110	1,884,501	2,400	Convergys Corporation	71,772	38,967
232,000	Toronto-Dominion Bank	12,585,791	16,112,400	6,200	Coventry Health Care Inc.	342,386	362,648
		<u>54,146,743</u>	<u>63,089,456</u>	2,700	Cummins Inc.	311,556	339,975
				3,100	Deere & Company	277,041	284,960
				15,600	Dell Inc.	472,565	377,845
				9,900	Deluxe Corporation	414,261	321,867
				3,900	Devon Energy Corporation	331,939	342,195
				8,800	Directv Group Inc.	210,843	200,968

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United States (cont'd)				United States (cont'd)			
2,200	Discovery Holding Company	58,766	54,329	10,400	PartnerRe Ltd.	822,715	846,643
4,300	Dow Chemical Company	171,998	167,039	3,800	PepsiCo Inc.	293,627	284,454
3,200	Dresser-Rand Group Inc.	122,168	123,264	2,100	Perini Corporation	118,054	85,935
2,500	DST Systems Inc.	209,139	203,816	43,000	Pfizer Inc.	1,310,861	964,583
1,000	DTE Energy Company	56,232	43,451	1,600	Pharmanet Development Group	53,615	61,205
21,800	Duke Energy Corporation	399,324	434,087	4,600	Procter & Gamble Company	318,155	333,020
3,600	Eaton Corporation	332,582	345,151	1,700	Public Service Enterprise Group Inc.	168,530	164,836
12,700	eBay Inc.	458,125	415,661	7,600	RadioShack Corporation	177,593	126,399
1,800	Edison International	104,386	94,861	4,400	Raytheon Company	274,384	263,494
4,300	Electronic Data Systems Corporation	96,204	88,087	700	Rent-A-Center Inc.	19,561	10,044
5,800	EMC Corporation	127,169	105,977	19,300	Schering-Plough Corporation	584,506	506,941
6,800	Emerson Electric Company	387,136	380,137	4,500	Schlumberger Ltd.	454,149	436,508
2,300	Energizer Holdings Inc.	256,136	254,742	5,800	Sinclair Broadcast Group Class A	104,135	46,942
5,400	EPIQ Systems Inc.	102,147	92,905	1,500	Southern Peru Copper Corporation	105,150	155,879
2,400	Expedia Inc.	66,931	74,874	15,800	Sprint Nextel Corporation	272,245	205,162
3,800	Express Scripts Inc.	216,205	273,676	4,500	Stone Energy Corporation	199,229	209,004
26,600	Exxon Mobil Corporation	2,113,103	2,463,012	9,000	Telephone And Data Systems Inc.	601,827	556,752
17,700	Fiserv Inc.	929,221	969,010	4,900	Terra Industries Inc.	136,022	230,682
700	Forest Laboratories Inc.	40,115	25,159	2,200	The Dun & Bradstreet Corporation	202,543	192,707
7,200	Gannett Company Inc.	341,932	277,700	6,700	Time Warner Inc.	146,303	109,047
1,600	General Dynamics Corporation	137,412	140,593	349	Transocean Inc.	39,762	49,339
32,900	General Electric Company	1,341,515	1,202,287	18,900	Travelers Companies Inc.	1,019,564	1,003,889
1,900	General Motors Corporation	72,705	46,733	2,000	Tyco Electronics Ltd.	66,552	73,265
10,200	Genuine Parts Company	520,916	466,789	4,200	U.S. Bancorp	129,205	131,486
2,500	Goldman Sachs Group Inc.	553,384	530,417	1,200	Union Pacific Corporation	159,591	148,965
800	Google Inc.	540,748	546,475	16,700	United Online Inc.	251,662	194,900
11,900	Graftech International Ltd.	195,674	208,380	5,500	United Parcel Service Inc. Class B	406,746	383,936
6,200	Halliburton Company	232,804	232,269	5,500	United Technologies Corporation	427,347	415,296
2,800	Hewitt Associates Inc. Class A	108,060	105,836	5,900	UnitedHealth Group Inc.	307,921	339,270
22,800	Hewlett-Packard Company	832,886	1,136,237	800	Universal Corporation	40,625	40,500
3,200	Honeywell International Inc.	196,126	194,510	3,000	Valero Energy Corporation	197,052	207,255
7,600	IAC/InterActive Corporation	208,524	201,577	900	Varian Inc.	58,721	58,077
8,800	Ingram Micro Inc. Class A	187,860	156,792	17,200	Verizon Communications Inc.	708,703	741,751
2,700	Innospec Inc.	87,173	45,679	7,100	Wal-Mart Stores Inc.	315,840	333,271
33,200	Intel Corporation	807,526	874,340	7,300	Walt Disney Company	252,555	232,575
9,900	International Business Machines Corporation	1,030,246	1,055,704	7,600	WellPoint Inc.	653,820	658,581
25,500	International Paper Company	887,733	815,948	11,900	Wells Fargo & Company	459,571	354,081
4,300	Invitrogen Corporation	365,399	395,479	3,300	Wyndham Worldwide Corporation	115,803	76,733
2,100	Johnson & Johnson	144,112	138,231	19,000	Xerox Corporation	343,145	303,417
22,600	JPMorgan Chase & Company	1,076,123	972,840			<u>51,012,029</u>	<u>50,025,176</u>
3,500	KBR Inc.	132,781	134,025				
10,907	Kraft Foods Inc. Class A	378,220	351,157	Australia - 0.4%			
28,000	Kroger Company	796,489	738,502	5,696	BHP Billiton Ltd.	220,682	197,256
2,700	Lexmark International Inc.	98,378	92,905	27,034	BlueScope Steel Ltd.	256,739	224,841
4,200	Lockheed Martin Corporation	442,281	437,125	16,130	Boral Ltd.	99,209	85,293
5,800	Marathon Oil Corporation	303,757	348,250	3,195	Onesteel Ltd.	19,364	16,966
4,700	Masco Corporation	102,448	100,136	278,108	Telstra Corporation Ltd.	1,035,430	1,054,597
700	Mastercard Inc. Class A	145,776	149,271	28,632	Zinifex Ltd.	378,582	304,875
7,250	McDonald's Corporation	391,391	421,485			<u>2,010,006</u>	<u>1,883,828</u>
7,600	Medco Health Solutions Inc.	662,066	760,120	Austria - 0.1%			
10,800	Merck & Company Inc.	531,553	620,076	3,428	RHI AG	194,258	138,673
4,300	MetLife Inc.	281,315	261,330	6,060	Voest Alpine AG	252,064	428,218
31,600	Microsoft Corporation	993,176	1,108,564			<u>446,322</u>	<u>566,891</u>
4,100	Morgan Stanley	273,943	214,736	Belgium - 0.3%			
9,400	MVC Capital Inc.	153,655	150,205	444	Bekaert NV	67,630	59,016
4,600	Nash-Finch Company	229,950	159,691	8,929	Belgacom SA	337,865	432,281
3,900	National Oilwell Varco Inc.	246,689	282,613	1,559	Compagnie Maritime Belge SA	120,901	132,179
2,400	Nike Inc. Class B	158,935	152,167	650	Delhaize Group	60,977	56,096
10,200	Northrop Grumman Corporation	812,045	792,764	4,966	Solvay SA	869,796	682,577
2,500	Occidental Petroleum Corporation	179,471	189,809			<u>1,457,169</u>	<u>1,362,149</u>
3,800	Olin Corporation	73,461	72,625	Bermuda - 0.2%			
7,900	ON Semiconductor Corporation	97,278	69,168	1,700	Arch Capital Group Ltd.	115,124	118,184
2,400	Overseas Shipholding Group Inc.	159,651	176,050	11,800	Aspen Insurance Holdings Ltd.	324,621	336,413
3,100	Paccar Inc.	161,842	166,865				
1,500	Parker Hannifin Corporation	122,605	111,484				

BALANCED FUNDS

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Bermuda (cont'd)				Japan (cont'd)			
400	Foster Wheeler Ltd.	54,197	61,276	31,000	Kyowa Hakko Kogyo Co. Ltd.	303,958	326,831
5,600	Golar Lng Ltd.	117,922	121,802	45,000	Mitsubishi Electric Corporation	458,204	459,858
6,500	Orient Overseas International Ltd.	66,013	47,151	62,000	Mitsubishi Heavy Industries Ltd.	346,036	262,533
15	Ship Finance International Ltd.	460	410	21,000	Mitsui Chemicals Inc.	182,870	136,008
3,700	XL Capital Ltd. Class A	223,137	183,512	2,000	NEC Corporation	11,896	9,142
		901,474	868,748	13,000	Nishimatsu Construction Co., Ltd.	44,683	35,694
				78,000	Nisshin Steel Co. Ltd.	387,056	270,137
Cayman Islands - 0.1%				Netherlands - 0.3%			
9,100	Fresh Del Monte Produce Inc.	274,197	302,062	3,571	ArcelorMittal	184,226	270,107
Finland - 0.1%				European Aeronautic Defence & Space Company			
15,822	Tietoator Oyj	362,146	348,063	25,585	European Aeronautic Defence & Space Company	909,024	801,651
France - 0.7%				James Hardie Industries NV			
27,303	Air France	1,372,594	939,650	3,576	James Hardie Industries NV	22,845	19,893
273	Casino Guichard-Perrachon SA Pref.	26,064	25,315	2,325	Koninklijke Ahold NV	33,117	31,863
49,609	France Telecom SA	1,589,444	1,757,141	7,276	Koninklijke DSM NV	343,130	335,742
8,081	PSA Peugeot SA	602,339	599,622	1,479	Unilever NV	51,862	53,445
		3,590,441	3,321,728			1,544,204	1,512,701
Germany - 2.2%				New Zealand - 0.1%			
18,393	Altana AG	485,296	438,959	21,792	Fletcher Building Ltd.	228,587	189,793
9,398	BASF AG	1,134,888	1,370,846	35,991	Telecom Corporation of New Zealand Ltd.	176,807	204,605
9,571	Deutsche Telekom AG	210,014	206,606			405,394	394,398
9,604	E.ON AG	1,660,838	2,012,638	Norway - 0.1%			
5,281	Heidelberger Druckmaschinen AG	159,459	175,274	144	Frontline Ltd.	8,003	6,777
11,634	RWE AG	1,466,589	1,589,887	30,400	Norsk Hydro ASA	426,145	427,976
7,274	Salzgitter AG	1,112,592	1,056,988	26,300	Norske Skogindustrier ASA	229,971	212,595
30,017	Thyssenkrupp AG	1,373,040	1,653,503			664,119	647,348
9,435	Volkswagen AG Non-voting	766,522	1,343,084	Portugal - 0.0%			
276	Wacker Chemie AG	76,293	78,132	8,531	Jeronimo Martins	69,514	66,050
		8,445,531	9,925,917	Singapore - 0.7%			
Greece - 0.0%				Allgreen Properties Ltd.			
21,540	Technical Olympic SA	132,440	28,449	39,000	Allgreen Properties Ltd.	54,127	39,344
Hong Kong - 0.4%				Haw Par Corporation Ltd.			
61,000	Cheung Kong Infrastructure	237,036	224,345	1,000	Haw Par Corporation Ltd.	5,538	4,830
79,000	CLP Holdings Ltd.	582,110	530,708	126,000	Keppel Corporation Ltd.	920,680	1,115,924
1,000	Henderson Land Development Company Ltd.	6,428	9,159	71,000	Neptune Orient Lines Ltd.	151,038	189,077
122,000	Hong Kong & China Gas Company Ltd.	362,014	367,440	131,000	Sembcorp Industries Ltd.	378,894	517,736
6,000	Hong Kong Exchanges & Clearing Ltd.	183,872	166,725	53,200	Singapore Airlines Ltd.	728,033	630,004
67,000	Hongkong Electric Holdings Ltd.	373,502	379,395	8,000	Singapore Petroleum Co. Ltd.	26,962	41,274
1,788,000	Solomon Systech International Ltd.	388,272	148,613	13,000	Singapore Press Holdings Ltd.	47,175	40,101
		2,133,234	1,826,385	182,000	Singapore Telecommunications Ltd.	462,050	494,135
Italy - 0.7%				Spain - 0.3%			
144,456	Enel SpA	1,692,125	1,682,833	6,849	Agua de Barcelona	224,939	271,692
2,595	Eni SpA	107,118	93,322	2,576	Endesa SA	67,724	134,487
34,604	Finmeccanica SpA	997,714	1,082,546	11,463	Gas Natural SDG SA	724,671	658,912
81,138	Terna-Rete Elettrica Nazionale SpA	308,842	321,229	4,139	Iberdrola SA	69,811	63,774
		3,105,799	3,179,930	21,504	Iberia Lineas Aer de Espana SA	94,226	91,873
Japan - 1.3%				Sweden - 0.0%			
41,000	Asahi Kasei Corporation	283,905	270,417	100	SAS AB	2,480	1,257
4,000	Astellas Pharma Inc.	184,170	172,670	100	Volvo AB Series B	2,006	1,639
10,200	Daiichi Sankyo Co. Ltd.	326,086	310,080			4,486	2,896
4,000	Denki Kagaku Kogyo Kabushiki Kaisha	19,427	17,088	Switzerland - 0.0%			
24,500	Fuji Photo Film Company Ltd.	1,145,693	1,027,566	United Kingdom - 0.0%			
43,000	Fujikura Ltd.	282,487	216,936	United States - 0.0%			
900	Glory Ltd.	19,986	19,844	United States - 0.0%			
81	Goodwill Group Inc./The	19,079	10,254	United States - 0.0%			
12,000	Hino Motors Ltd.	84,340	76,991	United States - 0.0%			
3,000	Hitachi Cable Ltd.	20,458	17,452	United States - 0.0%			
18,000	Itochu Corporation	205,212	173,064	United States - 0.0%			
14,900	JFE Holdings Inc.	870,471	742,912	United States - 0.0%			
2,300	Katokichi Co. Ltd.	16,393	14,240	United States - 0.0%			
3,000	Komori Corporation	66,893	66,253	United States - 0.0%			

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares/ Face		Average	Fair	Face		Average	Fair
Value (\$)	Issuer	Cost (\$)	Value (\$)	Value (\$)	Issuer	Cost (\$)	Value (\$)
EQUITIES (cont'd)				BONDS AND DEBENTURES (cont'd)			
FOREIGN EQUITIES (cont'd)				Mortgage-Backed Securities - 1.1%			
Switzerland - 0.0%				2,090,000 Claregold Trust			
4,044	CIBA Specialty Chemicals AG	184,462	183,879		5.07% due Jun. 15, 2044	2,036,430	2,056,936
2,006	Micronas Semiconductor	47,941	19,507	1,164,000	Mansfield Trust		
					6.57% due Nov. 15, 2025	1,082,726	1,190,656
		<u>232,403</u>	<u>203,386</u>	699,000	Real Estate Asset Liquidity Trust		
United Kingdom - 3.3%				901,000	5.20% due Mar. 12, 2046	684,074	696,087
13,499	3i Group PLC	281,353	264,308		Schooner Trust		
2,658	Amec PLC	34,237	43,437		3.97% due Sep. 12, 2020	<u>783,977</u>	<u>862,789</u>
1,472	Anglo American PLC	96,468	87,888			<u>4,587,207</u>	<u>4,806,468</u>
55,927	BAE Systems PLC	510,519	539,620	Municipal Bonds - 0.1%			
7,351	Barclays PLC	122,339	73,360	447,256	Toronto Hospital		
328	Berkeley Group Holdings	9,440	8,755		5.64% due Dec. 8, 2022	<u>436,275</u>	<u>471,917</u>
13,633	Billiton PLC	477,248	413,706	Provincial Bonds - 6.0%			
12,612	Bovis Homes Group PLC	200,436	150,891	543,000	Hydro-Quebec		
75,935	BP PLC	915,849	914,905		6.50% due Feb. 15, 2035	619,627	687,585
131,045	British Airways PLC	1,473,531	788,464	94,000	Newfoundland & Labrador Hydro		
81,291	British Energy PLC	861,932	869,254		6.65% due Aug. 27, 2031	118,490	120,355
3,421	British Land Company PLC	75,830	62,823	185,000	Ontario Hydro		
38,646	Brixton PLC	292,404	221,443		8.25% due Jun. 22, 2026	273,893	267,790
282,111	BT Group PLC	1,415,416	1,499,793	3,198,000	Province of British Columbia		
35,427	Cable & Wireless PLC	126,393	128,788		4.70% due Dec. 18, 2012	3,189,529	3,256,875
101,770	Centrica PLC	728,580	712,536	1,593,000	Province of British Columbia		
10,919	Cookson Group PLC	178,469	150,140		8.50% due Aug. 23, 2013	1,978,158	1,922,990
52,962	GKN PLC	361,833	290,644	388,000	Province of British Columbia		
11,056	Hammerson PLC	398,254	221,560		5.70% due Jun. 18, 2029	429,140	446,666
28,925	HBOS PLC	697,014	413,223	453,000	Province of British Columbia		
30,643	Invensys PLC	202,713	134,614		4.70% due Jun. 18, 2037	457,447	462,767
35,581	Mondi PLC	339,491	294,081	62,000	Province of New Brunswick		
29,738	National Grid PLC	499,380	484,386		4.65% due Sep. 26, 2035	63,164	62,053
214,575	Partygaming PLC	152,183	121,104	227,000	Province of New Brunswick		
15,907	Persimmon PLC	320,790	249,568		4.55% due Mar. 26, 2037	226,122	223,484
1,571	Rio Tinto PLC	138,912	162,153	499,000	Province of Newfoundland		
50,863	Rolls-Royce Group B Share Entitlement	90	-		5.70% due Oct. 17, 2035	519,691	578,094
1,259	Rolls-Royce Group PLC	11,715	13,407	182,000	Province of Newfoundland		
58,836	Royal Bank of Scotland Group PLC	896,536	521,113		4.50% due Apr. 17, 2037	180,873	176,879
20,863	Royal Dutch Shell PLC Class A	866,873	865,902	410,000	Province of Nova Scotia		
43,807	Royal Dutch Shell PLC Class B	1,781,919	1,805,035		6.60% due Dec. 1, 2031	465,484	525,813
27,556	Sainsbury (J) PLC	194,614	228,480	2,056,000	Province of Ontario		
4,126	Stagecoach Group PLC	16,231	22,790		4.40% due Dec. 2, 2011	2,054,047	2,068,476
7,786	Tate & Lyle PLC	66,877	67,316	655,000	Province of Ontario		
114,065	Taylor Wimpey PLC	987,125	449,198		Stripped Coupon due Jun. 2, 2012	528,159	540,146
820	Travis Perkins PLC	31,970	19,229	865,000	Province of Ontario		
47,779	Vodafone Group PLC ADR	1,506,618	1,757,352		Stripped Coupon due Dec. 2, 2012	700,408	697,562
		<u>17,271,582</u>	<u>15,051,266</u>	1,705,000	Province of Ontario		
	TOTAL FOREIGN EQUITIES	<u>104,745,463</u>	<u>101,594,550</u>		5.38% due Dec. 2, 2012	1,755,367	1,788,204
	TOTAL EQUITIES	<u>289,101,439</u>	<u>314,387,623</u>	878,000	Province of Ontario		
BONDS AND DEBENTURES - 29.0%				1,239,000	Stripped Coupon due Jun. 2, 2013	694,849	691,969
Federal Bonds - 6.5%				1,001,000	Province of Ontario		
13,732,000	Canada Housing Trust				Stripped Coupon due Jun. 2, 2025	537,503	545,309
	4.55% due Dec. 15, 2012	13,934,838	13,955,282	1,156,000	Province of Ontario		
1,200,000	Canada Housing Trust				Stripped Coupon due Dec. 2, 2025	424,604	430,300
	4.55% due Dec. 15, 2012	1,221,072	1,219,512	776,000	Province of Ontario		
2,212,000	Government of Canada				Stripped Coupon due Jun. 2, 2026	481,370	485,358
	Stripped Coupon due Mar. 15, 2014	1,660,924	1,737,349	1,081,000	Province of Ontario		
11,558,000	Government of Canada				5.85% due Mar. 8, 2033	832,663	916,340
	4.00% due Jun. 1, 2017	11,523,916	11,566,091	879,000	Province of Ontario		
1,106,000	Government of Canada				5.60% due Jun. 2, 2035	1,188,068	1,245,604
	Stripped Coupon due Jun. 1, 2012	899,156	932,082	153,000	Province of Ontario		
		<u>29,239,906</u>	<u>29,410,316</u>		4.70% due Jun. 2, 2037	848,097	890,779
				112,000	Province of Prince Edward Island		
					5.60% due Feb. 21, 2034	174,080	173,536
					Province of Prince Edward Island		
					5.70% due Jun. 15, 2035	111,898	129,263

BALANCED FUNDS

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Provincial Bonds (cont'd)				Corporate Bonds (cont'd)			
1,719,000	Province of Quebec Stripped Coupon due Jun. 1, 2013	1,313,025	1,353,523	173,788	Data Centres Trust Series A 7.23% due Sep. 10, 2014	191,661	181,938
2,351,000	Province of Quebec 5.25% due Oct. 1, 2013	2,435,260	2,456,285	181,000	Enterprise Rent A Car Canada Finance Ltd. 5.70% due Feb. 26, 2021	178,073	169,029
1,507,000	Province of Quebec 6.25% due Jun. 1, 2032	1,658,270	1,833,974	1,330,000	ERAC Canada Finance Ltd. 5.38% due Feb. 26, 2016	1,287,697	1,260,561
1,616,000	Province of Quebec 5.00% due Dec. 1, 2038	1,598,295	1,684,369	950,000	General Electric Capital Canada Funding Company 4.55% due Jan. 17, 2017	896,772	904,989
216,000	Province of Saskatchewan 6.10% due Jan. 25, 2030	216,592	264,714	1,589,000	General Electric Capital Canada Funding Company 5.73% due Oct. 22, 2037	1,618,178	1,670,712
264,000	Province of Saskatchewan 6.40% due Sep. 5, 2031	320,588	331,893	1,000,000	General Motors Acceptance Corporation of Canada Ltd. 5.60% due Jan. 18, 2010	905,900	880,550
		<u>26,394,761</u>	<u>27,258,955</u>	2,318,000	Goldman Sachs Group Inc. (callable) 5.20% due Apr. 19, 2022-(2017)	2,211,464	2,188,911
Corporate Bonds - 15.3%				76,000	Greater Toronto Airports Authority 4.85% due Jun. 1, 2017	74,235	74,291
1,020,000	African Development Bank 4.85% due Jul. 24, 2012	1,018,654	1,040,394	768,000	Greater Toronto Airports Authority 7.05% due Jun. 12, 2030	796,394	932,896
729,000	AltaLink LP 5.02% due Nov. 21, 2012	729,000	714,398	99,000	Greater Toronto Airports Authority 7.10% due Jun. 4, 2031	104,694	121,437
379,219	Arrow Lakes Power Corporation 5.39% due Mar. 31, 2015	385,819	387,737	900,000	Greater Toronto Airports Authority 6.47% due Feb. 2, 2034	1,007,667	1,034,994
295,000	Bank of Montreal 5.04% due Sep. 4, 2012	294,950	293,215	30,000	HSBC Bank of Canada 5.31% due Oct. 12, 2010	29,997	30,171
1,965,000	Bank of Montreal Capital Trust 5.75% due Sep. 26, 2022	1,975,381	1,978,480	566,000	HSBC Bank of Canada (callable) 4.80% due Apr. 10, 2022-(2017)	565,373	531,625
1,864,000	BCIMC Realty Corporation 5.25% due Sep. 19, 2012	1,861,726	1,866,386	792,000	HSBC Bank of Canada 4.94% due Mar. 16, 2021	763,686	759,519
405,000	BCIMC Realty Corporation 5.65% due Jan. 5, 2018	404,324	407,738	789,000	Inter-American Development Bank 4.40% due Jan. 26, 2026	764,983	756,708
742,000	Brascan Corporation 5.95% due Jun. 14, 2035	736,494	676,400	371,000	Janus Capital Group Inc. 6.70% due Jun. 15, 2017	392,648	378,384
175,000	Brascan Power Corporation 4.65% due Dec. 16, 2009	175,478	173,084	460,000	Lehman Brothers Holdings Inc. 6.50% due Jul. 19, 2017	458,524	453,436
255,388	Brilliant Power Funding Corporation 8.93% due May 31, 2026	376,241	355,449	173,000	Loblaw Companies Ltd. 6.65% due Nov. 8, 2027	175,223	163,741
1,373,000	Brookfield Asset Management Inc. 5.29% due Apr. 25, 2017	1,352,346	1,305,160	169,000	Loblaw Companies Ltd. 6.50% due Jan. 22, 2029	168,174	156,509
155,000	Brookfield Power Corporation 5.25% due Nov. 5, 2018	154,944	146,827	125,000	Loblaw Companies Ltd. 6.85% due Mar. 1, 2032	138,725	120,133
360,000	Brookfield Power Corporation 5.84% due Nov. 5, 2036	359,896	324,497	292,000	Loblaw Companies Ltd. 6.05% due Jun. 9, 2034	281,832	252,840
731,000	Can Rev Auto Floor 5.41% due Nov. 15, 2010	731,000	729,918	535,000	Loblaw Companies Ltd. 5.90% due Jan. 18, 2036	502,286	450,946
1,215,000	Can Rev Auto Floor 5.68% due Nov. 15, 2012	1,215,000	1,214,854	300,000	Maritimes & Northeast Pipelines LLP 6.90% due Nov. 30, 2019	331,652	330,840
2,129,000	Canadian Imperial Bank of Commerce 5.00% due Sep. 10, 2012	2,110,210	2,098,598	303,000	Master Credit Card Trust 4.44% due Nov. 21, 2011	303,000	295,823
340,000	Canadian Tire Corporation Ltd. 6.32% due Feb. 24, 2034	364,589	333,538	1,960,000	Merrill Lynch & Company Inc. (callable) 5.29% due May 30, 2022-(2017)	1,863,427	1,734,110
664,000	Canadian Tire Corporation Ltd. 5.61% due Sep. 4, 2035	652,538	590,818	418,000	Merrill Lynch & Company Inc. 4.68% due Mar. 12, 2039	410,083	408,888
584,000	CHIP Mortgage Trust 5.61% due May 2, 2011	584,000	584,763	749,000	Merrill Lynch & Company Inc. 5.26% due May 12, 2044	748,974	741,982
312,000	Citigroup Finance Canada Inc. 4.54% due May 16, 2013	304,771	301,215	270,000	Merrill Lynch Canada Finance Company 5.00% due Feb. 18, 2014	260,002	253,133
1,807,000	Citigroup Finance Canada Inc. 5.37% due Mar. 6, 2036	1,650,966	1,505,916	597,000	Molson Coors Capital Finance 5.00% due Sep. 22, 2015	591,861	582,194
418,000	Column Canada 4.93% due Sep. 15, 2016	418,962	390,395	2,455,000	Morgan Stanley 4.90% due Feb. 23, 2017	2,301,036	2,228,993
1,072,000	Countrywide Financial Corporation 4.69% due Jun. 1, 2009	1,025,301	926,538	381,102	Pearson International Fuel 5.09% due Mar. 9, 2032	380,473	370,058
2,485,000	Countrywide Home Loan 4.00% due Mar. 22, 2011	2,298,762	1,737,393	1,187,000	RioCan Real Estate Investment Trust 5.70% due Sep. 11, 2012	1,187,233	1,183,855
1,400,000	Credit Agricole SA 5.50% due Aug. 11, 2016	1,414,389	1,265,880				

BALANCED FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
310,000	RioCan Real Estate Investment Trust 5.23% due Mar. 11, 2013	305,710	303,962	198,000	Toromont Industries Ltd. 4.92% due Oct. 13, 2015	197,907	190,219
421,000	Royal Bank of Canada 4.92% due Jul. 6, 2011	420,962	420,381	113,000	Toronto Community Housing Corporation 4.88% due May 11, 2037	113,000	112,661
2,575,000	Royal Bank of Canada 5.20% due Aug. 15, 2012	2,587,931	2,596,373	6,747,000	Toronto-Dominion Bank (callable) 4.78% due Dec. 14, 2105-(2016)	6,386,038	6,301,765
2,074,000	Royal Bank of Canada 5.95% due Jun. 18, 2014	2,134,082	2,122,822	2,185,000	Toronto-Dominion Bank (callable) 5.76% due Dec. 18, 2106-(2017)	2,185,762	2,177,243
1,869,000	Royal Bank of Canada Capital Trust 4.87% due Dec. 31, 2015	1,837,399	1,774,433	325,000	West Fraser Timber Ltd. 4.94% due Oct. 19, 2009	325,839	323,336
798,000	Royal Bank of Scotland 5.37% due May 12, 2016	798,556	737,998	410,000	YPG Holdings Inc. 4.57% due Apr. 21, 2009	411,788	405,839
1,274,000	Royal Bank of Scotland 6.67% due Oct. 5, 2017	1,274,000	1,267,274			<u>71,307,123</u>	<u>69,558,857</u>
3,265,000	Royal Bank of Scotland 6.99% due Dec. 29, 2099	3,128,209	3,180,560		TOTAL BONDS AND DEBENTURES	<u>131,965,272</u>	<u>131,506,513</u>
244,000	Royal Office Finance LP 5.21% due Nov. 12, 2032	243,998	252,765	SHORT-TERM NOTES - 1.9%			
280,000	Solar Trust 6.70% due Nov. 15, 2021	299,473	290,346	100,000	Province of Manitoba Treasury Bills 4.16% due Jan. 16, 2008	99,130	99,831
55,000	Sun Life Financial Services Inc. 5.00% due Jul. 11, 2031	54,911	55,040	1,900,000	Smart Trust Deposit Notes 5.35% due Apr. 14, 2008	1,850,904	1,871,790
847,000	Sun Life Financial Services Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	844,518	829,845	200,000	Bank of Montreal Bankers' Acceptances 4.66% due Jan. 29, 2008	197,678	199,293
503,000	TCNZ Finance Ltd. 4.75% due Oct. 11, 2013	502,269	481,913	2,400,000	Bank of Montreal Bearers' Deposit Notes 4.56% to 4.90% due from Jan. 9, 2008 to Mar. 19, 2008	2,382,976	2,391,545
66,000	Terasen Gas Inc. 5.90% due Feb. 26, 2035	70,688	69,916	3,850,000	Canadian Imperial Bank of Commerce Bankers' Acceptances 4.66% to 4.91% due from Jan. 2, 2008 to Apr. 3, 2008	3,804,955	3,821,755
429,000	Terasen Gas Inc. 5.55% due Sep. 25, 2036	428,936	433,341	150,000	Royal Bank of Canada Bankers' Acceptances 4.53% due Jan. 22, 2008	149,388	149,611
510,000	Terasen Gas Inc. 6.00% due Oct. 2, 2037	508,164	548,964		TOTAL SHORT-TERM NOTES	<u>8,485,031</u>	<u>8,533,825</u>
334,000	Terasen Inc. 6.50% due May 1, 2034	383,723	381,104		TOTAL INVESTMENT PORTFOLIO	<u>429,551,742</u>	<u>454,427,961</u>
874,000	Thomson Corporation 6.85% due Jun. 1, 2011	938,894	920,060		OTHER ASSETS, LESS LIABILITIES - 0.3%		1,313,227
431,000	Thomson Corporation 5.20% due Dec. 1, 2014	436,698	426,910		TOTAL NET ASSETS - 100.0%		<u>455,741,188</u>

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contract Price (\$)	Market Price (\$)	Contractual Market Value in Canadian (\$)
(65)	US 10 Year Note Future, Mar. 2008	112	113	(7,287,441)
7	UK 10 Year Long Gilt Future, Mar. 2008	109	110	1,513,228
22	AUST 10 Year Bond Future, Mar. 2008	94	94	1,862,859
(26)	US 5 Year Note Future, Mar. 2008	109	110	(2,834,284)
4	Swiss Federal Bond 10 Year Future, Mar. 2008	126	123	430,256
1	Euro-Bund 10 Year Future, Mar. 2008	115	113	163,134
14	Canada 10 Year Bond Future, Mar. 2008	115	115	1,608,600

The above futures contracts are financial agreements to purchase/sell the bonds at a contracted price on a specific future date. However, the Fund does not intend to purchase/sell the bonds on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

With respect to the above futures contracts, \$100,000 of the January 16, 2008 Government of Canada Treasury Bill is held on margin.

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

COMMITMENTS - FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar. 19, 2008	Australian Dollar	315,483	U.S. Dollar	277,814	275,931	(2,378)
Mar. 19, 2008	Australian Dollar	3,314,853	U.S. Dollar	2,914,816	2,895,058	(20,775)
Mar. 19, 2008	Australian Dollar	204,011	U.S. Dollar	174,327	173,146	3,751
Mar. 19, 2008	British Pound	3,005,086	U.S. Dollar	6,103,284	6,047,288	(153,923)
Mar. 19, 2008	Danish Krone	3,093,883	U.S. Dollar	610,089	602,561	(3,734)
Mar. 19, 2008	Euro Dollar	5,929,332	U.S. Dollar	8,720,417	8,611,461	(55,303)
Mar. 19, 2008	Euro Dollar	2,170	U.S. Dollar	3,190	3,150	(18)
Mar. 19, 2008	Euro Dollar	728,777	U.S. Dollar	1,065,024	1,051,717	(76)
Mar. 19, 2008	Hong Kong Dollar	5,315,771	U.S. Dollar	684,052	674,494	(910)
Mar. 19, 2008	Japanese Yen	49,266,589	U.S. Dollar	453,151	444,966	(8,608)
Mar. 19, 2008	Japanese Yen	87,486,873	U.S. Dollar	792,195	777,885	(3,008)
Mar. 19, 2008	Japanese Yen	20,419,401	U.S. Dollar	184,639	181,304	(448)
Mar. 19, 2008	Japanese Yen	304,755,413	U.S. Dollar	2,750,575	2,700,889	(1,650)
Mar. 19, 2008	Japanese Yen	43,624,055	U.S. Dollar	393,222	386,119	262
Mar. 19, 2008	Norwegian Krone	177,294	U.S. Dollar	32,520	32,245	3
Mar. 19, 2008	Norwegian Krone	2,797,858	U.S. Dollar	512,447	508,112	785
Mar. 19, 2008	Singapore Dollar	4,503,248	U.S. Dollar	3,139,903	3,088,996	6,190
Mar. 19, 2008	Swedish Krona	2,400,226	U.S. Dollar	380,867	376,109	(8,888)
Mar. 19, 2008	Swedish Krona	7,009,408	U.S. Dollar	1,095,597	1,081,910	(9,509)
Mar. 19, 2008	Swedish Krona	1,057,900	U.S. Dollar	165,210	163,147	(1,294)
Mar. 19, 2008	Swiss Franc	4,046,792	U.S. Dollar	3,591,084	3,570,351	(40,597)
Mar. 19, 2008	Swiss Franc	468,630	U.S. Dollar	415,858	413,457	(4,701)
Mar. 19, 2008	U.S. Dollar	2,001,753	Australian Dollar	2,273,131	1,961,055	17,079
Mar. 19, 2008	U.S. Dollar	356,932	Australian Dollar	409,702	353,454	(734)
Mar. 19, 2008	U.S. Dollar	3,391,938	British Pound	1,669,146	3,255,539	96,377
Mar. 19, 2008	U.S. Dollar	6,048,650	British Pound	2,972,047	5,796,746	180,536
Mar. 19, 2008	U.S. Dollar	320,319	British Pound	161,937	315,846	695
Mar. 19, 2008	U.S. Dollar	60,919	Danish Krone	308,950	59,480	720
Mar. 19, 2008	U.S. Dollar	556,350	Euro Dollar	374,495	540,786	8,999
Mar. 19, 2008	U.S. Dollar	12,130,368	Euro Dollar	8,243,959	11,904,619	82,621
Mar. 19, 2008	U.S. Dollar	446,944	Hong Kong Dollar	3,471,001	437,533	4,138
Mar. 19, 2008	U.S. Dollar	239,945	Hong Kong Dollar	1,864,925	235,081	2,033
Mar. 19, 2008	U.S. Dollar	288,117	Hong Kong Dollar	2,238,324	282,149	2,568
Mar. 19, 2008	U.S. Dollar	350,904	Hong Kong Dollar	2,727,472	343,809	2,955
Mar. 19, 2008	U.S. Dollar	464,667	New Zealand Dollar	599,725	452,666	6,518
Mar. 19, 2008	U.S. Dollar	191,837	Norwegian Krone	1,053,011	190,510	(937)
Mar. 19, 2008	U.S. Dollar	105,548	Norwegian Krone	576,471	104,295	8
Mar. 19, 2008	U.S. Dollar	371,879	Norwegian Krone	2,028,711	367,034	458
Mar. 19, 2008	U.S. Dollar	1,307,818	Singapore Dollar	1,873,266	1,281,224	11,163
Mar. 19, 2008	U.S. Dollar	4,470,872	Singapore Dollar	6,403,183	4,379,468	38,651
Mar. 19, 2008	U.S. Dollar	445,971	Swedish Krona	2,844,178	432,908	7,800
Mar. 19, 2008	U.S. Dollar	812,194	Swiss Franc	914,856	793,133	9,478
Mar. 20, 2008	Canadian Dollar	5,978,891	U.S. Dollar	5,944,000	5,868,647	110,245
Mar. 20, 2008	U.S. Dollar	56,500	Canadian Dollar	55,324	55,373	460
					<u>73,471,651</u>	<u>277,002</u>

The currency forward contracts outstanding at December 31, 2007 are placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$454,427,961	\$452,959,608
Cash	584,801	1,150,247
Accrued investment income	1,542,697	1,724,596
Receivable for securities sold	–	6,484,647
Subscriptions receivable	253,062	12,947
Receivable for currency forward contracts	277,002	–
	<u>457,085,523</u>	<u>462,332,045</u>
LIABILITIES		
Payable for securities purchased	91,128	145,056
Distributions payable	328	588
Redemptions payable	343,856	29,397
Accrued expenses	800,730	736,652
Payable for currency forward contracts	–	136,701
Payable for futures contracts	108,293	23,518
	<u>1,344,335</u>	<u>1,071,912</u>
Net assets	<u>\$455,741,188</u>	<u>\$461,260,133</u>
NET ASSETS PER CLASS		
Class A Units	\$455,720,046	\$461,239,127
Class F Units	\$ 21,142	\$ 21,006
UNITS OUTSTANDING		
Class A Units	25,568,431	25,268,510
Class F Units	1,169	1,135
NET ASSETS PER UNIT		
Class A Units	\$ 17.82	\$ 18.25
Class F Units	\$ 18.08	\$ 18.51

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 6,539,928	\$ 5,166,760
Interest	8,032,430	9,423,377
Securities lending	48,825	47,374
Foreign withholding taxes	(265,699)	(332,469)
	<u>14,355,484</u>	<u>14,305,042</u>
EXPENSES		
Management fees (note 4)	8,256,233	7,736,687
Audit fees	25,782	21,123
Directors'/Trustee fees	6,070	2,755
Custodian fees	220,166	188,667
Filing fees	27,906	27,402
Legal fees	8,715	13,715
Unitholder reporting	80,337	126,365
Unitholder administration, service fees and GST	1,061,901	1,078,402
	<u>9,687,110</u>	<u>9,195,116</u>
Absorbed expenses	(8,260)	(10,876)
	<u>9,678,850</u>	<u>9,184,240</u>
Net investment income (loss)	<u>4,676,634</u>	<u>5,120,802</u>
Net realized gain (loss) on investments sold	21,192,457	29,346,470
Net realized gain (loss) on foreign exchange	(85,679)	(142,029)
Transaction costs	(478,204)	–
Change in unrealized appreciation (depreciation) of investments	(25,067,525)	12,720,106
Change in unrealized appreciation (depreciation) of currency forward	444,740	16,511
Net gain (loss) on investments and transaction costs	<u>(3,994,211)</u>	<u>41,941,058</u>
Increase (decrease) in net assets from operations	<u>\$ 682,423</u>	<u>\$47,061,860</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 682,187	\$47,059,580
Class F Units	\$ 236	\$ 2,280
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.03	\$ 1.82
Class F Units	\$ 0.21	\$ 2.03

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$461,239,127	\$441,821,971
New accounting policy adjustment (note 2)	(1,415,693)	–
Class A Units – GAAP net assets beginning of period	<u>459,823,434</u>	<u>441,821,971</u>
Class F Units – Pricing net asset value beginning of period		
Class F Units – Pricing net asset value beginning of period	21,006	18,726
New accounting policy adjustment (note 2)	(64)	–
Class F Units – GAAP net assets beginning of period	<u>20,942</u>	<u>18,726</u>
Total net assets – beginning of period	<u>459,844,376</u>	<u>441,840,697</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	682,187	47,059,580
Class F Units	236	2,280
	<u>682,423</u>	<u>47,061,860</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(4,491,328)	(5,100,602)
Class F Units	(402)	(407)
From realized gain		
Class A Units	(5,660,985)	–
Class F Units	(262)	–
	<u>(10,152,977)</u>	<u>(5,101,009)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	69,408,791	52,554,885
Class F Units	350	–
Reinvested distributions		
Class A Units	10,116,357	5,080,228
Class F Units	665	407
Payments on redemption		
Class A Units	(74,158,410)	(80,176,935)
Class F Units	(387)	–
	<u>5,367,366</u>	<u>(22,541,415)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(4,103,388)	19,417,156
Class F Units	200	2,280
	<u>(4,103,188)</u>	<u>19,419,436</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	455,720,046	461,239,127
Class F Units	21,142	21,006
	<u>\$455,741,188</u>	<u>\$461,260,133</u>

Scotia Canadian Dividend Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 95.6%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 87.9%				CANADIAN EQUITIES (cont'd)			
Energy – 12.2%				Financials – 34.7%			
550,000	Canadian Natural Resources Ltd.	26,871,242	39,897,000	1,050,000	Bank of Montreal	48,183,309	59,062,500
975,000	EnCana Corporation	32,915,635	65,812,500	2,100,000	Bank of Nova Scotia, The	101,601,635	105,336,000
455,000	Imperial Oil Ltd.	5,953,906	24,833,900	1,000,000	Brookfield Asset Management Inc. Class A	16,261,240	35,440,000
850,000	Nexen Inc.	25,781,244	27,251,000	525,000	Brookfield Properties Corporation	16,220,699	10,048,500
575,000	Petro-Canada	18,372,403	30,618,750	875,000	Canadian Imperial Bank of Commerce	56,317,050	61,713,750
350,000	Shawcor Ltd. Class A	8,815,341	12,337,500	375,000	First Capital Realty Inc.	6,854,060	9,003,750
675,000	Suncor Energy Inc.	42,709,391	72,839,250	1,550,000	Great-West Lifeco Inc.	36,357,598	54,994,000
1,850,000	Talisman Energy Inc.	28,645,566	33,966,000	3,050,000	Manulife Financial Corporation	73,771,323	123,372,500
		190,064,728	307,555,900	164,900	National Bank of Canada	5,551,175	8,602,833
Materials – 11.7%				Telecommunication Services – 4.0%			
250,000	Agnico-Eagle Mines Ltd.	10,858,825	13,585,000	1,356,499	BCE Inc.	40,579,194	53,717,360
225,000	Agrium Inc.	6,821,582	16,125,750	250,000	Manitoba Telecom Services Inc.	10,022,840	11,492,500
925,000	Barrick Gold Corporation	24,306,082	38,544,750	750,000	Telus Corporation Non-Voting	29,223,836	35,947,500
625,000	Cameco Corporation	18,519,698	24,731,250			79,825,870	101,157,360
200,000	First Quantum Minerals Ltd.	16,126,611	17,000,000	Utilities – 4.4%			
1,000,000	Gerdau AmeriSteel Corporation	12,179,725	14,100,000	525,000	Emera Inc.	9,883,500	11,455,500
1,625,000	Goldcorp Inc.	50,694,427	54,843,750	525,000	Enbridge Inc.	15,018,381	21,000,000
250,000	Harry Winston Diamond Corporation	10,072,500	8,112,500	1,000,000	Fortis Inc.	19,383,215	28,920,000
100,000	Inmet Mining Corporation	8,443,800	8,038,000	425,000	TransAlta Corporation	10,637,300	14,152,500
750,000	Norbord Inc.	6,360,520	5,970,000	890,000	TransCanada Corporation	22,725,728	36,053,900
250,000	Potash Corporation of Saskatchewan Inc.	10,224,188	35,772,500			77,648,124	111,581,900
1,125,000	Teck Cominco Ltd. Class B	21,822,202	39,858,750	Income Trust Units – 5.3%			
1,365,000	Yamana Gold Inc.	18,745,791	17,485,650	610,000	AltaGas Income Trust	14,371,256	16,043,000
		215,175,951	294,167,900	500,000	Baytex Energy Trust	10,237,714	9,450,000
Industrials – 7.3%				700,000	Canadian Oil Sands Trust	19,862,038	27,097,000
1,000,000	CAE Inc.	12,828,574	13,250,000	450,000	Cominar Real Estate Investment Trust	8,849,986	9,153,000
1,048,500	Canadian National Railway Company	36,570,438	48,912,525	900,000	Eveready Income Fund Trust	5,175,947	3,573,000
305,000	Canadian Pacific Railway Ltd.	16,432,632	19,587,100	375,000	Fording Canadian Coal Trust	12,727,370	14,392,500
1,100,000	Finning International Inc.	24,294,167	31,504,000	950,000	Mullen Group Income Fund	18,148,403	16,625,000
275,000	Ritchie Bros. Auctioneers Inc.	18,134,060	22,610,500	400,000	PrimeWest Energy Trust	10,510,000	10,764,000
400,000	SNC-Lavalin Group Inc.	12,005,348	19,240,000	375,000	RioCan Real Estate Investment Trust	7,705,000	8,156,250
1,010,350	Student Transportation of America Ltd.	7,135,101	5,607,443	800,000	Trinidad Energy Services Income Trust	10,323,022	8,400,000
860,000	Toromont Industries Ltd.	20,111,033	24,234,800	300,000	Vermilion Energy Trust	10,477,598	10,218,000
		147,511,353	184,946,368			128,388,334	133,871,750
Consumer Discretionary – 5.6%				TOTAL CANADIAN EQUITIES			
200,000	Canadian Tire Corporation Ltd. Class A	11,514,653	14,794,000			1,632,935,391	2,220,518,785
150,000	Magna International Inc. Class A	14,335,017	11,977,500				
1,425,000	Rogers Communications Inc. Class B	43,319,022	64,110,750				
500,000	Shaw Communications Inc. Class B	10,237,500	11,795,000				
575,000	Thomson Corporation	23,673,794	23,161,000				
450,000	Tim Hortons Inc.	14,347,900	16,474,500				
		117,427,886	142,312,750				
Consumer Staples – 2.7%							
1,249,600	Alimentation Couche-Tard Inc. Class B	29,594,993	22,642,752				
290,870	Metro Inc. Class A	7,998,925	7,649,881				
456,040	Saputo Inc.	8,484,985	13,603,673				
475,000	Shoppers Drug Mart Corporation	20,817,675	25,298,500				
		66,896,578	69,194,806				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Dividend Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES – 7.7%			
United States – 7.7%			
500,000	Archer-Daniels-Midland Company	17,558,366	22,975,670
300,000	CVS Caremark Corporation	11,731,359	11,760,579
200,000	DuPont (E.I.) de Nemours & Company	10,040,217	8,708,026
150,000	Exelon Corporation	9,161,009	12,080,756
325,000	General Motors Corporation	12,134,472	7,993,804
255,000	Johnson & Johnson	17,560,451	16,785,135
200,000	Kellogg Company	11,458,220	10,346,463
425,000	Navios Maritime Partners LP	8,203,366	7,983,922
100,000	Nike Inc. Class B	5,677,281	6,340,297
600,000	Oracle Corporation	11,426,724	13,334,783
200,000	Peabody Energy Corporation	10,363,223	12,156,847
75,000	PepsiCo Inc.	5,090,271	5,614,216
150,000	Praxair Inc.	6,879,740	13,121,331
450,000	Republic Services Inc.	14,465,429	13,954,385
562,400	Seaspan Corporation	15,239,959	13,588,434
500,000	Spectra Energy Corporation	12,497,439	12,737,909
250,000	Staples Inc.	6,496,606	5,689,567
	TOTAL FOREIGN EQUITIES	<u>185,984,132</u>	<u>195,172,124</u>
	TOTAL EQUITIES	<u>1,818,919,523</u>	<u>2,415,690,909</u>
SHORT-TERM NOTES – 4.2%			
105,240,000	Government of Canada Treasury Bills 3.63% to 3.97% due from Jan. 10, 2008 to Apr. 3, 2008	104,238,377	104,732,970
	TOTAL INVESTMENT PORTFOLIO	<u>1,923,157,900</u>	<u>2,520,423,879</u>
	OTHER ASSETS, LESS LIABILITIES – 0.2%		<u>5,389,659</u>
	TOTAL NET ASSETS – 100.0%		<u><u>2,525,813,538</u></u>

Scotia Canadian Dividend Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$2,520,423,879	\$2,096,677,600
Cash	387,244	270,623
Accrued investment income	6,178,981	3,806,561
Receivable for securities sold	519,148	–
Subscriptions receivable	2,611,368	740,628
	<u>2,530,120,620</u>	<u>2,101,495,412</u>
LIABILITIES		
Payable for securities purchased	60,700	–
Distributions payable	7,946	456
Redemptions payable	1,252,285	211,937
Accrued expenses	2,986,151	2,411,122
	<u>4,307,082</u>	<u>2,623,515</u>
Net assets	<u>\$2,525,813,538</u>	<u>\$2,098,871,897</u>
NET ASSETS PER CLASS		
Class A Units	\$2,107,624,598	\$1,829,354,529
Class F Units	\$ 8,222,497	\$ 6,380,372
Class I Units	\$ 314,275,016	\$ 212,313,197
Scotia Private Client Units	\$ 95,691,427	\$ 50,823,799
UNITS OUTSTANDING		
Class A Units	52,549,173	46,872,169
Class F Units	205,519	163,889
Class I Units	7,816,815	5,427,082
Scotia Private Client Units	2,396,465	1,308,106
NET ASSETS PER UNIT		
Class A Units	\$ 40.11	\$ 39.03
Class F Units	\$ 40.01	\$ 38.93
Class I Units	\$ 40.20	\$ 39.12
Scotia Private Client Units	\$ 39.93	\$ 38.85

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 52,323,357	\$ 38,804,514
Interest	12,553,114	12,758,220
Securities lending	326,085	255,943
Foreign withholding taxes	(331,519)	(451,002)
	<u>64,871,037</u>	<u>51,367,675</u>
EXPENSES		
Management fees (note 4)	30,525,053	25,137,185
Audit fees	34,492	26,815
Directors/Trustee fees	12,935	2,755
Custodian fees	159,000	125,651
Filing fees	87,947	79,157
Legal fees	22,032	29,153
Unitholder reporting	171,226	253,750
Unitholder administration, service fees and GST	2,900,236	2,804,501
	<u>33,912,921</u>	<u>28,458,967</u>
Absorbed expenses	(8,134)	(19,581)
	<u>33,904,787</u>	<u>28,439,386</u>
Net investment income (loss)	<u>30,966,250</u>	<u>22,928,289</u>
Net realized gain (loss) on investments sold	167,645,884	59,369,235
Net realized gain (loss) on foreign exchange	(1,482,262)	1,330,231
Capital gains distributions received from investments	15,442	109,431
Transaction costs	(2,157,142)	–
Change in unrealized appreciation (depreciation) of investments	(49,126,930)	152,697,626
Net gain (loss) on investments and transaction costs	<u>114,894,992</u>	<u>213,506,523</u>
Increase (decrease) in net assets from operations	<u>\$145,861,242</u>	<u>\$236,434,812</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$119,301,911	\$204,005,988
Class F Units	\$ 396,837	\$ 540,681
Class I Units	\$ 20,848,158	\$ 25,174,243
Scotia Private Client Units	\$ 5,314,336	\$ 6,713,900
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 2.42	\$ 4.41
Class F Units	\$ 2.31	\$ 5.74
Class I Units	\$ 2.84	\$ 5.27
Scotia Private Client Units	\$ 2.82	\$ 5.03

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$1,829,354,529	\$1,569,156,778
New accounting policy adjustment (note 2)	(1,760,040)	–
Class A Units – GAAP net assets beginning of period	<u>1,827,594,489</u>	<u>1,569,156,778</u>
Class F Units – Pricing net asset value beginning of period	6,380,372	592,616
New accounting policy adjustment (note 2)	(6,139)	–
Class F Units – GAAP net assets beginning of period	<u>6,374,233</u>	<u>592,616</u>
Class I Units – Pricing net asset value beginning of period	212,313,197	132,630,822
New accounting policy adjustment (note 2)	(204,259)	–
Class I Units – GAAP net assets beginning of period	<u>212,108,938</u>	<u>132,630,822</u>
Scotia Private Client Units – Pricing net asset value beginning of period	50,823,799	54,421,768
New accounting policy adjustment (note 2)	(48,896)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>50,774,903</u>	<u>54,421,768</u>
Total net assets – beginning of period	<u>2,096,852,563</u>	<u>1,756,801,984</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	119,301,911	204,005,988
Class F Units	396,837	540,681
Class I Units	20,848,158	25,174,243
Scotia Private Client Units	5,314,336	6,713,900
	<u>145,861,242</u>	<u>236,434,812</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(6,661,270)	(12,471,021)
Class F Units	(78,104)	(63,219)
Class I Units	(6,060,119)	(4,289,776)
Scotia Private Client Units	(1,494,249)	(1,087,679)
From realized gain		
Class A Units	(62,390,022)	–
Class F Units	(243,115)	–
Class I Units	(9,379,324)	–
Scotia Private Client Units	(2,742,444)	–
	<u>(89,048,647)</u>	<u>(17,911,695)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	425,493,392	356,785,366
Class F Units	4,648,276	6,569,953
Class I Units	174,834,507	64,234,629
Scotia Private Client Units	62,266,155	18,548,458
Reinvested distributions		
Class A Units	67,499,856	12,151,849
Class F Units	315,450	61,215
Class I Units	11,099,249	4,138,042
Scotia Private Client Units	4,224,518	1,075,131
Payments on redemption		
Class A Units	(263,213,758)	(300,274,431)
Class F Units	(3,191,080)	(1,320,874)
Class I Units	(89,176,393)	(9,574,763)
Scotia Private Client Units	(22,651,792)	(28,847,779)
	<u>372,148,380</u>	<u>123,546,796</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	280,030,109	260,197,751
Class F Units	1,848,264	5,787,756
Class I Units	102,166,078	79,682,375
Scotia Private Client Units	44,916,524	(3,597,969)
	<u>428,960,975</u>	<u>342,069,913</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	2,107,624,598	1,829,354,529
Class F Units	8,222,497	6,380,372
Class I Units	314,275,016	212,313,197
Scotia Private Client Units	95,691,427	50,823,799
	<u>\$2,525,813,538</u>	<u>\$2,098,871,897</u>

Scotia Canadian Blue Chip Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares/				Number of Shares/			
Number of		Average		Average		Average	
Contracts	Issuer	Cost (\$)	Fair Value (\$)	of Shares	Issuer	Cost (\$)	Fair Value (\$)
EQUITIES – 97.9%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 89.6%				CANADIAN EQUITIES (cont'd)			
Energy – 19.1%				Financials (cont'd)			
165,554	Canadian Natural Resources Ltd.	5,796,354	12,009,286	111,390	Great-West Lifeco Inc.	2,605,245	3,952,117
236,493	EnCana Corporation	7,441,541	15,963,277	493,330	Manulife Financial Corporation	11,444,676	19,955,199
89,207	Ensign Resource Service Group Inc.	1,360,156	1,360,407	278,880	Power Corporation of Canada	6,081,944	11,177,510
72,798	Husky Energy Inc.	1,543,723	3,241,695	415,652	Royal Bank of Canada	11,687,266	21,069,398
112,355	Imperial Oil Ltd.	3,205,932	6,132,336	184,428	Sun Life Financial Services of Canada Inc.	6,444,904	10,252,353
6,045	Major Drilling Group International Inc.	317,320	378,417	255,148	Toronto-Dominion Bank	9,232,808	17,720,027
228,102	Nexen Inc.	7,378,524	7,312,950				
60,170	Opti Canada Inc.	1,121,340	998,220			73,924,646	118,274,568
175,244	Petro-Canada	5,649,954	9,331,743	Information Technology – 4.4%			
153,580	Suncor Energy Inc.	6,840,992	16,572,817	49,110	Cognos Inc.	2,409,895	2,805,163
417,920	Talisman Energy Inc.	4,073,423	7,673,011	138,808	Nortel Networks Corporation	5,474,605	2,079,344
60,480	Trican Well Service Ltd.	1,439,323	1,160,611	125,780	Research in Motion Ltd.	5,909,637	14,157,797
		46,168,582	82,134,770			13,794,137	19,042,304
Materials – 14.5%				Telecommunication Services – 1.4%			
71,700	Agnico-Eagle Mines Ltd.	3,308,015	3,896,178	120,470	Telus Corporation	3,596,247	5,954,832
41,360	Agrium Inc.	2,011,695	2,964,271	Utilities – 3.9%			
337,932	Barrick Gold Corporation	9,777,101	14,081,625	141,710	Enbridge Inc.	3,893,303	5,668,400
97,892	Cameco Corporation	1,419,983	3,873,586	150,470	TransAlta Corporation	3,055,802	5,010,651
243,150	Goldcorp Inc.	6,918,481	8,206,313	153,890	TransCanada Corporation	4,566,132	6,234,084
83,210	Hudbay Minerals Inc.	1,808,311	1,622,595			11,515,237	16,913,135
15,176	Inmet Mining Corporation	1,143,153	1,219,847	Income Trust Units – 2.8%			
99,370	Kinross Gold Corporation	1,272,587	1,815,490	38,450	Bonavista Energy Trust	1,181,703	1,091,211
38,860	Nova Chemicals Corporation	1,563,657	1,249,738	194,860	Canadian Oil Sands Trust	5,865,023	7,543,031
82,990	Potash Corporation of Saskatchewan Inc.	4,321,007	11,875,038	85,910	Precision Drilling Trust	2,567,603	1,296,382
71,500	Sherritt International Corporation	953,362	943,800	70,870	Trinidad Energy Services Income Trust	979,824	744,135
215,310	Teck Cominco Ltd. Class B	4,391,064	7,628,433	95,700	Yellow Pages Income Fund	1,371,604	1,329,273
236,769	Yamana Gold Inc.	3,240,346	3,033,011			11,965,757	12,004,032
		42,128,762	62,409,925	TOTAL CANADIAN EQUITIES			
Industrials – 6.2%				FOREIGN EQUITIES – 8.3%			
490,650	Bombardier Inc. Class B	2,486,307	2,924,274	United States – 5.3%			
176,230	CAE Inc.	1,698,472	2,335,048	6,960	Abbott Laboratories	382,207	385,299
(221)	Canadian National Railway Company			5,440	Abercrombie & Fitch Company Class A	435,310	429,904
	Written Put Options \$50.00 Jan. 18, 2008	(38,233)	(71,825)	9,050	Adobe Systems Inc.	393,495	382,144
215,290	Canadian National Railway Company	4,475,381	10,043,278	1,400	AFLAC Inc.	77,959	86,440
61,744	Canadian Pacific Railway Ltd.	2,391,800	3,965,200	5,192	Alcoa Inc.	203,780	187,375
115,130	Finning International Inc.	1,850,645	3,297,323	5,340	Altria Group Inc.	367,889	398,518
31,933	Macdonald Dettwiler & Associates Ltd.	1,055,999	1,333,203	5,410	American International Group Inc.	405,119	311,093
57,880	SNC-Lavalin Group Inc.	1,922,091	2,784,028	2,228	Apple Computer Inc.	250,168	436,115
		15,842,462	26,610,529	10,621	AT&T Inc.	376,337	435,571
Consumer Discretionary – 7.1%				8,330	Bank of America Corporation	474,469	338,735
68,270	Astral Media Inc. Class A	1,998,093	3,181,382	9,719	Bank of New York Company Inc.	431,557	467,154
20,304	Canadian Tire Corporation Ltd. Class B	1,019,463	1,501,887	3,000	Boeing Company	290,867	258,988
21,510	Corus Entertainment Inc. Class B	1,036,072	1,038,718	11,100	Chesapeake Energy Corporation	416,541	429,986
30,800	Gildan Activewear Inc.	1,228,609	1,260,644	4,547	Chevron Corporation	381,722	418,556
58,400	Magna International Inc. Class A	5,272,088	4,663,240	8,900	Ciena Corporation	373,607	299,645
226,290	Rogers Communications Inc. Class B	4,886,233	10,180,786	12,591	Cisco Systems Inc.	368,110	336,816
64,940	Shaw Communications Inc. Class B	1,527,652	1,531,935	5,100	Colgate-Palmolive Company	366,791	393,056
112,696	Thomson Corporation	5,155,274	4,539,395	9,600	CVS Caremark Corporation	322,431	376,339
67,120	Tim Hortons Inc.	2,318,212	2,457,263	4,026	Deere & Company	256,888	370,080
		24,441,696	30,355,250	6,488	Eli Lilly & Company	389,675	342,307
Consumer Staples – 2.6%				5,676	Emerson Electric Company	270,163	317,303
125,972	Jean Coutu Group Inc. Class A	1,487,446	1,399,549	4,040	Entergy Corporation	401,832	476,964
53,776	Metro Inc. Class A	1,497,891	1,414,309	6,000	Exelon Corporation	467,243	483,230
120,930	Saputo Inc.	2,184,574	3,607,342	4,680	Express Scripts Inc.	342,118	337,054
84,953	Shoppers Drug Mart Corporation	2,551,486	4,524,597	4,547	Exxon Mobil Corporation	325,402	421,027
		7,721,397	10,945,797	3,100	Franklin Resources Inc.	412,171	350,547
Financials – 27.6%				1,700	Freeport-McMoran Copper & Gold Inc. Class B	120,817	171,707
133,258	Bank of Montreal	5,438,833	7,495,763	24,430	GAP Inc.	468,121	514,461
254,700	Bank of Nova Scotia, The	12,336,518	12,775,752	7,390	General Electric Company	312,419	270,058
194,800	Brookfield Asset Management Inc. Class A	2,683,629	6,903,712	5,200	Genzyme Corporation	371,401	381,955
98,862	Canadian Imperial Bank of Commerce	5,968,823	6,972,737	8,800	Gilead Sciences Inc.	361,357	400,111
				1,800	Goldman Sachs Group Inc.	356,912	381,900

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Blue Chip Fund (continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United States (cont'd)				France (cont'd)			
4,320	Goodrich Corporation	228,545	301,180	1,100	Sanofi-Aventis SA	98,740	99,232
553	Google Inc.	310,988	377,751	585	Societe Generale	73,392	82,517
3,630	Hartford Financial Services Group Inc.	336,769	312,227	1,587	Suez SA	105,661	106,175
8,020	Hewlett-Packard Company	361,117	399,676	776	Technip-Coflexip SA	67,696	60,575
5,070	Honeywell International Inc.	275,141	308,176	2,897	Total SA	207,696	237,292
16,100	Intel Corporation	414,691	424,002	809	Veolia Environment	68,484	72,516
5,722	Johnson & Johnson	397,632	376,645			1,356,616	1,394,608
9,370	JPMorgan Chase & Company	470,186	403,341				
6,780	Kellogg Company	360,630	350,745				
5,770	Lincoln National Corporation	418,535	331,567				
7,200	Marathon Oil Corporation	402,975	432,310				
7,450	McDonald's Corporation	429,423	433,112				
6,275	MEMC Electronic Materials Inc.	387,348	549,033				
7,100	Merck & Company Inc.	391,949	407,643				
14,650	Microsoft Corporation	483,314	513,939				
7,733	Nike Inc. Class B	468,091	490,295				
18,263	Oracle Corporation	351,537	405,889				
5,114	PepsiCo Inc.	346,707	382,815				
2,456	Praxair Inc.	136,961	214,840				
5,294	Procter & Gamble Company	346,534	383,262				
3,437	Prudential Financial Inc.	276,481	315,428				
153	S&P 500 Depository Receipts Put Options \$150.00 Jan. 18, 2008	58,518	67,282				
274	S&P 500 Depository Receipts Put Options \$146.00 Jan. 18, 2008	125,041	65,255				
3,830	Schlumberger Ltd.	237,878	371,517				
159	Technology Select Sector SPDR Fund Put Options \$27.00 Jan. 18, 2008	14,465	8,642				
4,926	Textron Inc.	262,237	346,544				
6,500	Thermo Electron Corporation	332,011	369,918				
2,490	Transocean Inc.	203,393	352,016				
3,877	United Technologies Corporation	268,244	292,746				
9,590	Verizon Communications Inc.	387,037	413,570				
13,340	Walt Disney Company	461,032	425,007				
11,885	Wells Fargo & Company	440,279	353,635				
		<u>21,560,567</u>	<u>22,770,446</u>				
Australia - 0.2%				Germany - 0.4%			
2,700	BHP Billiton Ltd.	94,031	93,502	700	Allianz AG Holdings	157,704	147,775
2,237	CSL Ltd.	60,332	70,207	1,000	BASF AG	103,563	145,866
7,866	Macquarie Airports	23,558	27,521	2,310	Bayer AG	138,617	207,872
1,879	Macquarie Group Ltd.	134,916	122,985	700	Deutsche Bank AG	99,128	89,367
1,750	National Australia Bank Ltd.	56,500	57,012	1,188	Deutsche Boerse AG	150,443	230,158
4,800	Onesteel Ltd.	27,222	25,488	2,200	Deutsche Lufthansa AG	42,986	57,501
10,000	Qantas Airways Ltd.	50,765	46,981	3,300	Deutsche Telekom AG	65,910	71,236
5,243	QBE Insurance Group Ltd.	96,685	150,869	533	E.ON AG	45,193	111,697
2,800	Suncorp-Metway Ltd.	49,691	40,935	400	Muenchener Rueckver AG	58,420	76,318
2,300	Zinifex Ltd.	29,987	24,491	47	Porsche AG Pref.	92,435	93,482
		<u>623,687</u>	<u>659,991</u>	510	RWE AG	52,015	70,536
Austria - 0.0%				Greece - 0.0%			
500	Voest Alpine AG	15,326	35,332	1,178	Siemens AG	170,359	182,527
Belgium - 0.0%				Hong Kong - 0.0%			
3,100	Fortis	120,851	79,839	700	Suedzucker AG	15,836	16,261
Finland - 0.1%				Italy - 0.1%			
9,134	Nokia Oyj	243,045	347,122	1,059	Assicurazione Generali SpA	47,879	46,856
3,700	Stora Enso Oyj Class R	61,354	53,618	800	Buzzi Unicem SpA	15,068	21,669
		<u>304,399</u>	<u>400,740</u>	3,000	Eni SpA	94,254	107,887
France - 0.3%				Japan - 0.6%			
2,100	Air France	107,495	72,273	3,480	Fiat SpA	95,974	88,278
1,200	BNP Paribas SA	117,311	127,315	1,500	Fondiarria-Sai SpA	69,732	61,135
500	Compagnie Generale des Etablissements Michelin Class B	48,896	56,576			<u>322,907</u>	<u>325,825</u>
2,370	Credit Agricole SA	81,453	78,469	1,000	Aisin Seiki Co. Ltd.	40,664	41,140
1,590	Essilor International SA	94,895	99,873	1,500	Alps Electric Co. Ltd.	16,769	19,197
1,500	France Telecom SA	49,176	53,130	500	Canon Inc.	25,014	22,605
659	L'Oreal SA	84,822	92,848	3,000	Dainippon Ink and Chemicals Inc.	14,406	14,832
800	Lagardere S.C.A.	73,192	58,876	1,700	Denso Corporation	75,528	68,363
700	Renault SA	77,707	96,941	6	East Japan Railway Co. Ltd.	42,125	48,751
				9,000	Fujitsu Ltd.	67,349	59,593
				1,800	Honda Motor Co. Ltd.	58,880	58,884
				8,000	Isuzu Motors Ltd.	47,849	35,398
				4,000	Itochu Corporation	24,987	38,459
				2,200	JFE Holdings Inc.	72,022	109,692
				2,300	Komatsu Ltd.	72,247	61,532
				2,000	Konica Minolta Holdings Inc.	33,803	34,831
				1,900	Kyushu Electric Power Co. Inc.	58,965	46,329
				9,000	Mitsubishi Chemical Holdings	83,971	68,258
				4,000	Mitsubishi Corporation	94,519	107,809
				10,800	Mitsubishi UFJ Financial Group Inc.	118,896	99,466
				11,000	Mitsui & Co. Ltd.	174,999	230,918
				9,000	Mitsui Chemicals Inc.	66,047	58,289
				4,000	Mitsui O.S.K. Lines Ltd.	32,790	50,276
				2,900	Namco Bandai Holdings Inc.	42,061	45,444
				3,000	NGK Insulators Ltd.	51,890	80,093
				200	Nintendo Co. Ltd.	115,944	120,151
				7,000	Nippon Mining Holdings Inc.	48,798	44,494
				10,000	Nippon Steel Corporation	71,825	60,934
				15	Nippon Telegraph and Telephone Corporation	81,124	73,452
				10,500	Nissan Motor Co. Ltd.	130,356	112,489
				440	Orix Corporation	113,660	72,804
				4,000	Sharp Corporation	78,150	70,906

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Blue Chip Fund (continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Japan (cont'd)				United Kingdom - 0.8%			
900	Sony Corporation	49,309	48,327	3,912	3i Group PLC	102,038	76,596
12	Sumitomo Mitsui Financial Group Inc.	110,643	88,353	2,129	Anglo American PLC	141,004	127,116
2,800	Tokyo Electric Power Co. Ltd.	81,796	71,767	2,100	Antofagasta PLC	24,750	29,241
9,000	Toshiba Corporation	63,505	66,406	3,100	Associated British Foods PLC	56,577	54,377
3,000	Tosoh Corporation	14,865	12,739	1,600	Astrazeneca PLC	100,417	67,732
2,000	Toyota Motor Corporation	108,632	106,516	4,600	Aviva PLC	62,567	60,193
400	Yamato Kogyo Co. Ltd.	15,906	16,198	17,456	BAE Systems PLC	154,051	168,427
		<u>2,400,294</u>	<u>2,365,695</u>	8,927	Barclays PLC	102,142	89,088
Netherlands - 0.2%				5,393	BG Group PLC	112,522	122,327
1,250	ArcelorMittal	47,060	94,549	5,387	Billiton PLC	159,903	163,474
2,900	Corporate Express	46,804	22,221	6,300	BP PLC	85,456	75,906
3,312	ING Groep NV	109,869	127,593	3,447	British American Tobacco PLC	116,127	133,723
4,680	Koninklijke Ahold NV	64,373	64,137	3,100	British Energy PLC	29,953	33,149
700	Koninklijke BAM Groep NV	15,076	16,260	2,122	Capita Group PLC	32,893	29,233
8,473	Royal Dutch Shell PLC Class A	340,867	351,587	5,200	GlaxoSmithKline PLC	146,271	130,006
1,500	Wolters Kluwer NV	41,913	48,369	6,800	HBOS PLC	132,889	97,145
		<u>665,962</u>	<u>724,716</u>	11,658	International Power PLC	81,951	103,101
Norway - 0.0%				11,270	ITV PLC	19,980	18,769
2,779	Aker Kvaerner ASA	91,733	72,386	16,324	Man Group PLC	158,670	184,988
740	Renewable Energy Corporation AS	27,877	36,536	2,230	Punch Taverns PLC	36,093	33,256
2,578	Statoil ASA	80,827	78,723	2,139	Reckitt Benkiser PLC	120,881	121,738
		<u>200,437</u>	<u>187,645</u>	3,056	Rio Tinto PLC	215,446	315,430
Spain - 0.1%				13,241	Royal & Sun Alliance Insurance Group PLC	25,411	38,227
5,810	Banco Santander Central Hispano SA	112,232	123,887	13,245	Royal Bank of Scotland Group PLC	187,471	117,311
5,084	Iberdrola Renovables	39,746	41,450	4,172	Standard Chartered PLC	137,003	149,270
1,510	Industria de Diseno Textil SA	99,374	90,616	7,798	Tesco PLC	69,831	72,544
1,400	Repsol YPF SA	44,343	49,271	3,700	Trinity Mirror PLC	42,260	25,078
7,335	Telefonica SA	177,332	233,962	3,635	Unilever PLC	133,095	134,301
		<u>473,027</u>	<u>539,186</u>	90,449	Vodafone Group PLC	288,440	332,114
Sweden - 0.0%				3,568	Xstrata PLC	144,265	247,526
2,900	Nordea Bank AB	47,070	47,571			<u>3,220,357</u>	<u>3,351,386</u>
2,600	Svenska Cellulosa AB Class B	44,115	45,213		TOTAL FOREIGN EQUITIES	<u>33,667,578</u>	<u>35,719,681</u>
9,277	TeliaSonera AB	88,761	85,314		TOTAL EQUITIES	<u>284,766,501</u>	<u>420,364,823</u>
		<u>179,946</u>	<u>178,098</u>				
Switzerland - 0.2%				SHORT-TERM NOTES - 2.0%			
7,452	ABB Ltd.	118,063	212,170	8,590,000	Government of Canada Treasury Bills		
500	Alcon Inc.	64,434	71,012		3.81% to 4.01% due from		
2,754	Credit Suisse Group	164,598	163,521		Jan. 24, 2008 to Apr. 3, 2008	<u>8,507,310</u>	<u>8,540,041</u>
2,165	Julius Baer Holding AG	174,870	173,780				
501	Nestle SA	187,032	226,696		TOTAL INVESTMENT PORTFOLIO	<u>293,273,811</u>	<u>428,904,864</u>
1,930	Novartis AG	117,159	103,829				
447	Roche Holdings AG	64,369	76,034		OTHER ASSETS, LESS LIABILITIES - 0.1%		<u>268,648</u>
		<u>890,525</u>	<u>1,027,042</u>		TOTAL NET ASSETS - 100.0%		<u>429,173,512</u>

COMMITMENTS - FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar. 17, 2008	Canadian Dollar	101,493	Hong Kong Dollar	785,000	98,881	2,612
Mar. 17, 2008	Canadian Dollar	72,316	Japanese Yen	7,868,000	70,121	2,195
Mar. 17, 2008	Canadian Dollar	558,123	Swiss Franc	628,000	544,043	14,080
Mar. 17, 2008	Canadian Dollar	131,330	Swiss Franc	153,000	132,546	(1,215)
Mar. 17, 2008	Canadian Dollar	131,670	Swiss Franc	153,000	132,546	(876)
Mar. 17, 2008	Japanese Yen	7,868,000	Canadian Dollar	72,349	71,920	(2,232)
Mar. 17, 2008	Swiss Franc	153,000	Canadian Dollar	131,330	132,229	1,223
					<u>1,182,286</u>	<u>15,787</u>

The currency forward contracts outstanding at December 31, 2007 are placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia Canadian Blue Chip Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$428,904,864	\$455,361,669
Cash	386,046	1,028,718
Accrued investment income	802,885	634,575
Receivable for securities sold	51,265	154,572
Subscriptions receivable	67,886	64,814
Receivable from currency forward contracts	15,787	32,295
	<u>430,228,733</u>	<u>457,276,643</u>
LIABILITIES		
Payable for securities purchased	118,375	230,117
Redemptions payable	203,398	27,119
Accrued expenses	733,448	726,885
	<u>1,055,221</u>	<u>984,121</u>
Net assets	<u>\$429,173,512</u>	<u>\$456,292,522</u>
NET ASSETS PER CLASS		
Class A Units	\$405,993,455	\$430,903,781
Class F Units	\$ 30,186	\$ 29,770
Class I Units	\$ 23,149,871	\$ 25,358,971
UNITS OUTSTANDING		
Class A Units	14,092,884	15,459,368
Class F Units	1,036	1,067
Class I Units	763,432	882,455
NET ASSETS PER UNIT		
Class A Units	\$ 28.81	\$ 27.87
Class F Units	\$ 29.13	\$ 27.91
Class I Units	\$ 30.32	\$ 28.74

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 8,144,270	\$ 7,486,033
Interest	1,269,509	1,554,032
Securities lending	26,575	20,142
Foreign withholding taxes	(210,321)	(173,777)
	<u>9,230,033</u>	<u>8,886,430</u>
EXPENSES		
Management fees (note 4)	7,871,103	7,776,878
Audit fees	27,851	19,700
Directors'/Trustee fees	4,704	2,755
Custodian fees	148,752	197,789
Filing fees	26,365	39,304
Legal fees	7,094	15,403
Unitholder reporting	62,989	111,110
Unitholder administration, service fees and GST	890,912	1,099,413
	<u>9,039,770</u>	<u>9,262,352</u>
Absorbed expenses	(5,009)	(21,002)
	<u>9,034,761</u>	<u>9,241,350</u>
Net investment income (loss)	195,272	(354,920)
Net realized gain (loss) on investments sold	47,669,060	64,871,839
Net realized gain (loss) on foreign exchange	(586,553)	7,570
Transaction costs	(397,293)	-
Change in unrealized appreciation (depreciation) of investments	(24,260,696)	961,804
Change in unrealized appreciation (depreciation) of currency forward	(16,508)	82,503
Net gain (loss) on investments and transaction costs	<u>22,408,010</u>	<u>65,923,716</u>
Increase (decrease) in net assets from operations	<u>\$ 22,603,282</u>	<u>\$ 65,568,796</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 20,673,580	\$ 60,445,181
Class F Units	\$ 1,506	\$ (17,027)
Class I Units	\$ 1,928,196	\$ 3,925,296
Scotia Private Client Units	\$ -	\$ 1,215,346
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 1.41	\$ 3.67
Class F Units	\$ 1.52	\$ (19.47)
Class I Units	\$ 2.12	\$ 4.19
Scotia Private Client Units	\$ -	\$ 4.60

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS - BEGINNING OF PERIOD		
Class A Units - Pricing net asset value beginning of period	\$430,903,781	\$435,685,433
New accounting policy adjustment (note 2)	(429,004)	-
Class A Units - GAAP net assets beginning of period	<u>430,474,777</u>	<u>435,685,433</u>
Class F Units - Pricing net asset value beginning of period		
Class F Units - Pricing net asset value beginning of period	29,770	19,588
New accounting policy adjustment (note 2)	(29)	-
Class F Units - GAAP net assets beginning of period	<u>29,741</u>	<u>19,588</u>
Class I Units - Pricing net asset value beginning of period		
Class I Units - Pricing net asset value beginning of period	25,358,971	20,873,672
New accounting policy adjustment (note 2)	(25,246)	-
Class I Units - GAAP net assets beginning of period	<u>25,333,725</u>	<u>20,873,672</u>
Scotia Private Client Units - Pricing net asset value beginning of period		
Scotia Private Client Units - Pricing net asset value beginning of period	-	28,728,000
New accounting policy adjustment (note 2)	-	-
Scotia Private Client Units - GAAP net assets beginning of period	<u>-</u>	<u>28,728,000</u>
Total net assets - beginning of period	<u>455,838,243</u>	<u>485,306,693</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	20,673,580	60,445,181
Class F Units	1,506	(17,027)
Class I Units	1,928,196	3,925,296
Scotia Private Client Units	-	1,215,346
	<u>22,603,282</u>	<u>65,568,796</u>
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(5,584,715)	-
Class F Units	(415)	-
Class I Units	(317,859)	-
	<u>(5,902,989)</u>	<u>-</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	15,477,263	23,654,969
Class F Units	18,939	27,209
Class I Units	7,838,001	6,425,781
Scotia Private Client Units	-	35,752
Reinvested distributions		
Class A Units	5,564,023	-
Class F Units	415	-
Class I Units	317,859	-
Payments on redemption		
Class A Units	(60,611,473)	(88,881,802)
Class F Units	(20,000)	-
Class I Units	(11,950,051)	(5,865,778)
Scotia Private Client Units	-	(29,979,098)
	<u>(43,365,024)</u>	<u>(94,582,967)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(24,481,322)	(4,781,652)
Class F Units	445	10,182
Class I Units	(2,183,854)	4,485,299
Scotia Private Client Units	-	(28,728,000)
	<u>(26,664,731)</u>	<u>(29,014,171)</u>
TOTAL NET ASSETS - END OF PERIOD		
Class A Units	405,993,455	430,903,781
Class F Units	30,186	29,770
Class I Units	23,149,871	25,358,971
	<u>\$429,173,512</u>	<u>\$456,292,522</u>

Scotia Canadian Growth Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 98.8%							
CANADIAN EQUITIES – 73.7%							
Energy – 16.0%							
225,400	Canadian Natural Resources Ltd.	9,543,613	16,350,516	150,000	Allen-Vanguard Corporation	1,039,640	798,000
100,000	Cyries Energy Inc.	655,321	674,000	1,057,200	Bombardier Inc. Class B	4,884,075	6,300,912
333,650	EnCana Corporation	9,988,531	22,521,375	292,200	CAE Inc.	2,841,178	3,871,650
169,866	Ensign Resource Service Group Inc.	3,000,846	2,590,457	(403)	Canadian National Railway Company		(69,719)
100,000	Flint Energy Services Ltd.	2,365,371	1,801,000		Written Put Options \$50.00 Jan. 18, 2008		(130,975)
74,700	Galleon Energy Inc.	1,487,309	1,148,886	300,820	Canadian National Railway Company	9,004,463	14,033,253
109,600	Husky Energy Inc.	1,711,256	4,880,488	67,100	Canadian Pacific Railway Ltd.	2,532,751	4,309,162
144,145	Imperial Oil Ltd.	4,601,516	7,867,434	449,800	Discovery Air Inc. Class A	684,487	620,724
526,000	Jura Energy Corporation	600,140	194,620	174,000	Finning International Inc.	4,023,219	4,983,360
320,000	Lignol Energy Corporation	400,000	256,000	44,689	Macdonald Dettwiler & Associates Ltd.	1,614,622	1,865,766
8,957	Major Drilling Group International Inc.	464,509	560,708	172,000	Neo Material Technologies Inc.	557,894	860,000
287,100	Nexen Inc.	9,490,577	9,204,426	215,800	QuestAir Technologies Inc.	291,330	85,241
81,000	Opti Canada Inc.	1,882,205	1,343,790	106,250	Railpower Technologies Corporation Warrants Feb. 15, 2010		15,938
239,700	Petro-Canada	8,411,891	12,764,025	48,200	SNC-Lavalin Group Inc.	1,449,893	2,318,420
161,900	Petrobank Energy & Resources Ltd.	2,478,167	9,425,818	1,578,900	VRB Power Systems Inc.	871,330	299,991
35,000	Petrominerales Ltd.	655,029	698,250	100,000	Westjet Airlines Ltd.	1,306,095	2,250,000
52,600	Shawcor Ltd. Class A	924,189	1,854,150	93,900	Xantrex Technology Inc.	937,451	861,063
207,900	Suncor Energy Inc.	10,104,310	22,434,489				
515,000	Talisman Energy Inc.	4,599,417	9,455,400				
121,585	Trican Well Service Ltd.	3,103,691	2,333,216				
81,000	UTS Energy Corporation	454,604	435,780				
300,000	West Energy Ltd.	717,225	687,000				
		<u>77,639,717</u>	<u>129,481,828</u>			<u>31,968,709</u>	<u>43,342,505</u>
Materials – 13.5%							
99,500	Agnico-Eagle Mines Ltd.	4,099,206	5,406,830	92,700	Magna International Inc. Class A	8,536,603	7,402,095
108,000	Agrium Inc.	5,548,663	7,740,360	600,000	Peace Arch Entertainment Group	1,025,936	936,000
101,200	Anatolia Minerals Development	609,042	498,916	281,200	Rogers Communications Inc. Class B	7,386,373	12,651,188
130,500	Andina Minerals Inc.	432,384	597,690	138,900	Shaw Communications Inc. Class B	2,216,659	3,276,651
62,600	Aurora Energy Resources Inc.	863,098	846,978	117,200	Thomson Corporation	5,515,867	4,720,816
150,000	Baffinland Iron Mines Corporation (Restricted)	480,000	675,000	31,300	Tim Hortons Inc.	1,061,227	1,145,893
454,600	Barrick Gold Corporation	15,106,813	18,943,182			<u>32,591,545</u>	<u>40,341,543</u>
1,200,000	Blue Note Metals Inc.	577,260	402,000				
300,000	Breakwater Resources Ltd.	650,250	513,000				
127,100	Cameco Corporation	3,157,052	5,029,347	104,200	Atrium Innovations Inc.	1,129,082	2,155,898
237,500	Canadian Royalties Inc.	701,558	650,750	109,078	Jean Coutu Group Inc. Class A	1,269,003	1,211,857
495,000	Carpathian Gold Inc.	568,199	227,700	86,528	Metro Inc. Class A	2,221,538	2,275,686
71,400	Detour Gold Corporation	495,040	867,510	78,200	Saputo Inc.	1,230,856	2,332,706
200,000	Energold Drilling Corporation	817,130	878,000	117,700	Shoppers Drug Mart Corporation	5,120,261	6,268,702
445,300	European Minerals Corporation	504,004	610,061			<u>10,970,740</u>	<u>14,244,849</u>
300,000	GBS Gold International Inc.	359,575	378,000				
417,700	Goldcorp Inc.	10,999,758	14,097,375				
100,900	Guyana Goldfields Inc.	794,468	728,498				
485,800	High River Gold Mines Ltd.	1,293,413	1,360,240	630,000	6550568 Canada Inc.	1,017,760	800,820
113,100	Hudbay Minerals Inc.	2,404,489	2,205,450	889,800	Bioniche Life Sciences Inc.		122,550
26,300	Inmet Mining Corporation	1,920,577	2,113,994	408,500	Bioniche Life Sciences Inc. Warrants Mar. 13, 2009		
175,000	International Royalty Corporation	893,198	945,000	877,493	Isotechnika Inc.	3,360,609	868,718
31,650	iUnits S&P/TSX Cap Gold Index	2,313,620	2,438,949	2,000,000	Medical Ventures Corporation	1,053,191	180,000
151,000	Kinross Gold Corporation	1,704,236	2,758,770	1,585,400	Mediure Inc.	1,483,891	1,585,400
404,800	Lake Shore Gold Corporation	777,488	708,400	500,000	Migenix Inc. Warrants Dec. 6, 2011		
261,000	Linear Gold Corporation	1,065,393	615,960	600,000	Ondine Biopharma Corporation	1,130,250	582,000
29,100	Nova Chemicals Corporation	1,218,749	935,856	600,000	ProMetic Life Sciences Inc.	383,720	336,000
126,700	Potash Corporation of Saskatchewan Inc.	7,177,779	18,129,503	1,116,700	Response Biomedical Corporation	857,050	871,026
101,200	Red Back Mining Inc.	636,076	706,376	50,000	Tm Bioscience Corporation Warrants May 1, 2009		
200,000	Sherritt International Corporation	2,788,016	2,640,000	25,285	World Heart Corporation Warrants Sep. 22, 2008		
647,700	Silver Eagle Mines Inc.	869,280	531,114	373,900	YM Biosciences Inc.	1,101,836	483,979
112,500	Silver Eagle Mines Inc. Warrants Nov. 10, 2008					<u>10,388,307</u>	<u>5,830,493</u>
42,500	Skye Resources Inc. Warrants Mar. 13, 2008		14,875				
288,900	Teck Cominco Ltd. Class B	6,962,592	10,235,727				
303,900	Yamana Gold Inc.	4,125,835	3,892,959				
		<u>82,914,241</u>	<u>109,324,370</u>				
EQUITIES (cont'd)							
CANADIAN EQUITIES (cont'd)							
Industrials – 5.3%							
				174,000	Canadian National Railway Company		
				300,820	Canadian National Railway Company		
				67,100	Canadian Pacific Railway Ltd.		
				449,800	Discovery Air Inc. Class A		
				174,000	Finning International Inc.		
				44,689	Macdonald Dettwiler & Associates Ltd.		
				172,000	Neo Material Technologies Inc.		
				215,800	QuestAir Technologies Inc.		
				106,250	Railpower Technologies Corporation Warrants Feb. 15, 2010		
				48,200	SNC-Lavalin Group Inc.		
				1,578,900	VRB Power Systems Inc.		
				100,000	Westjet Airlines Ltd.		
				93,900	Xantrex Technology Inc.		
						<u>31,968,709</u>	<u>43,342,505</u>
Consumer Discretionary – 5.0%							
				80,600	Astral Media Inc. Class A	1,448,340	3,755,960
				24,300	Canadian Tire Corporation Ltd. Class A	1,261,020	1,797,471
				35,200	Corus Entertainment Inc. Class B	1,028,133	1,699,808
				48,700	Gildan Activewear Inc.	1,942,638	1,993,291
				377,400	Kaboose Inc.	1,168,749	962,370
				92,700	Magna International Inc. Class A	8,536,603	7,402,095
				600,000	Peace Arch Entertainment Group	1,025,936	936,000
				281,200	Rogers Communications Inc. Class B	7,386,373	12,651,188
				138,900	Shaw Communications Inc. Class B	2,216,659	3,276,651
				117,200	Thomson Corporation	5,515,867	4,720,816
				31,300	Tim Hortons Inc.	1,061,227	1,145,893
						<u>32,591,545</u>	<u>40,341,543</u>
Consumer Staples – 1.7%							
				104,200	Atrium Innovations Inc.	1,129,082	2,155,898
				109,078	Jean Coutu Group Inc. Class A	1,269,003	1,211,857
				86,528	Metro Inc. Class A	2,221,538	2,275,686
				78,200	Saputo Inc.	1,230,856	2,332,706
				117,700	Shoppers Drug Mart Corporation	5,120,261	6,268,702
						<u>10,970,740</u>	<u>14,244,849</u>
Health Care – 0.7%							
				630,000	6550568 Canada Inc.	1,017,760	800,820
				889,800	Bioniche Life Sciences Inc.		122,550
				408,500	Bioniche Life Sciences Inc. Warrants Mar. 13, 2009		
				877,493	Isotechnika Inc.	3,360,609	868,718
				2,000,000	Medical Ventures Corporation	1,053,191	180,000
				1,585,400	Mediure Inc.	1,483,891	1,585,400
				500,000	Migenix Inc. Warrants Dec. 6, 2011		
				600,000	Ondine Biopharma Corporation	1,130,250	582,000
				600,000	ProMetic Life Sciences Inc.	383,720	336,000
				1,116,700	Response Biomedical Corporation	857,050	871,026
				50,000	Tm Bioscience Corporation Warrants May 1, 2009		
				25,285	World Heart Corporation Warrants Sep. 22, 2008		
				373,900	YM Biosciences Inc.	1,101,836	483,979
						<u>10,388,307</u>	<u>5,830,493</u>
Financials – 21.7%							
				162,500	Bank of Montreal	8,783,523	9,140,625
				484,600	Bank of Nova Scotia, The	23,836,544	24,307,536
				242,050	Brookfield Asset Management Inc. Class A	4,935,179	8,578,252
				151,960	Canadian Imperial Bank of Commerce	10,934,234	10,717,739
				43,400	Canadian Western Bank	1,060,784	1,359,288
				207,300	Great-West Lifeco Inc.	5,915,643	7,355,004
				50,800	IGM Financial Inc.	2,439,707	2,541,524

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Growth Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares			Average Cost (\$)		Fair Value (\$)		Number of Shares/ Number of Contracts		Average Cost (\$)		Fair Value (\$)	
Issuer							Issuer					
EQUITIES (cont'd)												
CANADIAN EQUITIES (cont'd)												
Financials (cont'd)												
714,000	Manulife Financial Corporation		17,590,150	28,881,300			87,200	eBay Inc.	3,029,679	2,853,987		
281,700	Power Corporation of Canada		7,707,275	11,290,536			20,200	Eli Lilly & Company	1,019,545	1,065,753		
678,370	Royal Bank of Canada		19,174,964	34,386,575			120,000	EMC Corporation	2,438,318	2,192,620		
250,300	Sun Life Financial Services of Canada Inc.		10,542,789	13,914,177			17,800	Emerson Electric Company	871,592	995,065		
330,810	Toronto-Dominion Bank		9,398,211	22,974,755			12,700	Entergy Corporation	1,425,665	1,499,367		
			<u>122,319,003</u>	<u>175,447,311</u>			18,700	Exelon Corporation	1,460,311	1,506,068		
Information Technology - 5.4%												
483,400	Art Advanced Research Technologies Inc.		966,800	72,510			14,780	Express Scripts Inc.	1,080,451	1,064,457		
242,900	COM DEV International Ltd.		1,180,378	874,440			14,400	Exxon Mobil Corporation	1,223,685	1,333,360		
200,000	Descartes Systems Group Inc.		921,056	830,000			9,700	Franklin Resources Inc.	1,169,473	1,096,874		
78,300	Exfo Electro-Optical Engineering Inc.		564,946	384,453			5,400	Freeport-McMoran Copper & Gold Inc. Class B	581,973	545,422		
1,000,000	Grey Island Systems International Inc.		382,698	330,000			70,400	Frontier Oil Corporation	2,969,471	2,815,471		
526,300	Intrinsyc Software Inc.		356,415	484,196			78,100	GAP Inc.	1,369,322	1,644,674		
251,500	Nortel Networks Corporation		7,076,860	3,767,470			68,200	General Electric Company	2,746,064	2,492,278		
404,800	Offshore Systems International Ltd.		313,720	186,208			43,600	Genzyme Corporation	2,861,942	3,202,550		
60,000	Open Text Corporation		1,573,260	1,854,062			27,600	Gilead Sciences Inc.	1,203,458	1,254,893		
287,000	Research in Motion Ltd.		16,844,754	32,215,744			4,800	Goldman Sachs Group Inc.	1,098,665	1,018,400		
100,000	Sierra Wireless Inc.		1,809,482	1,476,000			14,200	Goodrich Corporation	914,116	989,990		
2,900,100	SIRIT Inc.		1,611,651	754,026			2,100	Google Inc.	1,409,450	1,434,497		
61,100	Wi-LAN Inc.		323,709	156,416			12,470	Hartford Financial Services Group Inc.	1,133,517	1,072,582		
2,600,000	Yangaroo Inc.		650,000	364,000			25,000	Hewlett-Packard Company	1,220,969	1,245,874		
			<u>34,575,729</u>	<u>43,749,525</u>			16,100	Honeywell International Inc.	915,352	978,626		
Telecommunication Services - 1.1%												
176,400	Telus Corporation		7,106,661	8,719,452			50,400	Intel Corporation	1,287,617	1,327,312		
Utilities - 1.4%												
102,700	Enbridge Inc.		2,262,430	4,108,000			109,600	iShares MSCI Emerging Market Index	16,943,350	16,255,770		
97,200	TransAlta Corporation		2,056,638	3,236,760			18,000	Johnson & Johnson	1,113,524	1,184,833		
91,000	TransCanada Corporation		3,458,000	3,686,410			24,100	JPMorgan Chase & Company	1,030,692	1,037,409		
			<u>7,777,068</u>	<u>11,031,170</u>			21,400	Kellogg Company	1,073,862	1,107,072		
Income Trust Units - 1.9%												
40,500	ARC Energy Trust		869,750	824,985			19,567	Lincoln National Corporation	1,138,653	1,124,396		
43,800	Bonavista Energy Trust		1,355,759	1,243,044			22,400	Marathon Oil Corporation	1,253,522	1,344,965		
228,100	Canadian Oil Sands Trust		6,789,346	8,829,751			23,300	McDonald's Corporation	1,343,028	1,354,565		
104,100	Precision Drilling Trust		3,071,030	1,570,869			20,000	MEMC Electronic Materials Inc.	1,352,275	1,749,906		
241,000	Trinidad Energy Services Income Trust		3,223,357	2,530,500			22,300	Merck & Company Inc.	1,218,040	1,280,343		
			<u>15,309,242</u>	<u>14,999,149</u>			32,200	Microsoft Corporation	1,020,373	1,129,612		
TOTAL CANADIAN EQUITIES												
			<u>433,560,962</u>	<u>596,512,195</u>			43,080	National Oilwell Varco Inc.	3,138,487	3,121,782		
FOREIGN EQUITIES - 23.3%												
United States - 18.7%												
72,000	Abbott Laboratories		4,110,261	3,985,849			24,200	Nike Inc. Class B	1,503,305	1,534,352		
17,900	Abercrombie & Fitch Company Class A		1,302,439	1,414,573			162,100	Oracle Corporation	3,197,387	3,602,614		
28,500	Adobe Systems Inc.		1,275,096	1,203,436			73,406	OSI Pharmaceuticals Inc.	3,663,187	3,506,578		
7,145	AFLAC Inc.		426,664	441,152			16,000	PepsiCo Inc.	1,112,367	1,197,699		
16,400	Alcoa Inc.		599,047	591,861			7,700	Praxair Inc.	612,478	673,562		
16,700	Altria Group Inc.		1,151,353	1,246,303			16,700	Procter & Gamble Company	1,100,680	1,209,006		
18,321	American International Group Inc.		1,050,833	1,053,520			11,976	Prudential Financial Inc.	1,119,134	1,099,088		
7,100	Apple Computer Inc.		1,265,350	1,389,774			752	S&P 500 Depository Receipts Put Options \$150.00 Jan. 18, 2008	287,617	330,692		
95,055	Archer-Daniels-Midland Company		3,667,166	4,367,905			546	S&P 500 Depository Receipts Put Options \$146.00 Jan. 18, 2008	249,169	130,033		
81,900	AT&T Inc.		2,853,919	3,358,747			57,066	S&P 500 Depository Receipts	8,270,752	8,253,631		
26,100	Bank of America Corporation		1,157,596	1,061,343			130,310	Scansource Inc.	4,790,300	4,158,063		
30,800	Bank of New York Company Inc.		1,394,476	1,480,436			12,200	Schlumberger Ltd.	1,111,462	1,183,422		
30,000	Beckman Coulter Inc.		2,228,545	2,151,412			817	Technology Select Sector SPDR Fund Put Options \$27.00 Jan. 18, 2008	74,327	44,405		
102,989	BMC Software Inc.		3,612,717	3,630,272			15,600	Textron Inc.	1,015,810	1,097,460		
9,800	Boeing Company		909,290	846,026			20,300	Thermo Electron Corporation	1,129,831	1,155,283		
35,000	Chesapeake Energy Corporation		1,296,796	1,355,812			8,045	Transocean Inc.	914,940	1,137,338		
14,400	Chevron Corporation		1,229,473	1,325,533			12,200	United Technologies Corporation	876,725	921,203		
27,700	Ciena Corporation		1,247,017	932,604			227,300	US Geothermal Inc.	500,060	886,470		
238,600	Cisco Systems Inc.		7,177,666	6,382,669			33,600	Valmont Industries Inc.	3,036,740	2,965,077		
50,000	Cognizant Technology Solution Corporation		1,706,940	1,673,518			50,000	Valueclick Inc.	1,384,732	1,079,609		
16,100	Colgate-Palmolive Company		1,154,819	1,240,824			30,200	Verizon Communications Inc.	1,304,625	1,302,378		
30,400	CVS Caremark Corporation		1,186,466	1,191,739			42,400	Walt Disney Company	1,377,518	1,350,847		
12,600	Deere & Company		906,855	1,158,223			37,400	Wells Fargo & Company	1,170,418	1,112,827		
							200,000	Western Goldfields Inc.	565,009	760,000		
							786,700	World Energy Solutions Inc.	666,700	597,892		
							53,300	Wyeth	2,982,698	2,325,429		
									<u>150,985,196</u>	<u>151,419,262</u>		
Australia - 0.3%												
							485,800	Centamin Egypt Ltd.	418,978	582,960		
							5,913	CSL Ltd.	159,467	185,576		
							22,864	Macquarie Airports	75,630	79,996		
							4,968	Macquarie Group Ltd.	354,479	325,168		

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Growth Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Australia (cont'd)				Japan - 0.7%			
35,239	Macquarie Infrastructure Group	119,474	92,206	1,000	Aisin Seiki Co. Ltd.	40,983	41,140
150,000	Moly Mines Ltd.	483,250	487,500	3,600	Alps Electric Co. Ltd.	48,513	46,074
6,435	National Australia Bank Ltd.	204,498	209,640	2,700	Canon Inc.	128,131	122,064
12,376	QBE Insurance Group Ltd.	228,836	356,124	9,000	Dainippon Ink and Chemicals Inc.	40,683	44,495
3,400	Suncorp-Metway Ltd.	60,434	49,707	4,400	Denso Corporation	195,450	176,939
12,200	Zinifex Ltd.	175,390	129,906	6,500	Edion Corporation	149,982	69,899
		<u>2,280,436</u>	<u>2,498,783</u>	23,000	Fujitsu Ltd.	149,492	152,293
				5,000	Honda Motor Co. Ltd.	154,369	163,566
Austria - 0.0%				16,000	Isuzu Motors Ltd.	94,210	70,796
2,100	Voest Alpine AG	51,625	148,392	10,000	Itochu Corporation	123,898	96,147
				4,500	JFE Holdings Inc.	142,235	224,369
Belgium - 0.0%				6,100	Komatsu Ltd.	191,233	163,195
5,100	Fortis	204,944	131,349	6,000	Konica Minolta Holdings Inc.	101,679	104,493
				4,300	Kyushu Electric Power Co. Inc.	140,302	104,849
Finland - 0.1%				9,500	Mitsubishi Chemical Holdings	86,296	72,050
24,765	Nokia Oyj	673,545	941,152	8,300	Mitsubishi Corporation	222,084	223,703
6,000	Stora Enso Oyj Class R	105,486	86,948	26,000	Mitsubishi UFJ Financial Group Inc.	307,216	239,454
		<u>779,031</u>	<u>1,028,100</u>	33,000	Mitsui & Co. Ltd.	524,274	692,755
				24,000	Mitsui Chemicals Inc.	186,012	155,438
France - 0.5%				14,000	Mitsui O.S.K. Lines Ltd.	112,220	175,968
1,900	Air France	96,807	65,390	4,700	Namco Bandai Holdings Inc.	73,472	73,650
3,000	BNP Paribas SA	291,092	318,288	8,000	NGK Insulators Ltd.	138,277	213,581
1,600	Compagnie Generale des Etablissements Michelin Class B	177,526	181,043	400	Nintendo Co. Ltd.	231,023	240,301
5,527	Credit Agricole SA	177,400	182,994	17,000	Nippon Mining Holdings Inc.	120,777	108,057
4,208	Essilor International SA	248,818	264,318	14,000	Nippon Steel Corporation	99,883	85,307
3,600	France Telecom SA	82,662	127,511	40	Nippon Telegraph and Telephone Corporation	217,936	195,873
1,743	L'Oreal SA	224,098	245,575	6,000	Nippon Yusen Kabushiki Kaisha	60,600	47,269
1,700	Lagardere S.C.A.	148,446	125,111	22,700	Nissan Motor Co. Ltd.	261,719	243,192
3,000	Renault SA	308,310	415,462	24,000	Ok Electric Industry Co. Ltd.	53,496	37,081
3,527	Sanofi-Aventis SA	323,771	318,174	1,130	Orix Corporation	277,510	186,975
1,485	Societe Generale	186,323	209,467	12,000	Sharp Corporation	235,363	212,717
4,288	Suez SA	285,353	286,880	31	Sumitomo Mitsui Financial Group Inc.	291,963	228,245
2,100	Technip-Coflexip SA	183,210	163,928	7,000	Tokyo Electric Power Co. Ltd.	205,204	179,416
8,307	Total SA	602,070	680,422	23,000	Toshiba Corporation	196,380	169,704
3,180	Veolia Environment	272,055	285,045	11,000	Tosoh Corporation	74,494	46,711
		<u>3,607,941</u>	<u>3,869,608</u>	5,100	Toyota Motor Corporation	277,718	271,617
				1,000	Yamato Kogyo Co. Ltd.	40,152	40,495
						<u>5,995,229</u>	<u>5,719,878</u>
Germany - 0.5%				Luxembourg - 0.4%			
1,700	Allianz AG Holdings	387,517	358,882	29,950	Millicom International Cellular SA	3,557,155	3,481,450
2,800	BASF AG	301,623	408,424	Netherlands - 0.2%			
6,247	Bayer AG	376,119	562,155	3,645	ArcelorMittal	137,261	275,704
1,800	Deutsche Bank AG	256,096	229,801	8,633	ING Groep NV	280,064	332,583
3,203	Deutsche Boerse AG	405,609	620,536	12,340	Koninklijke Ahold NV	171,810	169,113
6,900	Deutsche Lufthansa AG	133,972	180,344	11,853	Royal Dutch Shell PLC Class A	471,374	491,743
6,400	Deutsche Telekom AG	129,271	138,155	5,100	Wolters Kluwer NV	129,404	164,456
1,723	E.ON AG	171,323	361,076			<u>1,189,913</u>	<u>1,433,599</u>
1,400	Muenchener Rueckver AG	202,195	267,113	Norway - 0.1%			
125	Porsche AG Pref.	245,793	248,621	7,348	Aker Kvaerner ASA	242,555	191,397
2,270	RWE AG	228,242	313,954	2,007	Renewable Energy Corporation AS	75,607	99,091
3,187	Siemens AG	461,007	493,813	6,946	Statoil ASA	221,700	212,107
		<u>3,298,767</u>	<u>4,182,874</u>			<u>539,862</u>	<u>502,595</u>
				Singapore - 0.0%			
Greece - 0.0%				100	Flextronics International Ltd.	1,614	1,186
2,550	National Bank of Greece SA	163,213	173,376	Spain - 0.2%			
				2,468	Banco Santander Central Hispano SA	51,986	52,625
Hong Kong - 0.0%				13,744	Iberdrola Renovables	107,790	112,056
20,700	Esprit Holdings Ltd.	203,231	300,588	4,090	Industria de Diseno Textil SA	267,640	245,444
				6,600	Repsol YPF SA	209,732	232,277
Italy - 0.1%				19,775	Telefonica SA	477,887	630,756
2,844	Assicurazione Generali SpA	128,489	125,833			<u>1,115,035</u>	<u>1,273,158</u>
5,700	Buzzi Unicem SpA	110,865	154,394				
10,200	Eni SpA	320,374	366,817				
9,412	Fiat SpA	259,625	238,756				
3,300	Fondiarria-Sai SpA	155,841	134,497				
1,500	Fondiarria-Sai SpA - RNC	53,710	41,628				
		<u>1,028,904</u>	<u>1,061,925</u>				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Growth Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Sweden – 0.1%				United Kingdom (cont'd)			
8,700	Nordea Bank AB	97,469	142,712	30,856	International Power PLC	214,207	272,885
6,300	Svenska Cellulosa AB Class B	108,831	109,554	42,650	ITV PLC	94,991	71,031
25,124	TeliaSonera AB	240,389	231,047	44,182	Man Group PLC	420,038	500,682
		<u>446,689</u>	<u>483,313</u>	5,140	Punch Taverns PLC	83,294	76,653
				5,515	Reckitt Benkiser PLC	311,646	313,879
Switzerland – 0.3%				8,121	Rio Tinto PLC	543,225	838,222
20,112	ABB Ltd.	310,526	572,620	51,670	Royal & Sun Alliance Insurance Group PLC	97,286	149,170
1,300	Alcon Inc.	169,804	184,632	27,056	Royal Bank of Scotland Group PLC	379,427	239,636
7,071	Credit Suisse Group	407,869	419,847	10,906	Royal Dutch Shell PLC Class A	447,773	452,645
5,727	Julius Baer Holding AG	462,594	459,693	11,031	Standard Chartered PLC	362,250	394,679
1,356	Nestle SA	499,219	613,572	21,088	Tesco PLC	188,469	196,180
4,000	Novartis AG	250,323	215,189	9,822	Unilever PLC	360,003	362,890
1,208	Roche Holdings AG	169,482	205,479	269,550	Vodafone Group PLC	866,070	989,743
		<u>2,269,817</u>	<u>2,671,032</u>	9,921	Xstrata PLC	388,104	688,251
United Kingdom – 1.1%						<u>8,790,751</u>	<u>9,275,781</u>
10,586	3i Group PLC	275,703	207,272			<u>186,509,353</u>	<u>189,656,249</u>
5,754	Anglo American PLC	381,009	343,552		TOTAL FOREIGN EQUITIES		
5,000	Antofagasta PLC	58,813	69,621		INTERNATIONAL INDEX FUND – 1.8%		
2,200	Associated British Foods PLC	39,291	38,590	184,900	iShares MSCI EAFE Index Fund	14,858,310	14,343,390
5,200	Astrazeneca PLC	317,954	220,128			<u>634,928,625</u>	<u>800,511,834</u>
13,800	Aviva PLC	187,677	180,580		SHORT-TERM NOTES – 1.1%		
52,670	BAE Systems PLC	463,002	508,195	8,670,000	Government of Canada Treasury Bills		
20,208	Barclays PLC	234,545	201,667		3.63% to 3.84% due from		
14,588	BG Group PLC	307,985	330,893		Jan. 10, 2008 to Apr. 3, 2008	8,641,748	8,646,252
11,983	Billiton PLC	328,143	363,635			<u>643,570,373</u>	<u>809,158,086</u>
17,300	BP PLC	230,293	208,440		TOTAL INVESTMENT PORTFOLIO		
8,568	British American Tobacco PLC	292,096	332,387		OTHER ASSETS, LESS LIABILITIES – 0.1%		798,680
5,723	Capita Group PLC	88,716	78,842		TOTAL NET ASSETS – 100.0%		<u>809,956,766</u>
12,400	GlaxoSmithKline PLC	348,215	310,014				
15,810	HBOS PLC	304,306	225,862				
17,300	Home Retail Group PLC	176,220	109,557				

COMMITMENTS – FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar. 17, 2008	Canadian Dollar	278,880	Hong Kong Dollar	2,157,000	271,703	7,178
Mar. 17, 2008	Canadian Dollar	1,732,137	Swiss Franc	1,949,000	1,688,440	43,696
					<u>1,960,143</u>	<u>50,874</u>

The currency forward contracts outstanding at December 31, 2007 are placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia Canadian Growth Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$809,158,086	\$787,734,013
Cash	619,718	921,845
Accrued investment income	1,240,845	1,043,011
Receivable for securities sold	95,800	1,920,464
Subscriptions receivable	309,994	398,686
Receivable from currency forward contracts	50,874	35,213
	<u>811,475,317</u>	<u>792,053,232</u>
LIABILITIES		
Payable for securities purchased	41,307	256,682
Redemptions payable	391,465	141,126
Accrued expenses	1,085,779	1,047,168
	<u>1,518,551</u>	<u>1,444,976</u>
Net assets	<u>\$809,956,766</u>	<u>\$790,608,256</u>
NET ASSETS PER CLASS		
Class A Units	\$590,604,928	\$608,934,657
Class F Units	\$ 57,937	\$ 47,058
Class I Units	\$219,293,901	\$181,626,541
UNITS OUTSTANDING		
Class A Units	9,148,209	8,971,003
Class F Units	879	686
Class I Units	<u>3,090,664</u>	<u>2,486,186</u>
NET ASSETS PER UNIT		
Class A Units	\$ 64.56	\$ 67.88
Class F Units	\$ 65.91	\$ 68.63
Class I Units	\$ 70.95	\$ 73.05

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 12,755,280	\$ 11,559,581
Interest	1,619,854	1,231,651
Securities lending	180,324	107,459
Foreign withholding taxes	(232,221)	(194,089)
	<u>14,323,237</u>	<u>12,704,602</u>
EXPENSES		
Management fees (note 4)	11,184,337	10,978,298
Audit fees	43,543	24,129
Directors/Trustee fees	7,539	2,755
Custodian fees	172,227	219,723
Filing fees	30,591	34,505
Legal fees	14,155	20,249
Unitholder reporting	101,980	177,523
Unitholder administration, service fees and GST	1,355,211	1,554,708
	<u>12,909,583</u>	<u>13,011,890</u>
Absorbed expenses	(5,237)	(10,546)
	<u>12,904,346</u>	<u>13,001,344</u>
Net investment income (loss)	1,418,891	(296,742)
Net realized gain (loss) on investments sold	131,871,493	100,268,618
Net realized gain (loss) on foreign exchange	1,460,731	11,785
Transaction costs	(1,933,224)	-
Change in unrealized appreciation (depreciation) of investments	(57,012,515)	8,282,761
Change in unrealized appreciation (depreciation) of currency forward	15,661	90,893
Net gain (loss) on investments and transaction costs	<u>74,402,146</u>	<u>108,654,057</u>
Increase (decrease) in net assets from operations	<u>\$ 75,821,037</u>	<u>\$108,357,315</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 53,153,980	\$ 82,765,987
Class F Units	\$ 2,931	\$ 6,007
Class I Units	\$ 22,664,126	\$ 25,585,321
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 6.33	\$ 8.91
Class F Units	\$ 5.19	\$ 12.42
Class I Units	\$ 8.61	\$ 11.13

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS - BEGINNING OF PERIOD		
Class A Units - Pricing net asset value beginning of period	\$ 608,934,657	\$ 610,602,975
New accounting policy adjustment (note 2)	(891,714)	-
Class A Units - GAAP net assets beginning of period	<u>608,042,943</u>	<u>610,602,975</u>
Class F Units - Pricing net asset value beginning of period		
Class F Units - Pricing net asset value beginning of period	47,058	32,840
New accounting policy adjustment (note 2)	(69)	-
Class F Units - GAAP net assets beginning of period	<u>46,989</u>	<u>32,840</u>
Class I Units - Pricing net asset value beginning of period		
Class I Units - Pricing net asset value beginning of period	181,626,541	123,151,648
New accounting policy adjustment (note 2)	(265,956)	-
Class I Units - GAAP net assets beginning of period	<u>181,360,585</u>	<u>123,151,648</u>
Total net assets - beginning of period	<u>789,450,517</u>	<u>733,787,463</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	53,153,980	82,765,987
Class F Units	2,931	6,007
Class I Units	<u>22,664,126</u>	<u>25,585,321</u>
	<u>75,821,037</u>	<u>108,357,315</u>
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(74,958,985)	(15,288,658)
Class F Units	(7,341)	(1,179)
Class I Units	<u>(27,724,494)</u>	<u>(4,533,848)</u>
	<u>(102,690,820)</u>	<u>(19,823,685)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	25,075,267	38,209,211
Class F Units	25,849	16,083
Class I Units	<u>61,213,814</u>	<u>44,696,328</u>
Reinvested distributions		
Class A Units	74,664,605	15,230,283
Class F Units	7,341	1,179
Class I Units	<u>27,724,494</u>	<u>4,533,848</u>
Payments on redemption		
Class A Units	(95,372,882)	(122,585,141)
Class F Units	(17,832)	(7,872)
Class I Units	<u>(45,944,624)</u>	<u>(11,806,756)</u>
	<u>47,376,032</u>	<u>(31,712,837)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(17,438,015)	(1,668,318)
Class F Units	10,948	14,218
Class I Units	<u>37,933,316</u>	<u>58,474,893</u>
	<u>20,506,249</u>	<u>56,820,793</u>
TOTAL NET ASSETS - END OF PERIOD		
Class A Units	590,604,928	608,934,657
Class F Units	57,937	47,058
Class I Units	<u>219,293,901</u>	<u>181,626,541</u>
	<u>\$ 809,956,766</u>	<u>\$ 790,608,256</u>

Scotia Canadian Small Cap Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 89.1%							
CANADIAN EQUITIES – 84.3%							
Energy – 19.0%							
675,000	Bow Valley Energy Ltd.	4,051,988	4,232,250	850,000	Isotechnika Inc.	2,190,741	841,500
500,000	Crew Energy Inc.	5,303,460	3,615,000	600,000	Medicare Inc.	794,571	600,000
700,000	Cyrius Energy Inc.	7,140,145	4,718,000	300,000	Migenix Inc. Warrants Dec. 6, 2011	–	–
85,000	Duvernay Oil Corporation	2,668,907	2,463,300	625,000	Ondine Biopharma Corporation	1,234,194	606,250
125,000	Flint Energy Services Ltd.	3,130,092	2,251,250	5,900	World Heart Corporation Warrants Sep. 22, 2008	–	–
217,000	Galleon Energy Inc.	3,651,251	3,337,460			<u>9,025,772</u>	<u>5,746,500</u>
375,000	Highpine Oil & Gas Ltd.	4,763,674	3,723,750				
505,000	HSE Integrated Ltd.	959,500	479,750				
62,500	Major Drilling Group International Inc.	773,746	3,912,500				
150,000	Opti Canada Inc.	3,141,013	2,488,500				
75,000	Petrobank Energy & Resources Ltd.	1,227,724	4,366,500				
1,098,600	Terra Energy Corporation	1,425,054	1,120,572				
800,000	Tusk Energy Corporation	2,040,726	1,136,000				
625,000	West Energy Ltd.	3,857,740	1,431,250				
		<u>44,135,020</u>	<u>39,276,082</u>				
Materials – 15.0%							
150,000	Aurelian Resources Inc.	1,247,834	1,146,000	150,000	Aastra Technologies Ltd.	2,302,399	5,101,500
700,000	Crystallex International Corporation	2,648,073	1,554,000	50,000	Absolute Software Corporation	923,777	1,830,500
410,000	European Goldfields Ltd.	2,050,000	2,209,900	500,000	COM DEV International Ltd.	2,304,743	1,800,000
2,000,000	European Minerals Corporation	2,396,794	2,740,000	175,000	Corel Corporation	2,559,511	1,695,750
145,000	Hudbay Minerals Inc.	1,538,471	2,827,500	400,000	Exfo Electro-Optical Engineering Inc.	2,732,636	1,964,000
1,500,000	Ivernina Inc.	2,288,034	2,595,000	200,000	Gennum Corporation	2,289,020	2,110,000
225,000	Minefinders Corporation Ltd.	2,094,145	2,508,750	750,000	Intrinsyc Software International Inc.	660,401	690,000
300,000	Osisko Exploration Ltd.	1,132,976	1,758,000	250,000	Intrinsyc Software International Inc. Warrants Mar. 30, 2010	–	–
60,000	Pan American Silver Corporation	1,796,651	2,083,200	575,000	Matrikon Inc.	2,015,071	1,380,000
235,000	Quadra Mining Ltd.	2,256,182	4,124,250	150,000	Sierra Wireless Inc.	2,546,742	2,214,000
135,000	Russel Metals Inc.	3,582,144	3,435,750			<u>18,334,300</u>	<u>18,785,750</u>
50,000	Seabridge Gold Inc.	1,482,825	1,464,500				
190,000	Sherritt International Corporation	2,775,588	2,508,000				
		<u>27,289,717</u>	<u>30,954,850</u>				
Industrials – 11.0%							
650,000	Allen-Vanguard Corporation	2,657,634	3,458,000				
295,000	Azure Dynamics Corporation	250,750	109,150				
575,000	Canam Manac Group Inc. Class A	3,696,697	8,090,250				
200,000	Ceramic Protection Corporation	2,999,558	1,180,000				
475,000	CPI Plastics Group Ltd.	2,931,114	152,000				
125,000	Martinrea International Inc.	753,481	1,525,000				
465,000	MTI Global Inc.	1,076,475	334,800				
800,000	Neo Material Technologies Inc.	1,600,000	4,000,000				
250,000	Pure Technologies Ltd.	544,183	670,000				
302,200	QuestAir Technologies Inc.	407,970	119,369				
500,000	Torr Canada Inc.	591,160	190,000				
80,000	Transat A.T. Inc. Class B	1,434,044	2,800,000				
		<u>18,943,066</u>	<u>22,628,569</u>				
Consumer Discretionary – 4.3%							
350,000	Le Chateau Inc.	4,111,967	5,047,000				
150,000	MEGA Brands Inc.	3,692,492	927,000				
175,000	Rona Inc.	4,056,048	2,982,000				
		<u>11,860,507</u>	<u>8,956,000</u>				
Consumer Staples – 5.6%							
375,000	Atrium Innovations Inc.	4,930,371	7,758,750				
150,000	Rothmans Inc.	3,149,262	3,795,000				
		<u>8,079,633</u>	<u>11,553,750</u>				
Health Care – 2.8%							
1,180,100	6550568 Canada Inc.	–	–				
175,000	Ambrilia Biopharma Inc.	559,387	183,750				
150,000	Cangene Corporation	1,174,270	1,041,000				
100,000	Cardiome Pharma Corporation	934,970	890,000				
400,000	Draxis Health Inc.	2,137,639	1,584,000				
EQUITIES (cont'd)							
CANADIAN EQUITIES (cont'd)							
Health Care (cont'd)							
				850,000	Isotechnika Inc.	2,190,741	841,500
				600,000	Medicare Inc.	794,571	600,000
				300,000	Migenix Inc. Warrants Dec. 6, 2011	–	–
				625,000	Ondine Biopharma Corporation	1,234,194	606,250
				5,900	World Heart Corporation Warrants Sep. 22, 2008	–	–
						<u>9,025,772</u>	<u>5,746,500</u>
Financials – 7.6%							
				175,000	Equitable Group Inc.	4,579,273	4,989,250
				125,000	Home Capital Group Inc.	2,878,155	5,228,750
				250,000	Killam Properties Inc.	1,879,664	2,290,000
				125,000	Kingsway Financial Services Inc.	2,768,853	1,500,000
				400,000	Rentcash Inc.	2,543,529	1,720,000
						<u>14,649,474</u>	<u>15,728,000</u>
Information Technology – 9.1%							
				150,000	Aastra Technologies Ltd.	2,302,399	5,101,500
				50,000	Absolute Software Corporation	923,777	1,830,500
				500,000	COM DEV International Ltd.	2,304,743	1,800,000
				175,000	Corel Corporation	2,559,511	1,695,750
				400,000	Exfo Electro-Optical Engineering Inc.	2,732,636	1,964,000
				200,000	Gennum Corporation	2,289,020	2,110,000
				750,000	Intrinsyc Software International Inc.	660,401	690,000
				250,000	Intrinsyc Software International Inc. Warrants Mar. 30, 2010	–	–
				575,000	Matrikon Inc.	2,015,071	1,380,000
				150,000	Sierra Wireless Inc.	2,546,742	2,214,000
						<u>18,334,300</u>	<u>18,785,750</u>
Income Trust Units – 9.9%							
				140,000	BFI Canada Income Fund	3,974,984	3,724,000
				425,000	Eveready Income Fund Trust	2,228,992	1,687,250
				450,000	Keystone North America Inc. IPS	3,775,583	3,523,500
				225,000	NAL Oil & Gas Trust	2,890,668	2,598,750
				300,000	New Flyer Industries Inc. IDS	2,541,072	3,750,000
				325,000	Total Energy Services Trust	1,671,799	1,735,500
				300,000	Vicwest Income Fund	3,510,452	3,333,000
						<u>20,593,550</u>	<u>20,352,000</u>
TOTAL CANADIAN EQUITIES							
						<u>172,911,039</u>	<u>173,981,501</u>
FOREIGN EQUITIES – 4.8%							
United States 2.8%							
				155,000	Horsehead Holding Corporation	3,121,605	2,574,806
				850,000	Western Goldfields Inc.	1,896,194	3,230,000
						<u>5,017,799</u>	<u>5,804,806</u>
Australia – 0.7%							
				1,250,000	Centamin Egypt Ltd.	1,123,300	1,500,000
Ireland – 0.2%							
				386,900	Kenmare Resources PLC	128,378	401,178
United Kingdom – 1.1%							
				2,300,000	European Nickel PLC	1,708,290	2,255,114
						<u>7,977,767</u>	<u>9,961,098</u>
TOTAL FOREIGN EQUITIES							
						<u>180,888,806</u>	<u>183,942,599</u>
TOTAL EQUITIES							
						<u>180,888,806</u>	<u>183,942,599</u>
SHORT-TERM NOTES – 10.8%							
				22,385,000	Government of Canada Treasury Bills		
					3.77% to 4.01% due from		
					Jan. 10, 2008 to Mar. 20, 2008	<u>22,172,551</u>	<u>22,265,877</u>
						<u>203,061,357</u>	<u>206,208,476</u>
TOTAL INVESTMENT PORTFOLIO							
						<u>203,061,357</u>	<u>206,208,476</u>
OTHER ASSETS, LESS LIABILITIES – 0.1%							
							<u>162,277</u>
TOTAL NET ASSETS – 100.0%							
						<u>206,370,753</u>	<u>206,370,753</u>

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Small Cap Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$206,208,476	\$170,985,520
Cash	107,877	110,306
Accrued investment income	241,417	23,394
Subscriptions receivable	128,184	124,966
	<u>206,685,954</u>	<u>171,244,186</u>
LIABILITIES		
Payable for securities purchased	–	10,619
Distributions payable	58	–
Redemptions payable	157,099	16,220
Accrued expenses	158,044	178,464
	<u>315,201</u>	<u>205,303</u>
Net assets	<u>\$206,370,753</u>	<u>\$171,038,883</u>
NET ASSETS PER CLASS		
Class A Units	\$ 71,490,806	\$ 87,299,355
Class I Units	\$107,565,904	\$ 53,471,596
Scotia Private Client Units	\$ 27,314,043	\$ 30,267,932
UNITS OUTSTANDING		
Class A Units	3,227,114	3,685,471
Class I Units	4,417,374	2,081,212
Scotia Private Client Units	1,123,676	1,180,653
NET ASSETS PER UNIT		
Class A Units	\$ 22.15	\$ 23.69
Class I Units	\$ 24.35	\$ 25.69
Scotia Private Client Units	\$ 24.31	\$ 25.64

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,567,454	\$ 1,856,020
Interest	2,057,492	478,795
Securities lending	182,449	189,177
	<u>3,807,395</u>	<u>2,523,992</u>
EXPENSES		
Management fees (note 4)	1,671,609	1,940,226
Audit fees	26,276	19,428
Directors'/Trustee fees	2,123	2,755
Custodian fees	19,543	20,448
Filing fees	29,642	30,436
Legal fees	3,617	7,325
Unitholder reporting	27,759	49,413
Unitholder administration, service fees and GST	336,556	456,215
	<u>2,117,125</u>	<u>2,526,246</u>
Absorbed expenses	(1,858)	(70,469)
	<u>2,115,267</u>	<u>2,455,777</u>
Net investment income (loss)	<u>1,692,128</u>	<u>68,215</u>
Net realized gain (loss) on investments sold	11,167,813	37,851,776
Net realized gain (loss) on foreign exchange	(301,546)	(47,320)
Transaction costs	(656,457)	–
Change in unrealized appreciation (depreciation) of investments	(12,182,636)	(17,386,303)
Net gain (loss) on investments and transaction costs	<u>(1,972,826)</u>	<u>20,418,153</u>
Increase (decrease) in net assets from operations	<u>\$ (280,698)</u>	<u>\$ 20,486,368</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 140,168	\$ 9,965,030
Class F Units	\$ 779	\$ –
Class I Units	\$ (768,037)	\$ 5,368,027
Scotia Private Client Units	\$ 346,392	\$ 5,153,311
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.04	\$ 2.98
Class F Units	\$ 2.22	\$ –
Class I Units	\$ (0.25)	\$ 3.67
Scotia Private Client Units	\$ 0.30	\$ 3.16

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 87,299,355	\$100,872,037
New accounting policy adjustment (note 2)	(592,796)	–
Class A Units – GAAP net assets beginning of period	<u>86,706,559</u>	<u>100,872,037</u>
Class I Units – Pricing net asset value beginning of period		
Class I Units – Pricing net asset value beginning of period	53,471,596	33,332,363
New accounting policy adjustment (note 2)	(362,972)	–
Class I Units – GAAP net assets beginning of period	<u>53,108,624</u>	<u>33,332,363</u>
Scotia Private Client Units – Pricing net asset value beginning of period		
Scotia Private Client Units – Pricing net asset value beginning of period	30,267,932	50,123,176
New accounting policy adjustment (note 2)	(204,226)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>30,063,706</u>	<u>50,123,176</u>
Total net assets – beginning of period	<u>169,878,889</u>	<u>184,327,576</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	140,168	9,965,030
Class F Units	779	–
Class I Units	(768,037)	5,368,027
Scotia Private Client Units	346,392	5,153,311
	<u>(280,698)</u>	<u>20,486,368</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class I Units	(1,035,492)	–
Scotia Private Client Units	(225,235)	–
From realized gain		
Class A Units	(3,666,539)	(15,317,653)
Class I Units	(5,471,075)	(9,319,905)
Scotia Private Client Units	(1,448,196)	(5,293,134)
	<u>(11,846,537)</u>	<u>(29,930,692)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	4,179,735	13,771,832
Class F Units	8,861	–
Class I Units	77,780,741	22,375,796
Scotia Private Client Units	7,924,260	11,249,963
Reinvested distributions		
Class A Units	3,656,719	15,253,592
Class I Units	6,506,567	9,319,854
Scotia Private Client Units	1,672,470	5,294,349
Payments on redemption		
Class A Units	(19,525,836)	(37,245,483)
Class F Units	(9,640)	–
Class I Units	(22,555,424)	(7,604,539)
Scotia Private Client Units	(11,019,354)	(36,259,733)
	<u>48,619,099</u>	<u>(3,844,369)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(15,215,753)	(13,572,682)
Class I Units	54,457,280	20,139,233
Scotia Private Client Units	(2,749,663)	(19,855,244)
	<u>36,491,864</u>	<u>(13,288,693)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	71,490,806	87,299,355
Class I Units	107,565,904	53,471,596
Scotia Private Client Units	27,314,043	30,267,932
	<u>\$206,370,753</u>	<u>\$171,038,883</u>

Scotia Resource Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 95.5%							
CANADIAN EQUITIES – 73.6%							
Energy – 31.8%							
185,000	Antrim Energy Inc.	318,923	888,000				
300,000	Bow Valley Energy Ltd.	1,738,650	1,881,000				
250,000	Cyrius Energy Inc.	2,528,319	1,685,000				
55,000	Duvernay Oil Corporation	1,747,361	1,593,900				
421,300	ExAlta Energy Inc.	1,055,872	737,275				
75,000	Flint Energy Services Ltd.	1,888,514	1,350,750				
200,000	Highpine Oil & Gas Ltd.	2,688,685	1,986,000				
250,000	HSE Integrated Ltd.	475,000	237,500				
130,000	Nexen Inc.	4,290,069	4,167,800				
17,000	Niko Resources Ltd.	582,336	1,514,020				
120,000	Opti Canada Inc.	2,293,310	1,990,800				
125,000	Petro-Canada	5,051,995	6,656,250				
47,500	Petrobank Energy & Resources Ltd.	660,027	2,765,450				
375,000	Production Enhancement Group Inc.	750,000	150,000				
425,000	Prospex Resources Ltd.	1,811,627	1,215,500				
100,000	Purcell Energy Ltd. Warrants Jul. 23, 2008	–	–				
50,000	Suncor Energy Inc.	3,450,090	5,395,500				
205,000	Talisman Energy Inc.	2,570,253	3,763,800				
55,000	Trican Well Service Ltd.	459,853	1,055,450				
575,000	Tusk Energy Corporation	1,688,680	816,500				
400,000	West Energy Ltd.	1,901,414	916,000				
		<u>37,950,978</u>	<u>40,766,495</u>				
Materials – 36.8%							
37,500	Agnico-Eagle Mines Ltd.	1,571,566	2,037,750				
175,000	Anatolia Minerals Development	553,839	862,750				
90,000	Aurelian Resources Inc.	741,709	687,600				
120,000	Barrick Gold Corporation	3,566,663	5,000,400				
2,500,000	Blue Note Metals Inc.	750,000	837,500				
45,000	Cameco Corporation	1,762,871	1,780,650				
142,857	Coalcorp Mining Inc.	600,000	297,143				
71,428	Coalcorp Mining Inc. Warrants Feb. 08, 2011	–	12,500				
385,000	Crystallex International Corporation	1,268,196	854,700				
250,000	Equinox Minerals Ltd.	193,502	1,365,000				
240,000	European Goldfields Ltd.	1,200,000	1,293,600				
1,250,000	European Minerals Corporation	1,201,794	1,712,500				
175,000	European Minerals Corporation Warrants Apr. 11, 2010	–	134,750				
17,000	First Quantum Minerals Ltd.	191,098	1,445,000				
160,000	Gerdau AmeriSteel Corporation	1,936,845	2,256,000				
100,000	Goldcorp Inc.	2,723,214	3,375,000				
75,000	Hudbay Minerals Inc.	256,883	1,462,500				
20,000	Inmet Mining Corporation	950,053	1,607,600				
1,000,000	Ivernia Inc.	1,273,016	1,730,000				
85,000	Kinross Gold Corporation	748,873	1,552,950				
135,000	Minefinders Corporation Ltd.	1,256,487	1,505,250				
170,000	Osisko Exploration Ltd.	590,928	996,200				
50,000	Pan American Silver Corporation	1,377,602	1,736,000				
130,000	Quadra Mining Ltd.	1,259,013	2,281,500				
500,000	Scorpio Mining Corporation	683,008	705,000				
87,500	Scorpio Mining Corporation Warrants Apr. 24, 2008	–	875				
35,000	Seabridge Gold Inc.	1,037,978	1,025,150				
95,000	Sherritt International Corporation	1,355,097	1,254,000				
125,000	Skye Resources Inc.	747,667	968,750				
175,000	Strategic Resource Acquisition	864,770	511,000				
70,000	Teck Cominco Ltd. Class B	1,667,895	2,480,100				
80,000	Thompson Creek Metals Company Inc.	1,262,602	1,358,400				
155,000	Yamana Gold Inc.	916,356	1,985,550				
		<u>34,509,525</u>	<u>47,113,668</u>				
Utilities – 2.3%							
75,000	Enbridge Inc.	2,776,392	3,000,000				
EQUITIES (cont'd)							
CANADIAN EQUITIES (cont'd)							
Income Trust Units – 2.7%							
300,000	Eveready Income Fund Trust			300,000	Eveready Income Fund Trust	1,287,355	1,191,000
				100,000	NAL Oil & Gas Trust	1,284,286	1,155,000
				200,000	Total Energy Services Trust	1,881,600	1,068,000
						<u>4,453,241</u>	<u>3,414,000</u>
					TOTAL CANADIAN EQUITIES	<u>79,690,136</u>	<u>94,294,163</u>
FOREIGN EQUITIES – 21.9%							
United States – 16.5%							
				50,000	Alcoa Inc.	1,788,443	1,804,455
				14,100	Apache Corporation	1,112,221	1,495,915
				27,500	Century Aluminum Company	912,687	1,461,771
				60,000	ConocoPhillips	4,098,408	5,232,524
				45,000	DuPont (E.I.) de Nemours & Company	2,431,603	1,959,306
				17,000	EOG Resources Inc.	729,255	1,497,332
				15,000	Freeport-McMoran Copper & Gold Inc. Class B	1,317,225	1,515,060
				100,000	Horsehead Holding Corporation	1,991,584	1,661,166
				40,000	Nabors Industries Ltd.	1,503,142	1,079,906
				30,000	Steel Dynamics Inc.	1,364,344	1,765,717
				31,500	XTO Energy Inc.	530,730	1,598,751
						<u>17,779,642</u>	<u>21,071,903</u>
					Australia – 2.1%		
				925,000	Centamin Egypt Ltd.	892,950	1,110,000
				55,000	Newcrest Mining Ltd.	672,573	1,565,365
						<u>1,565,523</u>	<u>2,675,365</u>
					Ireland – 0.1%		
				140,600	Kenmare Resources PLC	46,653	145,789
					United Kingdom – 3.2%		
				52,500	Anglo American PLC ADR	995,265	1,575,612
				1,300,000	European Nickel PLC	981,692	1,275,142
				3,000	Rio Tinto PLC ADR	541,010	1,240,686
						<u>2,517,967</u>	<u>4,091,440</u>
					TOTAL FOREIGN EQUITIES	<u>21,909,785</u>	<u>27,984,497</u>
					TOTAL EQUITIES	<u>101,599,921</u>	<u>122,278,660</u>
SHORT-TERM NOTES – 4.5%							
				4,315,000	Government of Canada Treasury Bills 3.85% to 3.96% due from Feb. 7, 2008 to Mar. 20, 2008	4,271,694	4,284,280
				655,000	Business Development Bank Commercial Paper (US) 3.88% due Mar. 6, 2008	641,532	642,770
				325,000	Canadian Wheat Board Commercial Paper (US) 3.96% due Mar. 18, 2008	326,015	318,474
				510,000	Export Development Corporation Commercial Paper (US) 3.90% to 4.01% due from Feb. 22, 2008 to Mar. 12, 2008	502,270	500,902
					TOTAL SHORT-TERM NOTES	<u>5,741,511</u>	<u>5,746,426</u>
					TOTAL INVESTMENT PORTFOLIO	<u>107,341,432</u>	<u>128,025,086</u>
					OTHER ASSETS, LESS LIABILITIES – 0.0%		44,607
					TOTAL NET ASSETS – 100.0%		<u>128,069,693</u>

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Resource Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$128,025,086	\$119,470,360
Cash	158,266	131,917
Accrued investment income	111,917	47,475
Subscriptions receivable	76,736	44,934
	<u>128,372,005</u>	<u>119,694,686</u>
LIABILITIES		
Redemptions payable	58,239	51,923
Accrued expenses	244,073	225,295
	<u>302,312</u>	<u>277,218</u>
Net assets	<u>\$128,069,693</u>	<u>\$119,417,468</u>
NET ASSETS PER CLASS		
Class A Units	\$128,059,149	\$119,391,777
Class F Units	\$ 10,544	\$ 25,691
UNITS OUTSTANDING		
Class A Units	5,537,248	5,617,865
Class F Units	441	1,181
NET ASSETS PER UNIT		
Class A Units	\$ 23.13	\$ 21.25
Class F Units	\$ 23.92	\$ 21.76

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 745,744	\$ 769,136
Interest	669,895	652,751
Securities lending	78,148	95,814
Foreign withholding taxes	(23,885)	(19,507)
	<u>1,469,902</u>	<u>1,498,194</u>
EXPENSES		
Management fees (note 4)	2,519,682	2,239,974
Audit fees	23,147	19,604
Directors'/Trustee fees	2,080	2,755
Custodian fees	13,911	12,011
Filing fees	17,514	17,544
Legal fees	3,455	4,433
Unitholder reporting	26,564	39,079
Unitholder administration, service fees and GST	315,263	315,276
	<u>2,921,616</u>	<u>2,650,676</u>
Absorbed expenses	(4,325)	(3,200)
	<u>2,917,291</u>	<u>2,647,476</u>
Net investment income (loss)	<u>(1,447,389)</u>	<u>(1,149,282)</u>
Net realized gain (loss) on investments sold	29,335,077	20,623,444
Net realized gain (loss) on foreign exchange	(333,039)	(39,670)
Transaction costs	(304,608)	–
Change in unrealized appreciation (depreciation) of investments	(16,423,039)	4,158,309
Net gain (loss) on investments and transaction costs	<u>12,274,391</u>	<u>24,742,083</u>
Increase (decrease) in net assets from operations	<u>\$ 10,827,002</u>	<u>\$ 23,592,801</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 10,824,127	\$ 23,583,577
Class F Units	\$ 2,875	\$ 9,224
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 1.96	\$ 4.05
Class F Units	\$ 3.31	\$ 5.48

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$119,391,777	\$ 90,647,577
New accounting policy adjustment (note 2)	(542,084)	–
Class A Units – GAAP net assets beginning of period	<u>118,849,693</u>	<u>90,647,577</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	25,691	44,002
	<u>(117)</u>	<u>–</u>
Class F Units – GAAP net assets beginning of period	<u>25,574</u>	<u>44,002</u>
Total net assets – beginning of period	<u>118,875,267</u>	<u>90,691,579</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	10,824,127	23,583,577
Class F Units	2,875	9,224
	<u>10,827,002</u>	<u>23,592,801</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	24,766,422	44,350,663
Class F Units	–	2,865
Payments on redemption		
Class A Units	(26,381,093)	(39,190,040)
Class F Units	(17,905)	(30,400)
	<u>(1,632,576)</u>	<u>5,133,088</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	9,209,456	28,744,200
Class F Units	(15,030)	(18,311)
	<u>9,194,426</u>	<u>28,725,889</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	128,059,149	119,391,777
Class F Units	10,544	25,691
	<u>\$128,069,693</u>	<u>\$119,417,468</u>

Scotia U.S. Growth Fund

(formerly Scotia American Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Number of Contracts/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 95.5%				EQUITIES (cont'd)			
Energy – 11.0%				Financials – 12.5%			
20,077	Chesapeake Energy Corporation	758,505	777,732	2,858	AFLAC Inc.	157,804	176,461
8,256	Chevron Corporation	681,770	759,972	9,798	American International Group Inc.	727,031	563,418
8,263	Exxon Mobil Corporation	516,539	765,108	14,935	Bank of America Corporation	845,239	607,324
13,400	Frontier Oil Corporation	579,407	535,899	17,625	Bank of New York Company Inc.	761,189	847,165
12,848	Marathon Oil Corporation	714,453	771,434	5,543	Franklin Resources Inc.	736,988	626,801
8,200	National Oilwell Varco Inc.	581,809	594,211	2,626	Goldman Sachs Group Inc.	473,715	557,150
7,020	Schlumberger Ltd.	296,573	680,953	6,536	Hartford Financial Services Group Inc.	562,820	562,181
4,592	Transocean Inc.	284,556	649,180	13,166	JPMorgan Chase & Company	631,852	566,744
		<u>4,413,612</u>	<u>5,534,489</u>	10,433	Lincoln National Corporation	779,234	599,521
				6,231	Prudential Financial Inc.	415,294	571,845
				21,409	Wells Fargo & Company	<u>768,278</u>	<u>637,019</u>
						<u>6,859,444</u>	<u>6,315,629</u>
Materials – 2.1%				Information Technology – 17.1%			
9,387	Alcoa Inc.	392,686	338,768	16,326	Adobe Systems Inc.	680,097	689,379
3,088	Freeport-McMoran Copper & Gold Inc. Class B	212,549	311,900	4,015	Apple Computer Inc.	430,030	785,907
4,390	Praxair Inc.	203,202	384,018	19,600	BMC Software Inc.	687,542	690,883
		<u>808,437</u>	<u>1,034,686</u>	15,854	Ciena Corporation	658,484	533,773
				22,721	Cisco Systems Inc.	650,643	607,798
Industrials – 10.0%				Telecommunication Services – 4.4%			
5,644	Boeing Company	542,693	487,242	19,600	eBay Inc.	580,540	543,305
7,242	Deere & Company	461,264	665,702	985	Google Inc.	527,272	672,847
10,219	Emerson Electric Company	468,878	571,268	14,312	Hewlett-Packard Company	608,855	713,238
13,279	General Electric Company	594,166	485,263	28,883	Intel Corporation	796,175	760,650
8,162	Goodrich Corporation	404,543	569,035	11,097	MEMC Electronic Materials Inc.	687,663	970,935
9,217	Honeywell International Inc.	482,232	560,248	25,950	Microsoft Corporation	842,774	910,355
8,915	Textron Inc.	454,094	627,170	32,698	Oracle Corporation	601,911	726,701
6,985	United Technologies Corporation	449,449	527,426			<u>7,751,986</u>	<u>8,605,771</u>
6,400	Valmont Industries Inc.	582,448	564,777				
		<u>4,439,767</u>	<u>5,058,131</u>				
Consumer Discretionary – 8.8%				Utilities – 3.4%			
10,247	Abercrombie & Fitch Company Class A	805,936	809,784	7,282	Entergy Corporation	670,186	859,716
44,748	GAP Inc.	863,631	942,328	10,704	Exelon Corporation	840,817	862,083
7,450	McDonald's Corporation	429,423	433,112			<u>1,511,003</u>	<u>1,721,799</u>
13,858	Nike Inc. Class B	828,763	878,638				
18,770	Scansource Inc.	691,000	598,932				
24,308	Walt Disney Company	884,582	774,443				
		<u>4,503,335</u>	<u>4,437,237</u>				
Consumer Staples – 9.8%				Index Units – 4.9%			
9,547	Altria Group Inc.	646,716	712,482	15,905	S&P 500 Depository Receipts	2,381,713	2,300,391
18,090	Archer-Daniels-Midland Company	697,902	831,260	329	S&P 500 Depository Receipts Put Options \$150.00 Jan. 18, 2008	125,832	144,678
9,236	Colgate-Palmolive Company	656,782	711,817	336	Technology Select Sector SPDR Fund Put Options \$27.00 Jan. 18, 2008	30,568	18,262
17,447	CVS Caremark Corporation	531,099	683,956			<u>2,538,113</u>	<u>2,463,331</u>
12,249	Kellogg Company	631,048	633,669			<u>44,816,337</u>	<u>48,131,464</u>
9,185	PepsiCo Inc.	611,843	687,554				
9,566	Procter & Gamble Company	625,823	692,536				
		<u>4,401,213</u>	<u>4,953,274</u>				
Health Care – 11.5%				SHORT-TERM NOTES – 4.5%			
12,583	Abbott Laboratories	688,239	696,582	690,000	Business Development Bank Commercial Paper		
11,587	Eli Lilly & Company	711,665	611,331	(US)	4.03% to 4.10% due from		
4,700	Express Scripts Inc.	343,580	338,494		Jan. 3, 2008 to Mar. 17, 2008	673,690	677,660
9,517	Genzyme Corporation	673,313	699,052	1,150,000	Export Development Corporation Commercial Paper		
15,818	Gilead Sciences Inc.	638,441	719,199	(US)	4.01% to 4.26% due from		
10,329	Johnson & Johnson	693,706	679,897		Jan. 3, 2008 to Mar. 12, 2008	1,145,284	1,128,729
12,780	Merck & Company Inc.	718,038	733,757	500,000	Province of Quebec Promissory Note		
13,970	OSI Pharmaceuticals Inc.	697,146	667,342	(US)	4.10% due Mar. 5, 2008	501,210	490,534
11,652	Thermo Electron Corporation	556,580	663,121			<u>2,320,184</u>	<u>2,296,923</u>
		<u>5,720,708</u>	<u>5,808,775</u>			<u>47,136,521</u>	<u>50,428,387</u>
						TOTAL INVESTMENT PORTFOLIO	
						OTHER ASSETS, LESS LIABILITIES – 0.0%	
						TOTAL NET ASSETS – 100.0%	

EQUITY FUNDS

The accompanying notes are an integral part of the financial statements

Scotia U.S. Growth Fund (formerly Scotia American Growth Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$50,428,387	\$111,457,435
Cash	102,254	31,847
Accrued investment income	46,238	74,308
Receivable for securities sold	–	619,941
Subscriptions receivable	6,302	87,636
	<u>50,583,181</u>	<u>112,271,167</u>
LIABILITIES		
Payable for securities purchased	–	557,225
Redemptions payable	31,475	5,401
Accrued expenses	113,412	133,259
	<u>144,887</u>	<u>695,885</u>
Net assets	<u>\$50,438,294</u>	<u>\$111,575,282</u>
NET ASSETS PER CLASS		
Class A Units	\$50,428,123	\$ 66,214,614
Class F Units	\$ 10,171	\$ –
Class I Units	\$ –	\$ 45,360,668
UNITS OUTSTANDING		
Class A Units	5,622,048	6,788,257
Class F Units	1,128	–
Class I Units	–	4,256,857
NET ASSETS PER UNIT		
Class A Units	\$ 8.97	\$ 9.75
Class F Units	\$ 9.01	\$ –
Class I Units	\$ –	\$ 10.66

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,176,357	\$1,747,420
Interest	117,346	261,487
Securities lending	1,196	1,726
Foreign withholding taxes	(172,803)	(250,567)
	<u>1,122,096</u>	<u>1,760,066</u>
EXPENSES		
Management fees (note 4)	1,160,263	1,355,363
Audit fees	21,142	18,744
Directors'/Trustee fees	3,073	2,755
Custodian fees	13,123	19,711
Filing fees	17,874	29,084
Legal fees	4,948	11,231
Unitholder reporting	41,021	76,334
Unitholder administration, service fees and GST	367,733	575,941
	<u>1,629,177</u>	<u>2,089,163</u>
Absorbed expenses	(155,286)	(280,407)
	<u>1,473,891</u>	<u>1,808,756</u>
Net investment income (loss)	(351,795)	(48,690)
Net realized gain (loss) on investments sold	6,524,199	1,189,335
Net realized gain (loss) on foreign exchange	(176,321)	(58,448)
Transaction costs	(203,381)	–
Change in unrealized appreciation (depreciation) of investments	(9,340,198)	8,852,888
Net gain (loss) on investments and transaction costs	(3,195,701)	9,983,775
Increase (decrease) in net assets from operations	<u>\$(3,547,496)</u>	<u>\$9,935,085</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(4,419,210)	\$5,317,605
Class F Units	\$ (453)	\$ –
Class I Units	\$ 872,167	\$4,468,763
Scotia Private Client Units	\$ –	\$ 148,717
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.72)	\$ 0.71
Class F Units	\$ (0.40)	\$ –
Class I Units	\$ 0.19	\$ 1.17
Scotia Private Client Units	\$ –	\$ 0.32

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 66,214,614	\$ 81,204,890
New accounting policy adjustment (note 2)	(297,871)	–
Class A Units – GAAP net assets beginning of period	<u>65,916,743</u>	<u>81,204,890</u>
Class I Units – Pricing net asset value beginning of period		
Class I Units – Pricing net asset value beginning of period	45,360,668	29,328,573
New accounting policy adjustment (note 2)	(204,045)	–
Class I Units – GAAP net assets beginning of period	<u>45,156,623</u>	<u>29,328,573</u>
Scotia Private Client Units – Pricing net asset value beginning of period		
Scotia Private Client Units – Pricing net asset value beginning of period	–	16,366,918
New accounting policy adjustment (note 2)	–	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>–</u>	<u>16,366,918</u>
Total net assets – beginning of period	<u>111,073,366</u>	<u>126,900,381</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(4,419,210)	5,317,605
Class F Units	(453)	–
Class I Units	872,167	4,468,763
Scotia Private Client Units	–	148,717
	<u>(3,547,496)</u>	<u>9,935,085</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	2,372,137	4,865,115
Class F Units	10,624	–
Class I Units	6,784,650	11,853,734
Scotia Private Client Units	–	50,458
Payments on redemption		
Class A Units	(13,441,547)	(25,172,996)
Class I Units	(52,813,440)	(290,402)
Scotia Private Client Units	–	(16,566,093)
	<u>(57,087,576)</u>	<u>(25,260,184)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(15,488,620)	(14,990,276)
Class F Units	10,171	–
Class I Units	(45,156,623)	16,032,095
Scotia Private Client Units	–	(16,366,918)
	<u>(60,635,072)</u>	<u>(15,325,099)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	50,428,123	66,214,614
Class F Units	10,171	–
Class I Units	–	45,360,668
	<u>\$ 50,438,294</u>	<u>\$111,575,282</u>

Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.7%				EQUITIES (cont'd)			
UNITED STATES – 90.5%				FOREIGN EQUITIES – 6.2%			
Energy – 6.9%				United Kingdom – 2.8%			
44,700	ConocoPhillips	3,520,218	3,898,230	18,400	Diageo PLC ADR	1,719,559	1,558,820
44,800	Weatherford International Ltd.	2,459,716	3,040,117	35,000	Vodafone Group PLC ADR	1,119,925	1,287,329
		<u>5,979,934</u>	<u>6,938,347</u>			<u>2,839,484</u>	<u>2,846,149</u>
Materials – 2.6%				Japan – 3.4%			
26,900	Air Products and Chemicals Inc.	2,258,674	2,618,386	76,000	Matsushita Electric Industrial Co. Ltd. ADR	1,686,594	1,532,858
Industrials – 11.9%				206,000	Mitsubishi UFJ Financial Group	2,378,147	1,897,267
33,000	Boeing Company	3,473,885	2,848,865			<u>4,064,741</u>	<u>3,430,125</u>
48,600	Deere & Company	3,078,939	4,467,428			<u>6,904,225</u>	<u>6,276,274</u>
31,300	Northrop Grumman Corporation	2,633,381	2,432,699			<u>106,686,714</u>	<u>97,244,191</u>
45,000	Thomas & Betts Corporation	2,588,508	2,182,096				
		<u>11,774,713</u>	<u>11,931,088</u>				
Consumer Discretionary – 7.1%				TOTAL INVESTMENT PORTFOLIO			
43,700	J.C. Penney Company Inc.	3,993,038	1,895,362				
86,000	Lowe's Companies Inc.	2,173,354	1,920,667				
168,000	Time Warner Inc.	3,778,905	2,734,312				
97,000	Warner Music Group Corporation	1,801,232	579,926				
		<u>11,746,529</u>	<u>7,130,267</u>				
Consumer Staples – 15.1%				OTHER ASSETS, LESS LIABILITIES – 3.3%			
67,000	Archer-Daniels-Midland Company	2,875,537	3,078,740				3,355,814
61,100	Estee Lauder Companies Inc. Class A	3,132,577	2,633,131				
44,000	Kellogg Company	2,600,092	2,276,222				
73,000	Safeway Inc.	2,420,241	2,464,257				
75,000	Sysco Corporation	2,781,259	2,309,425				
44,700	UST Inc.	2,940,946	2,416,682				
		<u>16,750,652</u>	<u>15,178,457</u>				
Health Care – 8.9%				TOTAL NET ASSETS – 100.0%			
48,300	Baxter International Inc.	3,071,978	2,764,528				<u>100,600,005</u>
45,000	Eli Lilly & Company	2,579,760	2,374,202				
45,000	Hospira Inc.	2,096,964	1,894,826				
39,000	Universal Health Services Inc. Class B	2,560,580	1,969,000				
		<u>10,309,282</u>	<u>9,002,556</u>				
Financials – 17.4%							
45,100	AFLAC Inc.	2,497,321	2,784,600				
37,800	American International Group Inc.	2,950,033	2,173,629				
129,000	Charles Schwab Corporation	2,773,234	3,243,038				
37,000	Citigroup Inc.	2,038,686	1,073,137				
10,300	Discover Financial Services	300,117	153,186				
73,400	JPMorgan Chase & Company	4,239,682	3,159,579				
39,000	Morgan Stanley	3,062,382	2,042,611				
40,000	Wells Fargo & Company	1,592,442	1,190,189				
36,000	Zions Bancorporation	1,962,106	1,655,316				
		<u>21,416,003</u>	<u>17,475,285</u>				
Information Technology – 14.7%							
23,000	Apple Computer Inc.	2,423,465	4,502,085				
26,500	International Business Machines Corporation	2,862,119	2,825,874				
71,000	Molex Inc. Class A	2,143,923	1,837,550				
153,000	Oracle Corporation	3,244,881	3,400,370				
66,000	Texas Instruments Inc.	2,490,299	2,174,477				
		<u>13,164,687</u>	<u>14,740,356</u>				
Telecommunication Services – 3.3%							
81,000	AT&T Inc.	3,552,241	3,321,837				
Utilities – 2.6%							
56,200	Dominion Resources Inc.	2,829,774	2,631,338				
		<u>99,782,489</u>	<u>90,967,917</u>				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$ 97,244,191	\$ 32,673,335
Cash	3,370,990	163,627
Accrued investment income	48,405	—
Subscriptions receivable	83,237	100
	<u>100,746,823</u>	<u>32,837,062</u>
LIABILITIES		
Redemptions payable	90,411	63,103
Accrued expenses	56,407	63,773
	<u>146,818</u>	<u>126,876</u>
Net assets	\$ 100,600,005	\$ 32,710,186
NET ASSETS PER CLASS		
Class A Units	\$ 23,594,827	\$ 32,704,549
Class F Units	\$ —	\$ 5,637
Class I Units	\$ 77,005,178	\$ —
UNITS OUTSTANDING		
Class A Units	3,021,350	3,714,392
Class F Units	—	600
Class I Units	9,700,192	—
NET ASSETS PER UNIT		
Class A Units	\$ 7.81	\$ 8.80
Class F Units	\$ —	\$ 9.40
Class I Units	\$ 7.94	\$ —

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,658,555	\$ 446,833
Interest	131,377	6,092
Foreign withholding taxes	(191,767)	(61,295)
	<u>1,598,165</u>	<u>391,630</u>
EXPENSES		
Management fees (note 4)	555,770	698,896
Audit fees	16,884	16,701
Directors'/Trustee fees	1,704	2,755
Custodian fees	7,843	—
Filing fees	20,634	18,344
Legal fees	14,828	4,554
Unitholder reporting	22,045	40,625
Unitholder administration, service fees and GST	195,051	357,077
	<u>834,759</u>	<u>1,138,952</u>
Absorbed expenses	(110,481)	(278,900)
	<u>724,278</u>	<u>860,052</u>
Net investment income (loss)	873,887	(468,422)
Net realized gain (loss) on investments sold	(1,150,077)	(1,310,586)
Net realized gain (loss) on foreign exchange	(828,672)	—
Transaction costs	(157,601)	—
Change in unrealized appreciation (depreciation) of investments	(9,769,357)	4,671,859
Net gain (loss) on investments and transaction costs	<u>(11,905,707)</u>	<u>3,361,273</u>
Increase (decrease) in net assets from operations	<u>\$(11,031,820)</u>	<u>\$ 2,892,851</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (3,216,916)	\$ 2,892,309
Class F Units	\$ 137	\$ 542
Class I Units*	\$ (7,815,041)	\$ —
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.97)	\$ 0.68
Class F Units	\$ 0.23	\$ 0.48
Class I Units*	\$ (0.79)	\$ —

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 32,704,549	\$ 47,775,677
New accounting policy adjustment (note 2)	—	—
Class A Units – GAAP net assets beginning of period	<u>32,704,549</u>	<u>47,775,677</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	5,637	11,658
Class F Units – GAAP net assets beginning of period	<u>5,637</u>	<u>11,658</u>
Total net assets – beginning of period	<u>32,710,186</u>	<u>47,787,335</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(3,216,916)	2,892,309
Class F Units	137	542
Class I Units*	(7,815,041)	—
	<u>(11,031,820)</u>	<u>2,892,851</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	1,447,796	2,777,335
Class F Units	—	957
Class I Units*	99,277,794	—
Payments on redemption		
Class A Units	(7,340,602)	(20,740,772)
Class F Units	(5,774)	(7,520)
Class I Units*	(14,457,575)	—
	<u>78,921,639</u>	<u>(17,970,000)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(9,109,722)	(15,071,128)
Class F Units	(5,637)	(6,021)
Class I Units*	77,005,178	—
	<u>67,889,819</u>	<u>(15,077,149)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	23,594,827	32,704,549
Class F Units	—	5,637
Class I Units*	77,005,178	—
	<u>\$ 100,600,005</u>	<u>\$ 32,710,186</u>

* For the period since inception April 23, 2007.

Scotia International Value Fund (formerly Capital International Large Companies Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.0%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 1.3%				FOREIGN EQUITIES (cont'd)			
17,400	Magna International Inc. Class A	1,547,070	1,382,625	United Kingdom – 19.3%			
FOREIGN EQUITIES – 94.7%				651,315	Aegis Group PLC	1,461,318	1,483,707
Australia – 2.9%				180,600	Aviva PLC	3,057,801	2,363,248
516,575	Amcort Ltd.	3,523,514	3,086,210	128,025	British Sky Broadcasting Group PLC	1,690,774	1,546,143
Bermuda – 5.6%				385,600	Compass Group PLC	2,821,981	2,316,299
53,775	RenaissanceRe Holdings Ltd.	3,238,779	3,197,464	129,550	GlaxoSmithKline PLC	4,158,925	3,238,897
58,075	XL Capital Ltd. Class A	4,582,882	2,880,392	230,313	HSBC Holdings PLC	4,560,897	3,806,201
France – 13.2%				5,030,150	Rentokil Initial PLC	4,030,410	2,423,831
664,300	Alcatel SA	7,642,679	4,766,630	432,275	Royal Bank of Scotland Group PLC	5,986,828	3,828,677
112,400	Credit Agricole SA	4,799,368	3,721,469	<u>27,768,934</u> <u>21,007,003</u>			
34,900	Thales SA	2,372,978	2,039,537	<u>126,945,995</u> <u>102,965,323</u>			
85,700	Vivendi Universal SA	4,113,157	3,854,298	TOTAL INVESTMENT PORTFOLIO <u>128,493,065</u> <u>104,347,948</u>			
Greece – 1.0%				OTHER ASSETS, LESS LIABILITIES – 4.0%			
21,075	Public Power Corporation SA	625,148	1,091,604	TOTAL NET ASSETS – 100.0%			
Hong Kong – 3.2%				<u>108,678,650</u>			
6,499,000	Johnson Electric Holdings Ltd.	4,569,508	3,516,603				
Ireland – 1.1%							
39,625	Kerry Group PLC Class A	1,312,527	1,236,125				
Italy – 2.8%							
97,075	Finmeccanica SpA	3,224,579	3,036,878				
Japan – 18.6%							
241,600	Brother Industries Ltd.	3,517,804	3,098,750				
532,100	Mitsubishi UFJ Financial Group Inc.	5,904,184	4,900,524				
8,600	Nippon Television Network Corporation	1,200,135	1,143,165				
162,000	Ricoh Co. Ltd.	3,855,123	2,948,119				
427	Sumitomo Mitsui Financial Group Inc.	3,817,773	3,143,893				
306,000	Sumitomo Rubber Industries Ltd.	3,488,336	2,674,702				
36,500	USS Co. Ltd.	2,533,345	2,240,685				
Netherlands – 13.7%							
153,619	Aegon NV	3,505,434	2,660,079				
115,025	ING Groep NV	5,821,820	4,431,289				
94,600	Koninklijke (Royal) Philips Electronics NV	4,103,600	4,046,403				
105,300	Unilever NV	3,342,806	3,805,135				
Norway – 1.9%							
139,500	DnB NOR ASA	2,139,113	2,089,480				
Puerto Rico – 2.0%							
207,500	Popular Inc.	2,367,158	2,167,396				
South Korea – 6.7%							
41,080	Hyundai Motor Co. Ltd. GDR	1,503,585	1,547,898				
31,500	Kookmin Bank ADR	3,100,410	2,282,329				
68,800	Korea Electric Power Corporation	1,601,141	1,420,274				
6,850	Samsung Electronics Co. Ltd. GDR	2,365,722	1,981,676				
Switzerland – 2.7%							
323,900	Clariant AG	5,004,453	2,949,313				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia International Value Fund (formerly Capital International Large Companies Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$104,347,948	\$27,033,618
Cash	4,236,775	163,706
Accrued investment income	162,758	—
Subscriptions receivable	83,300	2,750
	<u>108,830,781</u>	<u>27,200,074</u>
LIABILITIES		
Distributions payable	208	—
Redemptions payable	91,596	73,627
Accrued expenses	60,327	55,734
	<u>152,131</u>	<u>129,361</u>
Net assets	<u>\$108,678,650</u>	<u>\$27,070,713</u>
NET ASSETS PER CLASS		
Class A Units	\$ 19,484,818	\$27,033,407
Class F Units	\$ 19,228	\$ 37,306
Class I Units	\$ 89,174,604	\$ —
UNITS OUTSTANDING		
Class A Units	2,586,182	2,865,473
Class F Units	2,382	3,731
Class I Units	11,630,729	—
NET ASSETS PER UNIT		
Class A Units	\$ 7.53	\$ 9.43
Class F Units	\$ 8.07	\$ 10.00
Class I Units	\$ 7.67	\$ —

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,803,615	\$ 420,316
Interest	201,737	4,009
Foreign withholding taxes	(202,375)	(33,837)
	<u>1,802,977</u>	<u>390,488</u>
EXPENSES		
Management fees (note 4)	528,487	546,352
Audit fees	16,884	16,701
Directors'/Trustee fees	1,560	2,755
Custodian fees	37,411	—
Filing fees	20,342	16,274
Legal fees	12,606	3,926
Unitholder reporting	19,923	34,956
Unitholder administration, service fees and GST	167,501	264,449
	<u>804,714</u>	<u>885,413</u>
Absorbed expenses	(97,125)	(211,386)
	<u>707,589</u>	<u>674,027</u>
Net investment income (loss)	<u>1,095,388</u>	<u>(283,539)</u>
Net realized gain (loss) on investments sold	1,726,225	1,061,409
Net realized gain (loss) on foreign exchange	(128,378)	—
Capital gains distributions received from investments	2,862,745	—
Transaction costs	(321,907)	—
Change in unrealized appreciation (depreciation) of investments	(30,341,471)	3,427,878
Net gain (loss) on investments and transaction costs	<u>(26,202,786)</u>	<u>4,489,287</u>
Increase (decrease) in net assets from operations	<u>\$(25,107,398)</u>	<u>\$4,205,748</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (4,964,978)	\$4,199,659
Class F Units	\$ (4,145)	\$ 6,089
Class I Units*	\$(20,138,275)	\$ —
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (1.81)	\$ 1.38
Class F Units	\$ (1.61)	\$ 1.52
Class I Units*	\$ (1.95)	\$ —

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 27,033,407	\$ 30,296,656
New accounting policy adjustment (note 2)	—	—
Class A Units – GAAP net assets beginning of period	<u>27,033,407</u>	<u>30,296,656</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	37,306	45,035
Class F Units – GAAP net assets beginning of period	<u>37,306</u>	<u>45,035</u>
Total net assets – beginning of period	<u>27,070,713</u>	<u>30,341,691</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(4,964,978)	4,199,659
Class F Units	(4,145)	6,089
Class I Units*	(20,138,275)	—
	<u>(25,107,398)</u>	<u>4,205,748</u>
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(145,791)	—
Class F Units	(144)	—
Class I Units*	(664,248)	—
	<u>(810,183)</u>	<u>—</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	3,070,011	4,802,753
Class I Units*	115,573,895	—
Reinvested distributions		
Class A Units	145,641	—
Class F Units	144	—
Class I Units*	664,040	—
Payments on redemption		
Class A Units	(5,653,472)	(12,265,661)
Class F Units	(13,933)	(13,818)
Class I Units*	(6,260,808)	—
	<u>107,525,518</u>	<u>(7,476,726)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(7,548,589)	(3,263,249)
Class F Units	(18,078)	(7,729)
Class I Units*	89,174,604	—
	<u>81,607,937</u>	<u>(3,270,978)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	19,484,818	27,033,407
Class F Units	19,228	37,306
Class I Units*	89,174,604	—
	<u>\$108,678,650</u>	<u>\$27,070,713</u>

* For the period since inception April 23, 2007.

Scotia European Fund (formerly Scotia European Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES – 98.9%				FOREIGN EQUITIES (cont'd)			
Austria – 0.5%				Italy (cont'd)			
2,896	Voest Alpine AG	97,682	204,640	4,600	Fondiarria-Sai SpA - RNC	152,939	127,658
Belgium – 1.4%				6,400	Italcementi SpA	172,076	134,099
1,283	Compagnie Maritime Belge SA	118,671	108,779	<hr/>			
1,479	EVS Broadcast Equipment SA	148,054	169,375	Netherlands – 5.4%			
12,800	Fortis	470,026	329,659	3,953	ArcelorMittal	148,906	299,001
<hr/>				23,900	Corporate Express	335,804	183,129
Finland – 4.7%				3,500	Heijmans NV	170,453	131,377
42,600	M-real Oyj Class B	275,608	198,307	12,055	ING Groep NV	431,633	464,414
42,937	Nokia Oyj	1,274,407	1,631,749	22,280	Koninklijke Ahold NV	314,953	305,335
13,700	Stora Enso Oyj Class R	225,613	198,532	7,000	Koninklijke BAM Groep NV	152,597	162,601
<hr/>				4,900	OPG Groep NV	189,258	133,620
France – 14.6%				8,600	SNS Reaal	206,879	189,784
4,800	Air France	151,750	165,195	8,960	Unilever NV	248,140	323,780
3,000	Arkema	201,203	193,128	5,448	Wolters Kluwer NV	153,936	175,678
4,469	BNP Paribas SA	430,726	474,143	<hr/>			
2,200	Compagnie Generale des Etablissements Michelin Class B	169,421	248,934	Norway – 1.9%			
9,644	Credit Agricole SA	364,367	319,305	9,013	Aker Kvaerner ASA	296,180	234,767
4,904	Essilor International SA	304,819	308,037	19,792	Statoil ASA	627,458	604,381
20,499	Eutelsat Communications	499,223	599,173	<hr/>			
7,019	France Telecom SA	222,284	248,612	Spain – 7.4%			
4,678	L'Oreal SA	603,521	659,094	60,680	Banco Santander Central Hispano SA	1,234,339	1,293,883
4,200	Lagardere S.C.A.	377,712	309,097	29,316	Iberdrola Renovables	230,404	239,016
2,618	Orpea	165,036	169,648	5,037	Industria de Diseno Textil SA	338,844	302,274
2,300	Renault SA	273,485	318,521	6,600	Repsol YPF SA	219,954	232,277
4,300	Sanofi-Aventis SA	396,812	387,907	4,907	Tecnicas Reunidas SA	216,574	307,033
2,400	Societe Generale	363,834	338,532	25,974	Telefonica SA	685,378	828,483
2,683	Technip-Coflexip SA	226,842	209,438	<hr/>			
11,540	Total SA	852,959	945,236	Sweden – 3.3%			
700	Vallourec SA	199,641	185,991	13,858	Atlas Copco AB Series A	273,846	202,306
2,950	Veolia Environment	262,465	264,429	10,300	Electrolux AB Series B	180,935	169,717
<hr/>				85,600	Ericsson LM Class B	291,593	197,894
Germany – 14.8%				11,900	Nordea Bank AB	138,959	195,203
2,700	Allianz AG	563,478	569,989	12,000	Svenska Cellulosa AB Class B	194,048	208,673
3,100	BASF AG	320,657	452,184	11,500	Tele2 AB Class B	221,442	226,180
5,288	Bayer AG	441,374	475,856	13,100	Volvo AB Series B	213,725	214,682
2,100	Bilfinger Berger AG	184,260	157,270	<hr/>			
3,500	Deutsche Bank AG	509,182	446,835	Switzerland – 9.7%			
2,157	Deutsche Boerse AG	374,001	417,888	22,363	ABB Ltd.	579,583	636,710
9,300	Deutsche Lufthansa AG	193,855	243,072	1,400	Alcon Inc.	210,550	198,834
16,800	Deutsche Telekom AG	332,898	362,657	7,788	Credit Suisse Group	482,048	462,419
4,132	E.ON AG	592,702	865,912	8,438	Julius Baer Holding AG	656,313	677,299
9,800	Epcos AG	201,461	166,783	2,459	Nestle SA	1,002,857	1,112,664
4,900	Lanxess AG	232,119	234,752	2,694	Partners Group AG	255,887	354,422
2,330	Muenchener Rueckver AG	352,617	444,553	3,252	Petroplus Holdings AG	238,982	248,181
130	Porsche AG Pref.	251,625	258,566	3,203	Roche Holdings AG	621,918	544,825
1,940	RWE AG	207,776	268,313	<hr/>			
4,551	Siemens AG	633,173	705,160	United Kingdom – 30.3%			
11,800	Suedzucker AG	266,570	274,121	16,000	Antofagasta PLC	186,613	222,786
4,200	TUI AG	99,979	115,126	14,100	Associated British Foods PLC	234,335	247,326
<hr/>				3,400	Astrazeneca PLC	184,238	143,930
Greece – 1.2%				15,200	Aviva PLC	215,653	198,900
7,975	National Bank of Greece SA	491,307	542,226	72,403	BAE Systems PLC	596,371	698,592
<hr/>				30,113	Barclays PLC	339,051	300,515
Italy – 3.7%				18,586	BG Group PLC	282,973	421,578
4,650	Assicurazione Generali SpA	210,485	205,740	4,501	Billiton PLC	164,377	136,587
7,000	Banco Popolare SpA	194,745	151,865	66,525	BP PLC	836,009	801,528
6,300	Buzzi Unicem SpA	120,377	170,646	21,472	British American Tobacco PLC	680,560	832,985
9,844	EnerTAD SpA	52,107	43,217	23,800	British Energy PLC	244,005	254,496
13,000	Eni SpA	440,903	467,511	23,264	Capita Group PLC	280,116	320,491
10,156	Fiat SpA	279,859	257,629	20,600	GlaxoSmithKline PLC	589,059	515,023
1,500	Fondiarria-Sai SpA	74,608	61,135	<hr/>			

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia European Fund (formerly Scotia European Growth Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES (cont'd)			
United Kingdom (cont'd)			
34,160	HBOS PLC	647,303	488,010
20,400	Home Retail Group PLC	195,655	129,188
25,999	Icap PLC	358,613	368,662
59,437	International Power PLC	500,527	525,650
111,680	ITV PLC	279,812	185,996
32,415	Man Group PLC	280,831	367,335
23,594	Petrofac Ltd.	219,602	252,370
128	Prudential PLC	1,948	1,773
9,330	Punch Taverns PLC	166,333	139,138
8,952	Rio Tinto PLC	724,327	923,995
48,813	Royal & Sun Alliance Insurance Group PLC	103,308	140,922
70,650	Royal Bank of Scotland Group PLC	856,117	625,750
16,826	Royal Dutch Shell PLC Class B	687,821	693,304
19,646	Standard Chartered PLC	608,094	702,916
16,000	Taylor Wimpey PLC	126,904	63,009
32,100	Tui Travel PLC	175,655	183,315
458,204	Vodafone Group PLC	1,455,480	1,682,445
8,931	Xstrata PLC	431,007	619,578
		<u>12,652,697</u>	<u>13,188,093</u>
	TOTAL INVESTMENT PORTFOLIO	<u>41,040,367</u>	<u>43,055,159</u>
	OTHER ASSETS, LESS LIABILITIES - 1.1%		<u>487,348</u>
	TOTAL NET ASSETS - 100.0%		<u>43,542,507</u>

COMMITMENTS - FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar. 17, 2008	Canadian Dollar	1,446,854	Swiss Franc	1,628,000	1,410,354	36,500

The currency forward contracts outstanding at December 31, 2007 is placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia European Fund (formerly Scotia European Growth Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$43,055,159	\$38,263,084
Cash	242,078	273,208
Accrued investment income	35,111	30,320
Receivable for securities sold	343,512	–
Subscriptions receivable	6,696	28,700
Receivable from currency forward contracts	36,500	–
	<u>43,719,056</u>	<u>38,595,312</u>
LIABILITIES		
Payable for securities purchased	71,438	–
Distributions payable	14	–
Redemptions payable	14,419	–
Accrued expenses	90,678	82,310
Payable for currency forward contracts	–	32,874
	<u>176,549</u>	<u>115,184</u>
Net assets	<u>\$43,542,507</u>	<u>\$38,480,128</u>
NET ASSETS PER CLASS		
Class A Units	\$37,975,117	\$38,480,128
Class E Units	\$ 5,567,390	\$ –
UNITS OUTSTANDING		
Class A Units	2,988,386	2,799,572
Class E Units	438,233	–
NET ASSETS PER UNIT		
Class A Units	\$ 12.71	\$ 13.75
Class E Units	\$ 12.70	\$ –

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,187,174	\$ 948,847
Interest	59,452	12,758
Securities lending	5,124	7,910
Foreign withholding taxes	(60,247)	(131,801)
	<u>1,191,503</u>	<u>837,714</u>
EXPENSES		
Management fees (note 4)	833,788	664,267
Audit fees	15,366	12,423
Directors'/Trustee fees	1,772	2,755
Custodian fees	101,133	108,030
Filing fees	15,549	15,774
Legal fees	3,059	3,994
Unitholder reporting	22,476	35,190
Unitholder administration, service fees and GST	193,360	211,204
	<u>1,186,503</u>	<u>1,053,637</u>
Absorbed expenses	(36,311)	(100,408)
	<u>1,150,192</u>	<u>953,229</u>
Net investment income (loss)	41,311	(115,515)
Net realized gain (loss) on investments sold	3,308,097	3,206,748
Net realized gain (loss) on foreign exchange	(91,912)	(25,454)
Transaction costs	(68,575)	–
Change in unrealized appreciation (depreciation) of investments	(6,599,434)	6,257,000
Change in unrealized appreciation (depreciation) of currency forward	69,374	(28,747)
Net gain (loss) on investments and transaction costs	<u>(3,382,450)</u>	<u>9,409,547</u>
Increase (decrease) in net assets from operations	<u>\$(3,341,139)</u>	<u>\$9,294,032</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(3,299,794)	\$9,294,032
Class E Units	\$ (41,345)	\$ –
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (1.09)	\$ 3.23
Class E Units	\$ (0.10)	\$ –

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$38,480,128	\$32,133,800
New accounting policy adjustment (note 2)	(2,211)	–
Class A Units – GAAP net assets beginning of period	<u>38,477,917</u>	<u>32,133,800</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(3,299,794)	9,294,032
Class E Units	(41,345)	–
	<u>(3,341,139)</u>	<u>9,294,032</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income	–	–
Class E Units	(46,470)	–
UNIT TRANSACTIONS		
Proceeds from issue	–	–
Class A Units	11,734,306	5,030,226
Class E Units	5,925,023	–
Reinvested distributions	–	–
Class E Units	46,456	–
Payments on redemption	–	–
Class A Units	(8,937,312)	(7,977,930)
Class E Units	(316,274)	–
	<u>8,452,199</u>	<u>(2,947,704)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(502,800)	6,346,328
Class E Units	5,567,390	–
	<u>5,064,590</u>	<u>6,346,328</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	37,975,117	38,480,128
Class E Units	5,567,390	–
	<u>\$43,542,507</u>	<u>\$38,480,128</u>

The accompanying notes are an integral part of the financial statements

Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES - 97.5%				FOREIGN EQUITIES (cont'd)			
Australia - 14.7%				Japan (cont'd)			
49,650	AMP Ltd.	328,228	426,661	5,400	Shin-Etsu Chemical Co. Ltd.	354,437	334,066
10,300	Australian Stock Exchange Ltd.	413,022	537,819	16,000	Shionogi & Co. Ltd.	325,048	279,164
43,100	BHP Billiton Ltd.	831,800	1,492,576	13,000	Shiseido Co. Ltd.	290,900	304,751
12,030	Commonwealth Bank of Australia	454,164	613,613	7,500	Softbank Corporation	213,767	152,749
17,200	QBE Insurance Group Ltd.	233,724	494,937	4,100	Sony Corporation	223,808	220,156
37,800	Toll Holdings Ltd.	547,222	373,855	33,000	Sumitomo Chemical Co. Ltd.	234,065	290,393
10,100	Woodside Petroleum Ltd.	327,871	438,656	48	Sumitomo Mitsui Financial Group Inc.	482,281	353,412
22,350	Woolworths Ltd.	332,736	655,129	8,700	Suzuki Motor Corporation	256,132	258,903
		<u>3,468,767</u>	<u>5,033,246</u>	5,300	Takeda Pharmaceutical Co. Ltd.	364,544	306,561
China - 3.2%				8,200	Terumo Corporation	315,959	427,441
94,000	China Communications Constructions Group Ltd.	132,925	239,507	67,000	Tokyo Gas Co. Ltd.	387,836	309,519
58,000	China Cosco Holdings Class H	215,995	156,366	42,000	Toray Industries Inc.	376,443	322,876
46,000	China Everbright Ltd.	165,349	141,062	43,000	Toshiba Corporation	321,076	317,272
70,000	China Merchants Bank Co. Ltd. Class H	265,492	278,957	12,800	Toyota Motor Corporation	707,200	681,705
74,000	China National Building Material Co. Ltd.	186,091	276,552	6,800	Ulvac Inc.	284,981	304,434
		<u>965,852</u>	<u>1,092,444</u>	4,220	Yamada Denki Co. Ltd.	301,365	475,273
Hong Kong - 16.0%						<u>12,963,215</u>	<u>12,513,653</u>
32,000	ASM Pacific Technology Ltd.	163,427	230,571	Malaysia - 3.6%			
19,000	Cheung Kong (Holdings) Ltd.	358,030	342,067	136,000	Gamuda Berhad	174,573	194,336
97,000	China Life Insurance Co. Ltd. Class H	116,976	487,769	105,000	Genting Berhad	130,814	245,821
23,000	China Mobile (Hong Kong) Ltd.	396,271	393,810	197,975	IOI Corporation Berhad	254,513	454,509
320,000	China Resources Land Ltd.	526,597	689,538	141,000	KNM Group Berhad	216,005	321,546
16,500	Esprit Holdings Ltd.	228,272	239,599			<u>775,905</u>	<u>1,216,212</u>
56,000	Hang Lung Properties Ltd.	247,010	247,407	Singapore - 3.4%			
19,600	Hong Kong Aircraft Engineering	332,958	522,407	31,000	Capitaland Ltd.	173,417	131,870
38,000	Hong Kong Exchanges & Clearing Ltd.	382,376	1,055,927	58,000	Cosco Corporation Singapore Ltd.	244,594	225,770
88,000	NWS Holdings Ltd.	246,749	275,941	88,000	Fraser & Neave Ltd.	354,938	352,537
208,000	PetroChina Co. Ltd. Class H	296,798	362,668	85,000	Singapore Petroleum Co. Ltd.	361,562	438,538
118,000	Sino Land Co. Ltd.	350,840	408,957			<u>1,134,511</u>	<u>1,148,715</u>
136,000	Zhejiang Expressway Co. Ltd. Class H	187,357	211,576	South Korea - 8.4%			
		<u>3,833,661</u>	<u>5,468,237</u>	2,950	Daewoo Shipbuilding & Marine Engineering Co. Ltd.	205,938	160,518
India - 5.1%				1,620	Hyundai Heavy Industries Co.	136,955	745,045
72,700	ITC Ltd. GDR	298,644	387,948	5,350	K T & G Corporation	336,701	449,665
5,300	Larsen & Toubro Ltd. GDR	115,403	564,337	1,430	NHN Corporation	206,861	335,034
28,000	Reliance Communication GDR	316,301	524,893	3,500	POSCO ADR	281,109	520,189
1,850	Reliance Industries Ltd. GDR	243,742	270,112	2,470	Samsung Fire & Marine Insurance Co. Ltd.	433,262	658,082
		<u>974,090</u>	<u>1,747,290</u>			<u>1,600,826</u>	<u>2,868,533</u>
Japan - 36.7%				Taiwan - 5.0%			
7,200	Aisin Seiki Co. Ltd.	276,547	296,211	143,640	ASIA Cement Corporation	194,110	206,035
20,000	Asahi Glass Co. Ltd.	312,247	262,425	6,300	Cathay Financial Holding Co. Ltd. Series S GDR	164,135	131,673
7,700	Canon Inc.	403,827	348,110	59,000	Chunghwa Telecom Co. Ltd.	131,767	116,645
63	East Japan Railway Co. Ltd.	465,042	511,885	31,766	Hon Hai Precision Industry Co. Ltd. GDR	274,300	389,251
2,400	Fanuc Ltd.	247,518	231,670	28,000	Mediatek Inc.	412,645	356,067
43,000	Isuzu Motors Ltd.	224,896	190,263	25,000	Siliconware Precision Industries Co. ADR	276,539	219,628
8,600	JFE Holdings Inc.	370,071	428,795	72,000	Taiwan Secom Co. Ltd.	134,153	110,289
11,000	JSR Corporation	287,777	281,556	70,000	Topoint Technology Co. Ltd.	199,182	167,542
69,000	Kawasaki Heavy Industries Ltd.	221,326	201,197			<u>1,786,831</u>	<u>1,697,130</u>
49	KDDI Corporation	371,799	360,006	Thailand - 1.4%			
14,300	Komatsu Ltd.	277,356	382,571	55,000	Electricity Generating Public Co. Ltd.	205,675	206,676
32,000	Kubota Corporation	288,045	216,744	49,000	PTT Exploration and Production Public Co. Ltd.	204,307	269,574
9,800	Mitsubishi Corporation	280,324	264,131			<u>409,982</u>	<u>476,250</u>
15,000	Mitsubishi Estate Co. Ltd.	468,073	355,776	TOTAL INVESTMENT PORTFOLIO			
45,500	Mitsubishi UFJ Financial Group Inc.	618,002	419,045			<u>27,913,640</u>	<u>33,261,710</u>
19,000	Mitsui & Co. Ltd.	348,570	398,859	OTHER ASSETS, LESS LIABILITIES - 2.5%			
11,000	Nikon Corporation	219,232	371,284				<u>865,845</u>
500	Nintendo Co. Ltd.	156,383	300,376	TOTAL NET ASSETS - 100.0%			
32,000	Nippon Yusen Kabushiki Kaisha	303,048	252,100				<u>34,127,555</u>
1,980	Orix Corporation	420,710	327,620				
8,060	Seven & I Holdings Co. Ltd.	325,558	231,920				
14,000	Sharp Corporation	276,918	248,169				
33,000	Shimadzu Corporation	360,104	294,265				

Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$33,261,710	\$30,743,117
Cash	1,335,825	668,575
Accrued investment income	17,243	9,982
Receivable for securities sold	429,121	–
Subscriptions receivable	57,067	2,344
	<u>35,100,966</u>	<u>31,424,018</u>
LIABILITIES		
Payable for securities purchased	881,029	–
Redemptions payable	11,443	7,974
Accrued expenses	80,939	66,297
	<u>973,411</u>	<u>74,271</u>
Net assets	<u>\$34,127,555</u>	<u>\$31,349,747</u>
NET ASSETS PER CLASS		
Class A Units	\$33,228,141	\$30,921,485
Class I Units	\$ 899,414	\$ 428,262
UNITS OUTSTANDING		
Class A Units	2,311,237	2,259,274
Class I Units	58,987	30,175
NET ASSETS PER UNIT		
Class A Units	\$ 14.38	\$ 13.69
Class I Units	\$ 15.25	\$ 14.19

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 771,876	\$ 536,048
Interest	23,963	30,124
Securities lending	–	596
Foreign withholding taxes	(85,233)	(82,260)
	<u>710,606</u>	<u>484,508</u>
EXPENSES		
Management fees (note 4)	652,681	554,162
Audit fees	15,366	12,423
Directors'/Trustee fees	1,482	2,755
Custodian fees	55,143	52,324
Filing fees	16,670	16,652
Legal fees	2,682	3,293
Unitholder reporting	18,604	28,486
Unitholder administration, service fees and GST	188,587	164,256
	<u>951,215</u>	<u>834,351</u>
Absorbed expenses	(3,944)	(34,875)
	<u>947,271</u>	<u>799,476</u>
Net investment income (loss)	<u>(236,665)</u>	<u>(314,968)</u>
Net realized gain (loss) on investments sold	3,666,289	1,896,099
Net realized gain (loss) on foreign exchange	(228,379)	(320,759)
Transaction costs	(92,278)	–
Change in unrealized appreciation (depreciation) of investments	(1,516,490)	1,768,546
Net gain (loss) on investments and transaction costs	<u>1,829,142</u>	<u>3,343,886</u>
Increase (decrease) in net assets from operations	<u>\$ 1,592,477</u>	<u>\$ 3,028,918</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 1,527,239	\$ 2,978,416
Class I Units	\$ 65,238	\$ 50,502
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.67	\$ 1.32
Class I Units	\$ 1.27	\$ 1.81

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$30,921,485	\$25,115,896
New accounting policy adjustment (note 2)	(50,897)	–
Class A Units – GAAP net assets beginning of period	<u>30,870,588</u>	<u>25,115,896</u>
Class I Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	428,262	276,414
Class I Units – GAAP net assets beginning of period	<u>427,557</u>	<u>276,414</u>
Total net assets – beginning of period	<u>31,298,145</u>	<u>25,392,310</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	1,527,239	2,978,416
Class I Units	65,238	50,502
	<u>1,592,477</u>	<u>3,028,918</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	8,445,115	10,656,109
Class I Units	667,739	133,524
Payments on redemption		
Class A Units	(7,614,801)	(7,828,936)
Class I Units	(261,120)	(32,178)
	<u>1,236,933</u>	<u>2,928,519</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	2,357,553	5,805,589
Class I Units	471,857	151,848
	<u>2,829,410</u>	<u>5,957,437</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	33,228,141	30,921,485
Class I Units	899,414	428,262
	<u>\$34,127,555</u>	<u>\$31,349,747</u>

The accompanying notes are an integral part of the financial statements

Scotia Latin American Fund (formerly Scotia Latin American Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES – 98.3%			
Argentina – 0.7%			
44,000	IRSA Inversiones y Representaciones SA GDR	668,808	627,429
Bermuda – 1.9%			
24,100	Credicorp Ltd.	950,005	1,811,656
Brazil – 64.8%			
95,400	All America Latina Logistica SA	773,806	1,207,593
90,700	Banco do Brasil SA	1,574,996	1,510,980
220,500	Banco Panamericano SA	1,231,280	1,089,487
185,900	Bradespar SA Pref.	3,817,196	4,853,195
231,200	Brascan Residential Properties SA	1,674,130	1,418,224
56,800	Companhia Paranaense de Energia-Copel PFB	701,526	845,858
148,004	Companhia Vale do Rio Doce SA ADR	1,809,410	4,784,089
218,962	Companhia Vale do Rio Doce SA ADR Pref. Series A	1,734,403	6,054,269
108,200	Gerdau SA Pref.	3,014,027	3,099,150
129,300	Industrias Romi SA	1,456,816	1,587,139
458,600	Klabin SA Pref.	1,774,978	1,668,137
389,500	Laep Investments Ltd.	1,228,779	1,773,148
99,600	Localiza Rent A Car SA	559,456	1,034,919
45,100	Lojas Renner SA	969,778	891,952
3,000	MMX Mineracao e Metalicos SA	629,206	1,569,314
2,000	MPX Mineracao e Energia SA	1,142,702	1,142,534
75,466	Net Servicos de Comunicacao SA	826,615	893,415
37,900	OdontoPrev SA	1,188,100	919,780
133,800	PDG Realty SA	1,654,383	1,834,101
51,400	Petroleo Brasileiro SA ADR	1,929,400	5,862,589
75,346	Petroleo Brasileiro SA ADR Non-Voting	2,244,046	7,171,695
74,782	Profarma Distribuidora	1,138,964	1,491,579
150,800	Sadia SA Pref.	901,671	851,518
49,700	Saraiva SA Livreiros Editores Pref.	524,402	959,553
64,500	SEB – Sistema Educacional Brasileiro SA	968,897	895,290
33,535	Unibanco de Bancos Brasileiros SA GDR	2,891,802	4,632,876
71,300	Wilson Sons Ltd. BDR	1,012,513	1,020,550
		<u>39,373,282</u>	<u>61,062,934</u>
Chile – 5.8%			
20,000	Banco Santander Chile SA ADR	883,673	1,005,000
239,155	Cencosud SA	1,004,701	949,034
103,300	Masisa SA ADR	1,360,127	1,018,770
569,692	Sonda SA	850,841	734,873
126,958	Antofagasta PLC	2,071,509	1,767,782
		<u>6,170,851</u>	<u>5,475,459</u>
Columbia – 1.0%			
27,294	Bancolumbia SA ADR	719,388	916,777
Mexico – 23.1%			
695,200	Alsea SA	773,804	962,616
146,600	America Movil SA de CV Series L ADR	6,966,445	8,899,379
137,478	Cemex SA de CV ADR	5,313,510	3,517,309
41,017	Desarrolladora Homex ADR	2,359,019	2,006,385
427,100	Empresas ICA SA de CV	1,703,382	2,782,618
22,800	Grupo Aeroportuario del Sureste SA de CV ADR	1,010,145	1,376,418
296,688	Grupo Famsa SA	1,347,483	912,647
317,400	Grupo Financiero Banorte S.A.B. de CV	1,503,781	1,295,494
		<u>20,977,569</u>	<u>21,752,866</u>
Peru – 1.0%			
113,638	Hochschild Mining PLC	1,108,761	957,815
	TOTAL INVESTMENT PORTFOLIO	<u>69,968,664</u>	<u>92,604,936</u>
	OTHER ASSETS, LESS LIABILITIES – 1.7%		<u>1,601,960</u>
	TOTAL NET ASSETS – 100.0%		<u>94,206,896</u>

EQUITY FUNDS

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Latin American Fund (formerly Scotia Latin American Growth Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$92,604,936	\$67,957,871
Cash	1,622,557	1,951,385
Accrued investment income	114,506	343,492
Subscriptions receivable	123,274	120,673
	<u>94,465,273</u>	<u>70,373,421</u>
LIABILITIES		
Distributions payable	1,353	213
Redemptions payable	60,326	93,095
Accrued expenses	196,698	135,595
	<u>258,377</u>	<u>228,903</u>
Net assets	<u>\$94,206,896</u>	<u>\$70,144,518</u>
NET ASSETS PER CLASS		
Class A Units	\$90,631,777	\$67,492,229
Class F Units	\$ 142,835	\$ 207,692
Class I Units	\$ 3,432,284	\$ 2,444,597
UNITS OUTSTANDING		
Class A Units	2,563,896	2,027,062
Class F Units	4,033	6,252
Class I Units	97,062	73,493
NET ASSETS PER UNIT		
Class A Units	\$ 35.35	\$ 33.30
Class F Units	\$ 35.42	\$ 33.22
Class I Units	\$ 35.36	\$ 33.26

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,268,262	\$ 1,161,172
Interest	716,675	562,398
Securities lending	114	372
Foreign withholding taxes	(62,503)	(84,825)
	<u>1,922,548</u>	<u>1,639,117</u>
EXPENSES		
Management fees (note 4)	1,608,359	1,102,146
Audit fees	24,136	17,169
Directors'/Trustee fees	1,926	2,755
Custodian fees	114,028	53,773
Filing fees	17,436	17,182
Legal fees	3,198	3,908
Unitholder reporting	24,177	34,115
Unitholder administration, service fees and GST	249,708	233,905
	<u>2,042,968</u>	<u>1,464,953</u>
Absorbed expenses	(3,408)	(4,419)
	<u>2,039,560</u>	<u>1,460,534</u>
Net investment income (loss)	(117,012)	178,583
Net realized gain (loss) on investments sold	13,431,810	9,614,290
Net realized gain (loss) on foreign exchange	(67,411)	(45,889)
Transaction costs	(355,694)	—
Change in unrealized appreciation (depreciation) of investments	(1,316,477)	11,193,788
Net gain (loss) on investments and transaction costs	<u>11,692,228</u>	<u>20,762,189</u>
Increase (decrease) in net assets from operations	<u>\$11,575,216</u>	<u>\$20,940,772</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$10,925,562	\$19,820,884
Class F Units	\$ 27,234	\$ 51,455
Class I Units	\$ 622,420	\$ 1,068,433
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 4.92	\$ 9.83
Class F Units	\$ 4.91	\$ 8.27
Class I Units	\$ 6.48	\$ 11.84

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 67,492,229	\$ 44,967,610
New accounting policy adjustment (note 2)	(163,905)	—
Class A Units – GAAP net assets beginning of period	<u>67,328,324</u>	<u>44,967,610</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	207,692	72,053
Class F Units – GAAP net assets beginning of period	<u>207,187</u>	<u>72,053</u>
Class I Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	2,444,597	2,594,391
Class I Units – GAAP net assets beginning of period	<u>2,438,661</u>	<u>2,594,391</u>
Total net assets – beginning of period	<u>69,974,172</u>	<u>47,634,054</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	10,925,562	19,820,884
Class F Units	27,234	51,455
Class I Units	622,420	1,068,433
	<u>11,575,216</u>	<u>20,940,772</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(59,840)	(158,418)
Class F Units	(768)	(797)
Class I Units	(68,096)	(52,134)
From realized gain		
Class A Units	(6,942,158)	(1,297,006)
Class F Units	(14,369)	(3,997)
Class I Units	(259,775)	(46,987)
	<u>(7,345,006)</u>	<u>(1,559,339)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	31,200,433	23,196,353
Class F Units	10,600	130,210
Class I Units	2,644,537	1,047,729
Reinvested distributions		
Class A Units	6,948,475	1,445,664
Class F Units	15,137	4,795
Class I Units	327,867	99,120
Payments on redemption		
Class A Units	(18,769,019)	(20,482,858)
Class F Units	(102,186)	(46,027)
Class I Units	(2,273,330)	(2,265,955)
	<u>20,002,514</u>	<u>3,129,031</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	23,303,453	22,524,619
Class F Units	(64,352)	135,639
Class I Units	993,623	(149,794)
	<u>24,232,724</u>	<u>22,510,464</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	90,631,777	67,492,229
Class F Units	142,835	207,692
Class I Units	3,432,284	2,444,597
	<u>\$ 94,206,896</u>	<u>\$ 70,144,518</u>

Scotia Global Growth Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES - 97.7%				EQUITIES (cont'd)			
CANADIAN EQUITIES - 3.2%				FOREIGN EQUITIES (cont'd)			
Energy - 1.8%				France - 1.7%			
47,704	Suncor Energy Inc.	4,203,972	5,147,739	27,552	Electricite de France	2,583,756	3,222,548
Industrials - 0.6%				27,238	Essilor International SA	1,835,927	1,710,909
22,162	Ritchie Bros. Auctioneers Inc.	1,507,932	1,826,502	<hr/>			
Financials - 0.8%				Germany - 4.4%			
43,796	TSX Group Inc.	2,195,416	2,312,429	144,818	Celesio AG	10,007,824	8,815,047
TOTAL CANADIAN EQUITIES				77,393	SAP AG	4,314,125	3,946,605
<hr/>				<hr/>			
FOREIGN EQUITIES - 94.5%				Hong Kong - 2.4%			
United States - 32.8%				171,000	Cheung Kong (Holdings) Ltd.	2,597,416	3,078,603
71,644	Altria Group Inc.	5,492,934	5,346,715	79,000	China Mobile (Hong Kong) Ltd.	1,316,773	1,352,653
42,091	Automatic Data Processing Inc.	2,255,465	1,848,869	46,500	Hong Kong Exchanges & Clearing Ltd.	629,742	1,292,120
52,939	Brown & Brown Inc.	1,707,958	1,226,249	419,000	Kowloon Development Co. Ltd.	1,081,366	1,072,571
95,301	CarMax Inc.	2,619,016	1,852,452	<hr/>			
41,370	ConocoPhillips	3,280,244	3,607,825	India - 1.6%			
35,059	Deere & Company	2,672,617	3,222,709	53,600	Infosys Technologies Ltd. ADR	3,101,617	2,390,956
90,406	eBay Inc.	3,270,244	2,958,917	15,400	Reliance Industries Ltd. GDR	1,453,504	2,248,503
52,663	EOG Resources Inc.	4,375,801	4,638,470	<hr/>			
60,885	Fastenal Corporation	2,709,771	2,428,926	Israel - 0.5%			
37,311	Genentech Inc.	2,746,373	2,476,609	33,400	Teva Pharmaceutical Industries Ltd. ADR	1,401,408	1,531,474
102,653	IMS Health Inc.	3,508,922	2,331,132	<hr/>			
25,422	Lamar Advertising Company Class A	1,858,238	1,202,843	Italy - 0.7%			
76,699	Linear Technology Corporation	3,122,593	2,412,524	228,185	UniCredito Italiano SpA	2,311,540	1,874,343
3,832	Markel Corporation	2,093,412	1,849,163	<hr/>			
40,916	Microchip Technology Inc.	1,719,847	1,270,412	Japan - 5.8%			
209,471	Microsoft Corporation	7,169,187	7,348,480	134,300	Asahi Breweries Ltd.	2,073,564	2,251,757
112,922	Moody's Corporation	8,594,245	3,977,054	89,000	Asahi Glass Co. Ltd.	1,380,663	1,167,793
90,181	Omnicom Group Inc.	5,339,839	4,233,946	68,450	Canon Inc.	4,132,431	3,094,561
60,768	Patterson Dental Company	2,596,966	2,029,724	682	Japan Tobacco Inc.	3,688,396	4,001,265
64,326	PepsiCo Inc.	4,802,486	4,815,201	57,000	KAO Corporation	1,870,332	1,697,082
26,103	Praxair Inc.	1,979,854	2,283,374	248	KDDI Corporation	2,258,800	1,822,071
47,234	Progressive Corporation	1,254,596	892,925	277,000	Mitsui Sumitomo Insurance Co. Ltd.	3,964,944	2,675,164
105,088	Schlumberger Ltd.	8,300,072	10,193,725	<hr/>			
13,600	United States Steel Corporation	1,517,683	1,610,728	Luxembourg - 0.5%			
37,861	Wal-Mart Stores Inc.	2,145,616	1,777,178	18,750	Evrax Group SA	1,447,593	1,426,715
212,481	Walgreen Company	10,154,935	7,985,308	<hr/>			
103,377	WellPoint Inc.	9,462,467	8,958,169	Mexico - 1.1%			
<hr/>				53,122	America Movil SA de CV Series L ADR	2,546,935	3,224,781
Australia - 0.9%				<hr/>			
262,193	Brambles Ltd.	3,243,859	2,609,453	Russia - 3.2%			
<hr/>				108,650	OAO Gazprom ADR	5,108,491	6,077,030
Belgium - 1.1%				123,750	OAO Rosneft Oil Co. GDR	1,238,242	1,186,212
25,418	Groupe Bruxelles Lambert SA	3,469,685	3,204,032	7,550	Open Joint Stock Company Mining and Metallurgical Company Norilsk Nickel ADR	1,746,153	2,018,178
<hr/>				<hr/>			
Bermuda - 0.6%				Singapore - 1.1%			
67,825	Seadrill Ltd.	1,365,075	1,612,817	360,000	Keppel Corporation Ltd.	2,711,220	3,188,355
<hr/>				<hr/>			
Brazil - 5.0%				South Africa - 0.4%			
159,900	Banco Itau Holding Financeira SA ADR	3,586,442	4,092,545	83,086	Standard Bank Group Ltd.	1,339,959	1,208,205
99,400	Companhia Vale do Rio Doce SA ADR Pref. Series A	2,007,378	2,748,396	<hr/>			
80,800	Petroleo Brasileiro SA ADR Non-Voting	4,410,526	7,690,828	South Korea - 1.3%			
<hr/>				56,590	Samsung Heavy Industries Co.	1,903,898	2,360,489
Cayman Islands - 2.6%				28,100	Hana Financial Group Inc.	1,389,161	1,503,261
1,294,000	Hutchison Telecommunications	2,504,658	1,922,665	<hr/>			
940,000	Kingboard Chemicals Holdings	4,856,596	5,498,805	Sweden - 6.8%			
<hr/>				290,916	Atlas Copco AB Class B	5,598,752	3,883,162
China - 0.4%				736,146	Ericsson LM Class B	2,812,059	1,701,860
292,000	China National Building Material Co. Ltd.	1,077,504	1,091,260	56,600	Getinge AB Class B	1,436,519	1,494,704
<hr/>				307,171	Investor AB Class B	8,496,384	6,835,109
Denmark - 1.0%				160,400	Sandvik AB	3,393,646	2,695,887
279	A P Moeller - Maersk A/S	3,156,300	2,918,684	97,200	Svenska Handelsbanken AB Series A	3,453,884	3,048,640
<hr/>				<hr/>			
Egypt - 1.1%				TOTAL			
15,200	Orascom Construction GDR	1,945,110	3,154,337	25,191,244		19,659,362	
<hr/>				<hr/>			

Scotia Global Growth Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
Switzerland – 5.8%			
47,048	Compagnie Financiere Richemont AG	2,914,145	3,169,701
10,900	Nestle SA	4,646,209	4,932,101
93,078	Schindler Holdings AG	6,603,584	5,875,507
60,539	UBS AG	4,171,410	2,776,255
		<u>18,335,348</u>	<u>16,753,564</u>
Taiwan – 1.0%			
89,280	Hon Hai Precision Industry Co. Ltd. GDR	1,464,212	1,094,010
184,803	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2,259,781	1,818,920
		<u>3,723,993</u>	<u>2,912,930</u>
United Kingdom – 10.7%			
83,100	Billiton PLC	1,932,431	2,521,748
191,000	British American Tobacco PLC	6,791,963	7,409,657
134,000	Bunzl PLC	1,844,424	1,850,837
23,000	Lonmin PLC	1,765,987	1,398,011
304,500	Man Group PLC	4,027,703	3,450,670
9,938,400	Rolls-Royce Group B Share Entitlement	17,627	–
382,000	Rolls-Royce Group PLC	4,308,928	4,067,810
216,300	Royal Bank of Scotland Group PLC	3,014,167	1,915,778
859,900	Vodafone Group PLC	3,277,031	3,157,412
361,000	Wolseley PLC	8,704,413	5,214,737
		<u>35,684,674</u>	<u>30,986,660</u>
	TOTAL FOREIGN EQUITIES	<u>292,745,553</u>	<u>273,075,216</u>
	TOTAL INVESTMENT PORTFOLIO	<u>300,652,873</u>	<u>282,361,886</u>
	OTHER ASSETS, LESS LIABILITIES – 2.3%		<u>6,539,080</u>
	TOTAL NET ASSETS – 100.0%		<u><u>288,900,966</u></u>

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Global Growth Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$282,361,886	\$115,549,450
Cash	7,029,479	1,741,509
Accrued investment income	296,992	369,891
Receivable for securities sold	–	229,005
Subscriptions receivable	212,861	530
	<u>289,901,218</u>	<u>117,890,385</u>
LIABILITIES		
Payable for securities purchased	512,477	211,358
Redemptions payable	236,043	11,591
Accrued expenses	251,732	237,091
Payable for currency forward contracts	–	19,941
	<u>1,000,252</u>	<u>479,981</u>
Net assets	<u>\$288,900,966</u>	<u>\$117,410,404</u>
NET ASSETS PER CLASS		
Class A Units	\$104,687,459	\$117,410,404
Class I Units	\$184,213,507	\$ –
UNITS OUTSTANDING		
Class A Units	3,175,449	3,247,149
Class I Units	5,492,228	–
NET ASSETS PER UNIT		
Class A Units	\$ 32.97	\$ 36.16
Class I Units	\$ 33.54	\$ –

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 5,008,797	\$ 2,286,764
Interest	179,392	58,438
Securities lending	1,516	10,916
Foreign withholding taxes	(389,307)	(276,711)
	<u>4,800,398</u>	<u>2,079,407</u>
EXPENSES		
Management fees (note 4)	2,285,189	2,279,665
Audit fees	23,821	19,180
Directors'/Trustee fees	5,166	2,755
Custodian fees	99,418	118,949
Filing fees	30,978	17,327
Legal fees	9,018	12,328
Unitholder reporting	71,043	112,996
Unitholder administration, service fees and GST	937,058	667,824
	<u>3,461,691</u>	<u>3,231,024</u>
Absorbed expenses	(181,218)	(296,598)
	<u>3,280,473</u>	<u>2,934,426</u>
Net investment income (loss)	1,519,925	(855,019)
Net realized gain (loss) on investments sold	8,128,194	3,496,453
Net realized gain (loss) on foreign exchange	(780,383)	(12,770)
Transaction costs	(248,726)	–
Change in unrealized appreciation (depreciation) of investments	(32,087,040)	10,496,713
Change in unrealized appreciation (depreciation) of currency forward	19,941	(15,194)
Net gain (loss) on investments and transaction costs	<u>(24,968,014)</u>	<u>13,965,202</u>
Increase (decrease) in net assets from operations	<u>\$(23,448,089)</u>	<u>\$13,110,183</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (9,368,594)	\$13,110,183
Class I Units*	\$(14,079,495)	\$ –
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (2.88)	\$ 3.78
Class I Units*	\$ (2.85)	\$ –

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$117,410,404	\$120,452,917
New accounting policy adjustment (note 2)	(1,326,846)	–
Class A Units – GAAP net assets beginning of period	<u>116,083,558</u>	<u>120,452,917</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(9,368,594)	13,110,183
Class I Units*	(14,079,495)	–
	<u>(23,448,089)</u>	<u>13,110,183</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	26,132,245	9,598,824
Class I Units*	200,540,853	–
Payments on redemption		
Class A Units	(28,159,750)	(25,751,520)
Class I Units*	(2,247,851)	–
	<u>196,265,497</u>	<u>(16,152,696)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(11,396,099)	(3,042,513)
Class I Units*	184,213,507	–
	<u>172,817,408</u>	<u>(3,042,513)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	104,687,459	117,410,404
Class I Units*	184,213,507	–
	<u>\$288,900,966</u>	<u>\$117,410,404</u>

* For the period since inception April 23, 2007.

Scotia Global Small Cap Fund

(formerly Capital Global Small Companies Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES - 97.4%				EQUITIES (cont'd)			
CANADIAN EQUITIES - 3.9%				FOREIGN EQUITIES (cont'd)			
Energy - 0.2%				United States (cont'd)			
7,800	Tesco Corporation	266,300	222,924	6,500	Lincare Holdings Inc.	248,150	225,779
Materials - 1.7%				24,000	Longs Drug Stores Corporation	1,431,952	1,115,165
10,000	FXM Mining Company Inc.	266,150	301,300	6,200	Manitowoc Company Inc.	248,873	298,684
100,300	Sherritt International Corporation	1,490,079	1,323,960	61,200	Mariner Energy Inc.	1,529,243	1,379,501
		1,756,229	1,625,260	5,200	MEMC Electronic Materials Inc.	341,048	454,976
Industrials - 0.6%				16,200	Moldflow Corporation	271,905	251,019
15,600	Martinrea International Inc.	265,200	190,320	34,800	NRG Energy Inc.	1,544,126	1,486,653
5,600	Morguard Corporation	274,400	212,856	3,100	Olympic Steel Inc.	114,281	96,927
4,500	Transat A.T. Inc. Class A	167,286	157,185	88,400	Orchid Cellmark Inc.	419,541	435,911
		706,886	560,361	19,200	Par Pharmaceutical Companies Inc.	582,211	455,363
Consumer Discretionary - 0.3%				10,500	Pediatric Medical Group Inc.	658,135	709,000
6,100	Cogeco Cable Inc.	272,137	290,421	21,400	PerkinElmer Inc.	637,596	548,989
Financials - 0.8%				6,700	Pharmaceutical Product Development Inc.	270,008	267,155
11,100	Canadian Western Bank	265,534	347,652	9,600	Progress Software Corporation	332,638	317,046
12,700	Laurentian Bank of Canada	545,622	420,370	22,500	Rex Stores Corporation	470,443	348,637
		811,156	768,022	8,900	Sanderson Farms Inc.	419,149	295,863
Income Trust Units - 0.3%				75,400	Sierra Pacific Resources	1,513,228	1,265,186
10,600	GMP Capital Trust Units	265,545	260,760	62,800	Silicon Image Inc.	441,327	281,127
	TOTAL CANADIAN EQUITIES	4,078,253	3,727,748	14,100	Somanetics Corporation	252,990	324,654
FOREIGN EQUITIES - 93.5%				76,500	Standard Motor Products Inc.	1,527,788	617,630
United States - 45.7%				32,600	Steel Dynamics Inc.	1,685,373	1,918,746
35,400	Accelrys Inc.	266,265	260,618	20,700	Stoneridge Inc.	275,655	164,873
2,700	Allegheny Technologies Inc.	334,690	230,101	23,400	Techteam Global Inc.	288,233	290,205
14,100	Alpharma Inc. Class A	299,861	281,181	22,300	Tidewater Inc.	1,513,171	1,208,943
26,900	American Software Inc. Class A	269,433	224,357	23,100	Titanium Metals Corporation	915,165	602,644
12,400	Arrow Electronics Inc.	532,969	481,570	22,900	Transatlantic Holdings Inc.	1,749,707	1,621,648
39,600	BRT Realty Trust	1,362,559	597,948	36,900	Trimeis Inc.	281,106	252,700
5,600	Brush Engineered Materials Inc.	340,595	205,862	8,700	United Fire & Casualty Company	372,232	250,097
31,500	Cabot Corporation	1,636,742	1,038,752	1,500	United Stationers Inc.	105,280	68,393
6,700	Cabot Oil & Gas Corporation	269,980	266,824	4,900	Universal Health Services Inc. Class B	323,384	247,387
14,000	CAM Commerce Solutions Inc.	524,761	573,591	3,100	US Cellular Corporation	263,281	257,634
91,600	Carriage Services Inc.	860,043	797,474	15,800	US Physical Therapy Inc.	261,271	222,806
4,900	Charles River Laboratories Inc.	261,441	318,180	13,500	Vignette Corporation	284,880	194,508
6,700	Ciena Corporation	284,474	225,576	2,000	W-H Energy Services Inc.	108,509	111,133
76,600	Compuware Corporation	875,694	670,668			49,507,197	43,778,887
15,800	Comsys It Partners Inc.	414,116	245,445	Australia - 2.1%			
13,500	Continental Resource Inc.	288,567	347,926	19,700	Babcock & Brown Ltd.	532,638	458,865
10,600	Coventry Health Care Inc.	693,068	620,011	84,900	Hastie Group Ltd.	345,682	360,435
24,200	Crown Holdings Inc.	646,262	611,971	6,500	Incitec Pivot Ltd.	268,997	656,906
18,900	Davita Inc.	1,086,979	1,050,581	159,700	Macmahon Holdings Ltd.	265,749	229,887
5,000	Delek US Holdings Inc.	106,615	99,462	76,500	Mincor Resources NL	269,009	276,413
4,400	EnSCO International Inc.	269,414	259,320			1,682,075	1,982,506
9,200	Esterline Technologies Corporation	465,247	469,482	Belgium - 0.2%			
20,800	Factset Research Systems Inc.	1,434,627	1,145,507	1,700	Bekaert NV	267,952	225,963
10,400	First United Corporation	270,796	205,649	Bermuda - 4.9%			
34,200	Firstcity Financial Corporation	306,659	273,751	6,700	Axis Capital Holdings Ltd.	277,931	258,680
2,900	Frontier Oil Corporation	110,072	115,978	19,700	Foster Wheeler Ltd.	1,864,254	3,017,861
42,800	Gamestop Corporation Class A	1,828,615	2,623,136	128,400	Mandarin Oriental International Ltd.	309,455	291,835
4,800	Global Industries Ltd.	110,312	101,603	150,000	Orient Overseas International Ltd.	1,413,659	1,088,090
30,200	Greif Inc. Class A	1,862,467	1,952,074	15,200	Ram Holdings Ltd.	273,391	73,000
29,400	Harris Corporation	1,715,419	1,817,562			4,138,690	4,729,466
92,500	Harvard Bioscience Inc.	552,056	416,823	Cayman Islands - 1.6%			
23,900	Health Net Inc.	1,497,768	1,140,986	135,100	O2Micro International Ltd. ADR	1,605,646	1,531,313
44,900	Helemerich & Payne Inc.	1,602,440	1,777,027	Finland - 0.2%			
19,600	HMN Financial Inc.	727,828	467,755	6,200	Cramo Oyj Class B	266,632	153,995
43,000	Kennametal Inc.	1,690,922	1,607,072	France - 3.6%			
6,400	Kirby Corporation	273,254	294,531	2,700	Bongrain SA	303,477	291,785
26,000	Lam Research Corporation	1,506,231	1,108,920	3,300	Credit Industriel et Commercial	1,485,168	1,188,208
6,500	Lennox International Inc.	246,077	266,631	1,620	Esso Ste Anonyme Francaise	494,286	425,117
				5,300	Euler Hermes SA	787,562	645,730

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Global Small Cap Fund

(formerly Capital Global Small Companies Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
France (cont'd)				Norway - 0.2%			
1,200	Fonciere des Regions	254,267	149,098	94,600	ABG Sundal Collier ASA	272,083	216,135
4,000	Thales SA	269,684	233,758	Singapore - 2.5%			
2,800	Thermador Groupe	570,151	520,542	153,000	Ho Bee Investment	272,264	152,630
		<u>4,164,595</u>	<u>3,454,238</u>	244,700	Singapore Exchange Ltd.	1,438,791	2,213,019
Germany - 3.6%						<u>1,711,055</u>	<u>2,365,649</u>
8,500	Arques Industries AG	266,820	286,591	Spain - 0.6%			
11,900	Deutsche Beteiligungs AG	451,741	367,372	800	Construcciones y Auxiliar de Ferrocarriles SA	276,975	318,955
2,000	Deutsche Boerse AG	264,330	387,472	3,700	Corporacion Financiera Alba SA	265,055	246,457
1,500	Heidelbergcement AG	266,981	228,357			<u>542,030</u>	<u>565,412</u>
1,900	Man AG	277,165	308,573	Sweden - 0.2%			
2,200	Q-Cells AG	268,520	304,647	1,600	Autoliv Inc.	107,674	83,278
8,500	Salzgitter AG	1,538,477	1,235,138	7,500	NCC AB Class B	258,689	157,726
12,800	United Internet AG	264,538	304,537			<u>366,363</u>	<u>241,004</u>
		<u>3,598,572</u>	<u>3,422,687</u>	Switzerland - 3.8%			
Hong Kong - 0.8%				3,900	Daetwyler Holding AG	269,950	258,395
257,000	Citic International Financial Holdings	259,453	157,520	1,650	Galenica AG	881,240	707,720
135,000	Hopewell Holdings	657,821	613,267	500	Helvetia Holding AG	244,912	177,661
		<u>917,274</u>	<u>770,787</u>	2,200	Industrieholding Cham AG	889,374	845,461
Italy - 3.2%				68,100	Temenos Group AG	1,728,039	1,656,794
82,800	Azimut Holding SpA	1,510,224	1,047,824			<u>4,013,515</u>	<u>3,646,031</u>
8,100	Biesse SpA	267,035	149,819	United Kingdom - 9.4%			
9,500	Danieli SpA	280,156	292,048	39,700	Aggreko PLC	479,970	409,801
12,800	Geox SpA	267,834	251,758	203,760	Alexon Group PLC	1,384,170	356,159
142,600	IFIL Investments SpA	1,572,416	1,300,905	70,500	Aveva Group PLC	1,351,490	1,319,015
		<u>3,897,665</u>	<u>3,042,354</u>	9,000	Axon Group PLC	148,008	92,545
Japan - 10.3%				12,500	Berkeley Group Holdings	486,646	333,659
148	Acca Networks Co. Ltd.	259,360	220,591	12,400	Charter PLC	274,476	191,627
22,000	Aisan Industry Co. Ltd.	270,591	261,296	701,600	Chaucer Holdings PLC	1,552,927	1,392,105
22,000	Aloka Co. Ltd.	286,647	310,318	33,200	Chemring Group PLC	1,517,963	1,331,561
29,900	Aucnet Inc.	525,455	495,980	70,200	Galliford Try PLC	268,966	140,975
58,000	Chubu Shiryō Co. Ltd.	548,889	509,358	79,100	Game Group PLC	269,731	385,377
25,900	Daiichikoshō Co. Ltd.	290,618	276,103	42,300	Hardy Underwriting Group PLC	268,618	244,780
28,600	Fujitsu Frontech Ltd.	273,617	225,910	140,500	ITE Group PLC	522,824	419,413
58,000	Fukuyama Transporting Co. Ltd.	271,701	233,073	12,200	Keller Group PLC	281,825	157,258
55,200	Futaba Industrial Co. Ltd.	1,513,161	1,526,815	191,400	Kewill Systems PLC	386,711	308,010
16,000	H-One Co. Ltd.	273,961	146,752	49,300	Micro Focus International	269,935	243,749
12,600	Hisamitsu Pharmaceutical Co. Inc.	378,067	379,797	138,600	Petrofac Ltd.	1,447,416	1,482,515
22,000	Hitachi Capital	278,771	278,476	13,300	SIG PLC	275,418	193,353
71,000	Hokkan Holdings Ltd.	279,963	220,863			<u>11,187,094</u>	<u>9,001,902</u>
31,000	Izumiya Co. Ltd.	272,845	171,893	TOTAL FOREIGN EQUITIES			
15,000	Komatsu Wall Industry Co. Ltd.	278,292	201,270			<u>99,346,282</u>	<u>89,597,988</u>
23,300	Konaka Co. Ltd.	272,913	225,793	TOTAL INVESTMENT PORTFOLIO			
17,800	Marubun Corporation	252,539	141,854			<u>103,424,535</u>	<u>93,325,736</u>
66,300	Miraca Holdings Inc.	1,482,903	1,569,435	OTHER ASSETS, LESS LIABILITIES - 2.6%			
23,000	NEC Networks & System Integration Corporation	231,605	287,638				<u>2,523,047</u>
18,000	Nipro Corporation	390,846	357,187	TOTAL NET ASSETS - 100.0%			
18,000	Okaya & Co. Ltd.	278,647	211,069				<u>95,848,783</u>
23,000	Okuwa Co. Ltd.	287,218	301,021				
10,300	Ricoh Leasing Co. Ltd.	274,924	215,027				
12,000	Segami Medics Co. Ltd.	269,232	219,550				
83,000	Tonami Transportation Co. Ltd.	268,776	204,601				
13,000	Toyota Auto Body Co. Ltd.	259,144	208,400				
47,800	Unipres Corporation	404,002	439,427				
		<u>10,674,687</u>	<u>9,839,497</u>				
Liberia - 0.4%							
10,600	Excel Maritime Carriers Ltd.	259,749	419,730				
Netherlands - 0.2%							
6,400	Draka Holding NV	273,408	210,432				

EQUITY FUNDS

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$93,325,736	\$8,167,295
Cash	2,477,589	51,650
Accrued investment income	63,251	—
Subscriptions receivable	93,035	1,114
	<u>95,959,611</u>	<u>8,220,059</u>
LIABILITIES		
Distributions payable	87	—
Redemptions payable	88,063	—
Accrued expenses	22,678	18,047
	<u>110,828</u>	<u>18,047</u>
Net assets	<u>\$95,848,783</u>	<u>\$8,202,012</u>
NET ASSETS PER CLASS		
Class A Units	\$ 3,463,208	\$8,179,136
Class F Units	\$ —	\$ 22,876
Class I Units	<u>\$92,385,575</u>	<u>\$ —</u>
UNITS OUTSTANDING		
Class A Units	375,367	781,046
Class F Units	—	2,121
Class I Units	<u>9,917,144</u>	<u>—</u>
NET ASSETS PER UNIT		
Class A Units	\$ 9.23	\$ 10.47
Class F Units	\$ —	\$ 10.79
Class I Units	<u>\$ 9.32</u>	<u>\$ —</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,327,468	\$ 69,723
Interest	85,770	1,179
Foreign withholding taxes	(160,212)	(7,917)
	<u>1,253,026</u>	<u>62,985</u>
EXPENSES		
Management fees (note 4)	128,924	168,640
Audit fees	16,118	12,627
Directors'/Trustee fees	763	2,755
Custodian fees	39,660	—
Filing fees	32,181	14,944
Legal fees	11,351	1,460
Unitholder reporting	10,287	11,469
Unitholder administration, service fees and GST	60,696	38,860
	<u>299,980</u>	<u>250,755</u>
Absorbed expenses	(67,455)	(46,682)
	<u>232,525</u>	<u>204,073</u>
Net investment income (loss)	<u>1,020,501</u>	<u>(141,088)</u>
Net realized gain (loss) on investments sold	(3,282,242)	34,923
Net realized gain (loss) on foreign exchange	233,621	—
Capital gains distributions received from investments	1,175,542	—
Transaction costs	(200,934)	—
Change in unrealized appreciation (depreciation) of investments	(11,597,352)	1,260,686
Net gain (loss) on investments and transaction costs	<u>(13,671,365)</u>	<u>1,295,609</u>
Increase (decrease) in net assets from operations	<u>\$(12,650,864)</u>	<u>\$1,154,521</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (365,529)	\$1,151,029
Class F Units	\$ (372)	\$ 3,492
Class I Units*	<u>\$(12,284,963)</u>	<u>\$ —</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.70)	\$ 1.49
Class F Units	\$ (0.22)	\$ 1.65
Class I Units*	<u>\$ (1.43)</u>	<u>\$ —</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 8,179,136	\$6,525,345
New accounting policy adjustment (note 2)	—	—
Class A Units – GAAP net assets beginning of period	<u>8,179,136</u>	<u>6,525,345</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	22,876	19,384
Class F Units – GAAP net assets beginning of period	<u>22,876</u>	<u>19,384</u>
Total net assets – beginning of period	<u>8,202,012</u>	<u>6,544,729</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(365,529)	1,151,029
Class F Units	(372)	3,492
Class I Units*	<u>(12,284,963)</u>	<u>—</u>
	<u>(12,650,864)</u>	<u>1,154,521</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income	—	—
Class I Units*	<u>(846,776)</u>	<u>—</u>
UNIT TRANSACTIONS		
Proceeds from issue	—	—
Class A Units	6,436,945	1,033,534
Class I Units*	<u>107,976,997</u>	<u>—</u>
Reinvested distributions	—	—
Class I Units*	<u>846,688</u>	<u>—</u>
Payments on redemption	—	—
Class A Units	(10,787,344)	(530,772)
Class F Units	(22,504)	—
Class I Units*	<u>(3,306,371)</u>	<u>—</u>
	<u>101,144,411</u>	<u>502,762</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(4,715,928)	1,653,791
Class F Units	(22,876)	3,492
Class I Units*	<u>92,385,575</u>	<u>—</u>
	<u>87,646,771</u>	<u>1,657,283</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	3,463,208	8,179,136
Class F Units	—	22,876
Class I Units*	<u>92,385,575</u>	<u>—</u>
	<u>\$ 95,848,783</u>	<u>\$8,202,012</u>

* For the period since inception April 23, 2007.

Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 93.1%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 8.4%				FOREIGN EQUITIES (cont'd)			
Energy – 4.7%				Hong Kong – 7.7%			
41,800	Canadian Natural Resources Ltd.	2,837,527	3,032,173	136,500	China Mobile (Hong Kong) Ltd.	1,622,040	2,337,178
Materials – 3.7%				1,239,000	Country Garden Holdings Company	1,403,646	1,410,413
845,600	Eastern Platinum Ltd.	2,048,700	2,418,416	46,500	Hong Kong Exchanges & Clearing Ltd.	855,427	1,292,120
TOTAL CANADIAN EQUITIES							
4,886,227				3,881,113			
5,450,589				5,039,711			
FOREIGN EQUITIES – 84.7%				Ireland – 2.4%			
United States – 35.4%				86,735			
10,300	Apache Corporation	867,253	1,092,760	Babcock & Brown Air Ltd. ADR			
62,800	Capital Product Partners LP	1,750,504	1,531,617	Israel – 3.1%			
21,800	Chevron Corporation	1,885,150	2,006,710	46,200	Teva Pharmaceutical Industries Ltd. ADR	1,949,462	2,118,386
105,100	Comcast Corporation Class A Special	2,611,950	1,881,942	Italy – 1.8%			
41,600	Crown Castle International Corporation	1,628,661	1,710,141	32,600	Eni SpA	1,146,735	1,172,375
126,100	Dell Inc.	3,390,738	3,054,243	Mexico – 4.6%			
28,621	Freeport-McMoran Copper & Gold Inc. Class B	2,404,818	2,890,836	49,000	America Movil SA de CV Series L ADR	2,866,369	2,974,554
93,900	Intel Corporation	2,293,747	2,472,908	Philippines – 2.0%			
202,830	KKR Financial Holdings LLC	2,887,608	2,808,119	8,436,000	PNOC Energy Development Corporation	1,150,959	1,314,143
529,200	Level 3 Communications Inc.	3,185,370	1,584,556	South Korea – 2.5%			
260,000	Quadra Realty Trust Inc.	1,778,230	2,055,458	14,547	Shinhan Financial Group Co. Ltd. ADR	1,802,480	1,650,866
24,684,029				23,089,290			
Bermuda – 2.2%				Switzerland – 12.7%			
350,000	Dockwise Ltd.	1,464,567	1,415,795	20,100	Bachem Holding AG Class B	1,796,008	1,675,211
China – 3.3%				11,800	Roche Holdings AG	1,942,645	2,007,161
1,458,000	China Petroleum & Chemical Corporation	1,699,232	2,142,606	30,100	Swiss Re	2,548,790	2,085,049
France – 1.6%				55,500	UBS AG	3,313,292	2,545,172
30,000	France Telecom SA	960,012	1,062,594	9,600,735			
Greece – 2.4%				8,312,593			
39,000	OPAP SA	1,555,092	1,536,808	United Kingdom – 3.0%			
				532,000	Vodafone Group PLC	1,706,900	1,953,417
				TOTAL FOREIGN EQUITIES			
				56,272,559			
				55,328,518			
				TOTAL INVESTMENT PORTFOLIO			
				61,158,786			
				60,779,107			
				OTHER ASSETS, LESS LIABILITIES – 6.9%			
				4,482,848			
				TOTAL NET ASSETS – 100.0%			
				65,261,955			

COMMITMENTS – FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jun. 16, 2008	U.S. Dollar	1,389,831	Philippines Peso	57,400,000	1,360,382	13,049

The currency forward contract outstanding at December 31, 2007 is placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$60,779,107	\$7,287,242
Cash	7,013,205	91,531
Accrued investment income	71,027	–
Receivable for securities sold	359,561	–
Subscriptions receivable	62,645	9,463
Receivable from currency forward contracts	13,049	–
	<u>68,298,594</u>	<u>7,388,236</u>
LIABILITIES		
Payable for securities purchased	2,963,419	–
Distributions payable	202	–
Redemptions payable	50,207	64,805
Accrued expenses	22,811	15,250
	<u>3,036,639</u>	<u>80,055</u>
Net assets	<u>\$65,261,955</u>	<u>\$7,308,181</u>
NET ASSETS PER CLASS		
Class A Units	\$ 4,566,187	\$7,297,696
Class F Units	\$ 7,923	\$ 10,485
Class I Units	\$60,687,845	\$ –
UNITS OUTSTANDING		
Class A Units	483,743	773,311
Class F Units	820	1,097
Class I Units	6,321,236	–
NET ASSETS PER UNIT		
Class A Units	\$ 9.44	\$ 9.44
Class F Units	\$ 9.66	\$ 9.56
Class I Units	\$ 9.60	\$ –

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 731,352	\$ 88,626
Interest	77,771	17,403
Foreign withholding taxes	(82,997)	(8,705)
	<u>726,126</u>	<u>97,324</u>
EXPENSES		
Management fees (note 4)	106,307	146,766
Audit fees	15,396	12,627
Directors'/Trustee fees	746	2,755
Custodian fees	18,377	–
Filing fees	19,764	14,912
Legal fees	13,855	1,543
Unitholder reporting	8,608	12,241
Unitholder administration, service fees and GST	46,889	41,398
	<u>229,942</u>	<u>232,242</u>
Absorbed expenses	(45,302)	(53,895)
	<u>184,640</u>	<u>178,347</u>
Net investment income (loss)	541,486	(81,023)
Net realized gain (loss) on investments sold	2,245,882	(23,630)
Net realized gain (loss) on foreign exchange	(287,372)	–
Transaction costs	(71,404)	–
Change in unrealized appreciation (depreciation) of investments	(1,004,567)	1,057,860
Change in unrealized appreciation (depreciation) of currency forward	13,049	–
Net gain (loss) on investments and transaction costs	895,588	1,034,230
Increase (decrease) in net assets from operations	<u>\$ 1,437,074</u>	<u>\$ 953,207</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 170,313	\$ 951,740
Class F Units	\$ 438	\$ 1,467
Class I Units*	\$ 1,266,323	\$ –
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.35	\$ 1.19
Class F Units	\$ 0.48	\$ 1.34
Class I Units*	\$ 0.27	\$ –

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 7,297,696	\$6,821,790
New accounting policy adjustment (note 2)	–	–
Class A Units – GAAP net assets beginning of period	<u>7,297,696</u>	<u>6,821,790</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	10,485	9,018
Class F Units – GAAP net assets beginning of period	<u>10,485</u>	<u>9,018</u>
Total net assets – beginning of period	<u>7,308,181</u>	<u>6,830,808</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	170,313	951,740
Class F Units	438	1,467
Class I Units*	1,266,323	–
	<u>1,437,074</u>	<u>953,207</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class I Units*	(24,543)	–
From realized gain		
Class A Units	(133,951)	–
Class F Units	(234)	–
Class I Units*	(1,788,447)	–
	<u>(1,947,175)</u>	<u>–</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	2,504,554	383,551
Class I Units*	64,084,209	–
Reinvested distributions		
Class A Units	133,805	–
Class F Units	234	–
Class I Units*	1,812,791	–
Payments on redemption		
Class A Units	(5,406,230)	(859,385)
Class F Units	(3,000)	–
Class I Units*	(4,662,488)	–
	<u>58,463,875</u>	<u>(475,834)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(2,731,509)	475,906
Class F Units	(2,562)	1,467
Class I Units*	60,687,845	–
	<u>57,953,774</u>	<u>477,373</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	4,566,187	7,297,696
Class F Units	7,923	10,485
Class I Units*	60,687,845	–
	<u>\$65,261,955</u>	<u>\$7,308,181</u>

* For the period since inception April 23, 2007.

Scotia Canadian Bond Index Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES – 99.0%				BONDS AND DEBENTURES (cont'd)			
Federal Bonds – 40.7%				Federal Bonds (cont'd)			
35,000	Business Development Bank 4.35% due Feb. 28, 2022	35,232	34,998	125,000	Government of Canada 3.75% due Jun. 1, 2012	124,982	124,388
800,000	Canada Housing Trust 3.55% due Mar. 15, 2009	791,584	795,280	418,000	Government of Canada 10.25% due Mar. 15, 2014	586,781	562,248
1,400,000	Canada Housing Trust 4.65% due Sep. 15, 2009	1,413,433	1,413,551	1,254,100	Government of Canada 5.00% due Jun. 1, 2014	1,306,862	1,330,174
1,280,000	Canada Housing Trust 3.75% due Mar. 15, 2010	1,274,536	1,271,820	861,000	Government of Canada 4.50% due Jun. 1, 2015	883,842	891,152
670,000	Canada Housing Trust 3.55% due Sep. 15, 2010	669,270	660,808	193,000	Government of Canada 11.25% due Jun. 1, 2015	297,492	282,770
1,810,000	Canada Housing Trust 4.05% due Mar. 15, 2011	1,800,789	1,806,198	2,886,000	Government of Canada 4.00% due Jun. 1, 2016	2,840,028	2,891,916
2,320,000	Canada Housing Trust 4.60% due Sep. 15, 2011	2,341,966	2,356,817	951,000	Government of Canada 4.00% due Jun. 1, 2017	946,612	951,666
1,400,000	Canada Housing Trust 3.95% due Dec. 15, 2011	1,397,312	1,389,877	140,000	Government of Canada 9.75% due Jun. 1, 2021	199,838	221,907
1,290,000	Canada Housing Trust 4.00% due Jun. 15, 2012	1,285,614	1,281,782	1,113,000	Government of Canada 8.00% due Jun. 1, 2023	1,554,826	1,606,604
1,439,000	Canada Housing Trust 4.80% due Jun. 15, 2012	1,438,640	1,475,881	577,000	Government of Canada 9.00% due Jun. 1, 2025	842,705	924,273
2,000,000	Canada Housing Trust 4.55% due Dec. 15, 2012	2,023,560	2,032,519	795,800	Government of Canada 8.00% due Jun. 1, 2027	1,106,756	1,204,316
1,650,000	Canada Housing Trust 4.55% due Dec. 15, 2012	1,649,950	1,676,828	2,397,000	Government of Canada 5.75% due Jun. 1, 2029	2,837,517	2,947,231
35,000	Canada Mortgage & Housing Corporation 4.25% due Feb. 1, 2016	34,106	35,084	1,316,000	Government of Canada 5.75% due Jun. 1, 2033	1,646,861	1,655,528
130,000	Export Development Corporation 6.20% due Jun. 22, 2010	132,098	136,643	1,855,000	Government of Canada 5.00% due Jun. 1, 2037	2,024,460	2,143,638
175,000	Export Development Corporation 5.75% due Jun. 1, 2011	178,546	184,317			44,529,258	44,985,364
400,000	Export Development Corporation 5.80% due Dec. 3, 2012	417,440	429,498	Municipal Bonds – 1.8%			
80,000	Export Development Corporation 5.10% due Jun. 2, 2014	79,994	84,098	100,000	Alberta Municipal Finance Corporation 5.70% due Sep. 1, 2011	108,142	105,019
50,000	Export Development Corporation 4.30% due Jun. 1, 2016	49,842	50,135	260,000	Alberta Municipal Finance Corporation 5.85% due Jun. 1, 2012	261,454	276,482
65,000	Farm Credit Corporation 4.50% due Jun. 1, 2009	64,984	65,401	100,000	British Columbia Municipal Financial Authority 5.25% due Jun. 1, 2009	91,328	101,475
16,000	Farm Credit Corporation 4.00% due May 24, 2013	15,963	15,853	20,000	British Columbia Municipal Financial Authority 4.00% due Dec. 1, 2010	19,950	19,806
33,000	Farm Credit Corporation 4.15% due Dec. 1, 2015	32,816	32,733	35,000	British Columbia Municipal Financial Authority 5.25% due Dec. 3, 2012	34,801	36,149
16,000	Farm Credit Corporation 4.30% due Oct. 5, 2020	16,004	15,911	30,000	British Columbia Municipal Financial Authority 4.90% due Dec. 2, 2014	29,987	30,505
177,000	Farm Credit Corporation 4.55% due Apr. 12, 2021	179,463	180,262	25,000	British Columbia Municipal Financial Authority 4.15% due Oct. 13, 2015	24,968	24,189
475,000	Government of Canada 4.25% due Sep. 1, 2008	475,665	475,964	162,000	British Columbia Municipal Financial Authority 4.65% due Apr. 19, 2016	164,721	161,780
20,000	Government of Canada 11.50% due Mar. 1, 2009	27,441	21,729	85,000	British Columbia Municipal Financial Authority 4.80% due Dec. 1, 2017	84,944	85,623
392,000	Government of Canada 5.50% due Jun. 1, 2009	419,289	401,149	60,000	City of Edmonton, Alberta 11.50% due Dec. 13, 2010	80,700	71,703
3,713,000	Government of Canada 4.25% due Sep. 1, 2009	3,772,051	3,739,472	50,000	City of Edmonton, Alberta 9.63% due Feb. 13, 2012	62,964	59,644
160,000	Government of Canada 10.75% due Oct. 1, 2009	213,875	178,568	25,000	City of Montreal, Quebec 4.60% due Jun. 1, 2017	24,950	24,650
910,000	Government of Canada 5.50% due Jun. 1, 2010	983,567	945,426	115,000	City of Montreal, Quebec 6.00% due Jun. 1, 2043	121,597	134,249
180,000	Government of Canada 9.50% due Jun. 1, 2010	226,000	203,431	20,000	City of Toronto, Ontario 6.25% due Aug. 3, 2010	19,854	20,979
2,023,000	Government of Canada 4.00% due Sep. 1, 2010	2,021,769	2,031,536	130,000	City of Toronto, Ontario 5.30% due May 21, 2014	129,753	134,872
690,000	Government of Canada 9.00% due Mar. 1, 2011	846,882	794,942	30,000	City of Toronto, Ontario 4.55% due May 20, 2015	29,826	29,819
65,000	Government of Canada 6.00% due Jun. 1, 2011	71,068	69,441	55,000	City of Toronto, Ontario 4.85% due Jul. 28, 2016	54,767	55,640
963,000	Government of Canada 3.75% due Sep. 1, 2011	948,947	959,601	37,000	City of Toronto, Ontario 5.05% due Jul. 18, 2017	36,899	37,963

INDEX FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Municipal Bonds (cont'd)				Provincial Bonds (cont'd)			
18,000	City of Toronto, Ontario 5.34% due Jul. 18, 2027	18,000	18,626	100,000	Hydro One Inc. 5.36% due May 20, 2036	99,610	102,315
25,000	City of Vancouver, British Columbia 4.70% due Dec. 1, 2017	24,852	24,987	200,000	Hydro-Quebec 6.00% due Jul. 15, 2009	198,110	205,514
15,000	Hydro Ottawa Holding Inc. 4.93% due Feb. 9, 2015	14,994	15,061	250,000	Hydro-Quebec 6.50% due Feb. 15, 2011	256,435	266,480
100,000	Metropolitan Toronto, Ontario 8.65% due Jun. 8, 2015	124,069	124,871	340,000	Hydro-Quebec 10.00% due Sep. 26, 2011	432,337	406,756
75,000	Province of British Columbia 4.95% due Dec. 1, 2027	74,748	76,073	125,000	Hydro-Quebec 10.25% due Jul. 16, 2012	167,094	155,308
30,000	Regional Municipality of York Ontario 4.50% due Sep. 28, 2016	29,921	29,602	154,000	Hydro-Quebec 10.50% due Oct. 15, 2021	238,623	244,541
35,781	Toronto Hospital 5.64% due Dec. 8, 2022	34,994	37,754	160,000	Hydro-Quebec 9.63% due Jul. 15, 2022	215,280	242,157
40,000	Toronto Hydro Corporation 6.11% due May 7, 2013	39,976	42,710	40,000	Hydro-Quebec 6.00% due Aug. 15, 2031	37,938	47,024
40,000	Vancouver International Airport Authority 4.42% due Dec. 7, 2018	40,000	37,768	440,000	Hydro-Quebec 6.50% due Feb. 15, 2035	498,587	557,159
108,000	Ville de Montreal 5.00% due Dec. 1, 2017	108,530	109,657	711,000	Hydro-Quebec 6.00% due Feb. 15, 2040	828,532	858,554
20,000	Winnipeg Airport Authority Inc. 5.21% due Sep. 28, 2040	20,000	19,747	415,000	Hydro-Quebec 5.00% due Feb. 15, 2045	430,920	434,476
		<u>1,911,689</u>	<u>1,947,403</u>	20,000	McMaster University 6.15% due Oct. 7, 2052	19,981	24,362
Provincial Bonds - 27.9%				40,000	Newfoundland & Labrador Hydro 4.33% due Oct. 13, 2016	39,910	39,355
135,000	55 Ontario School Board Trust 5.90% due Jun. 2, 2033	134,905	155,897	60,000	Newfoundland & Labrador Hydro 10.25% due Jul. 14, 2017	83,494	86,293
51,000	Alberta Capital Finance Authority 4.35% due Jun. 15, 2016	50,648	50,742	175,000	Newfoundland & Labrador Hydro 6.65% due Aug. 27, 2031	174,729	224,065
73,000	Alberta Capital Finance Authority 4.65% due Jun. 15, 2017	72,768	74,159	100,000	Ontario Hydro 10.00% due Feb. 6, 2020	137,618	150,100
15,000	Alberta Capital Finance Authority 4.45% due Dec. 15, 2025	14,953	14,754	140,000	Ontario Hydro 8.90% due Aug. 18, 2022	182,350	204,163
88,000	Alberta Treasury Branch 4.10% due Jun. 1, 2011	87,245	87,722	155,000	Ontario Hydro 8.50% due May 26, 2025	194,424	226,181
50,000	Alberta Treasury Branch 4.10% due Dec. 1, 2011	49,773	49,797	450,000	Ontario Hydro 8.25% due Jun. 22, 2026	651,077	651,382
45,000	BC Ferry Services Inc. 5.74% due May 27, 2014	44,976	47,052	40,000	Ontario School Boards Financing Corporation 6.30% due Sep. 22, 2010	39,856	42,093
40,000	BC Ferry Services Inc. 6.25% due Oct. 13, 2034	39,952	44,786	40,000	Ontario School Boards Financing Corporation 5.30% due Nov. 7, 2013	40,000	41,769
30,000	Concordia University 6.55% due Sep. 2, 2042	29,996	37,252	25,000	Ontario School Boards Financing Corporation 5.70% due Oct. 11, 2017	24,935	27,197
70,000	Financement Quebec 5.75% due Dec. 1, 2008	69,380	70,982	31,397	Ontario School Boards Financing Corporation 5.90% due Oct. 11, 2027	31,233	34,781
80,000	Financement Quebec 4.75% due Dec. 1, 2009	81,006	80,901	46,927	Ontario School Boards Financing Corporation 5.48% due Nov. 26, 2029	46,926	49,679
160,000	Financement Quebec 5.25% due Dec. 1, 2011	162,203	165,735	19,123	Ontario School Boards Financing Corporation 4.79% due Aug. 8, 2030	19,123	18,981
197,000	Financement Quebec 4.25% due Mar. 1, 2014	194,073	195,485	25,187	Ontario School Boards Financing Corporation 5.07% due Apr. 18, 2031	25,187	25,624
55,000	Financement Quebec 5.25% due Jun. 1, 2034	59,806	58,963	38,621	Ontario School Boards Financing Corporation 5.38% due Jun. 25, 2032	38,621	40,541
75,000	Hydro One Inc. 3.95% due Feb. 24, 2009	75,261	74,434	100,000	Ontario Strategic Infrastructure Finance Authority 4.60% due Jun. 1, 2015	99,699	100,620
230,000	Hydro One Inc. 7.15% due Jun. 3, 2010	249,210	243,483	260,000	Province of British Columbia 6.38% due Aug. 23, 2010	266,744	274,180
40,000	Hydro One Inc. 5.77% due Nov. 15, 2012	41,658	41,854	320,000	Province of British Columbia 5.75% due Jan. 9, 2012	337,243	337,757
129,000	Hydro One Inc. 4.64% due Mar. 3, 2016	128,705	127,544	275,000	Province of British Columbia 8.50% due Aug. 23, 2013	330,706	331,966
50,000	Hydro One Inc. 5.18% due Oct. 18, 2017	49,973	51,047	80,000	Province of British Columbia 5.30% due Jun. 18, 2014	79,504	84,276
85,000	Hydro One Inc. 7.35% due Jun. 3, 2030	84,897	109,076	90,000	Province of British Columbia 4.70% due Dec. 1, 2017	89,674	91,791
50,000	Hydro One Inc. 6.93% due Jun. 1, 2032	53,175	61,898	100,000	Province of British Columbia 5.60% due Jun. 1, 2018	108,177	109,305
20,000	Hydro One Inc. 6.35% due Jan. 31, 2034	20,151	23,273				

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Provincial Bonds (cont'd)				Provincial Bonds (cont'd)			
30,000	Province of British Columbia 5.30% due Jun. 17, 2019	30,065	32,170	65,000	Province of Newfoundland 10.95% due Apr. 15, 2021	96,801	105,613
30,000	Province of British Columbia 4.80% due Jun. 15, 2021	30,070	30,819	35,000	Province of Newfoundland 6.15% due Apr. 17, 2028	33,447	41,705
290,000	Province of British Columbia 6.15% due Nov. 19, 2027	273,509	348,632	50,000	Province of Newfoundland 6.55% due Oct. 17, 2030	50,060	63,027
250,000	Province of British Columbia 5.70% due Jun. 18, 2029	273,500	287,800	65,000	Province of Newfoundland 4.50% due Apr. 17, 2037	64,598	63,171
200,000	Province of British Columbia 6.35% due Jun. 18, 2031	212,740	250,730	117,000	Province of Newfoundland 4.65% due Oct. 17, 2040	112,981	116,485
70,000	Province of British Columbia 5.40% due Jun. 18, 2035	69,733	79,094	90,000	Province of Nova Scotia 5.40% due Jun. 1, 2009	84,163	91,553
173,000	Province of British Columbia 4.70% due Jun. 18, 2037	175,392	176,730	85,000	Province of Nova Scotia 6.40% due Sep. 1, 2010	85,256	89,692
100,000	Province of Manitoba 5.85% due Jan. 25, 2011	99,708	104,726	150,000	Province of Nova Scotia 6.25% due Jun. 1, 2011	149,454	159,504
50,000	Province of Manitoba 5.25% due Dec. 3, 2012	49,883	52,167	25,000	Province of Nova Scotia 4.50% due Jun. 1, 2013	24,884	25,212
46,000	Province of Manitoba 4.25% due Jun. 3, 2013	45,822	45,849	40,000	Province of Nova Scotia 4.70% due Jan. 14, 2015	39,877	40,713
90,000	Province of Manitoba 5.05% due Dec. 3, 2013	90,639	93,282	60,000	Province of Nova Scotia 4.60% due Aug. 18, 2016	59,648	60,614
40,000	Province of Manitoba 4.80% due Dec. 3, 2014	39,764	40,976	75,000	Province of Nova Scotia 4.45% due Oct. 24, 2021	73,511	73,840
40,000	Province of Manitoba 5.20% due Dec. 3, 2015	42,873	42,026	130,000	Province of Nova Scotia 9.60% due Jan. 30, 2022	179,967	197,318
82,000	Province of Manitoba 4.30% due Mar. 1, 2016	81,554	81,240	75,000	Province of Nova Scotia 6.60% due Jun. 1, 2027	72,360	93,791
50,000	Province of Manitoba 4.70% due Sep. 22, 2017	49,802	50,832	50,000	Province of Nova Scotia 5.80% due Jun. 1, 2033	52,303	58,559
40,000	Province of Manitoba 4.75% due Feb. 11, 2020	39,630	40,714	55,000	Province of Nova Scotia 4.90% due Jun. 1, 2035	55,465	57,238
150,000	Province of Manitoba 7.75% due Dec. 22, 2025	175,083	206,546	85,000	Province of Nova Scotia 4.50% due Jun. 1, 2037	84,370	83,151
125,000	Province of Manitoba 5.70% due Mar. 5, 2037	141,079	145,899	110,000	Province of Ontario 4.00% due May 19, 2009	109,270	109,832
168,000	Province of Manitoba 4.60% due Mar. 5, 2038	163,413	166,743	49,926	Province of Ontario 3.21% due Aug. 13, 2009	50,006	49,465
175,000	Province of New Brunswick 6.38% due Jun. 15, 2010	174,551	183,881	410,000	Province of Ontario 6.20% due Nov. 19, 2009	405,527	425,219
60,000	Province of New Brunswick 5.80% due Jul. 12, 2011	59,440	63,058	178,000	Province of Ontario 4.00% due May 19, 2010	176,064	177,423
200,000	Province of New Brunswick 5.85% due Dec. 1, 2011	210,300	211,496	405,000	Province of Ontario 6.10% due Nov. 19, 2010	409,671	425,793
200,000	Province of New Brunswick 5.88% due Dec. 6, 2012	209,880	214,086	93,000	Province of Ontario 4.40% due Dec. 2, 2011	92,393	93,565
100,000	Province of New Brunswick 4.50% due Feb. 4, 2015	99,358	100,600	200,000	Province of Ontario 6.10% due Dec. 2, 2011	207,970	213,346
130,000	Province of New Brunswick 8.75% due May 12, 2015	159,667	165,036	90,000	Province of Ontario 4.50% due Dec. 2, 2012	90,407	90,937
92,000	Province of New Brunswick 4.30% due Dec. 3, 2015	91,810	91,218	100,000	Province of Ontario 5.38% due Dec. 2, 2012	101,000	104,880
75,000	Province of New Brunswick 4.70% due Jul. 21, 2016	74,439	76,301	250,000	Province of Ontario 4.75% due Jun. 2, 2013	261,125	255,225
175,000	Province of New Brunswick 6.00% due Dec. 27, 2017	197,531	196,197	725,000	Province of Ontario 5.00% due Mar. 8, 2014	754,197	750,520
50,000	Province of New Brunswick 5.65% due Dec. 27, 2028	45,795	56,754	1,066,500	Province of Ontario 4.50% due Mar. 8, 2015	1,063,914	1,073,400
90,000	Province of New Brunswick 5.50% due Jan. 27, 2034	90,342	101,454	371,000	Province of Ontario 4.40% due Mar. 8, 2016	366,785	370,325
114,000	Province of New Brunswick 4.65% due Sep. 26, 2035	115,272	114,098	178,000	Province of Ontario 4.30% due Mar. 8, 2017	176,776	176,049
180,000	Province of New Brunswick 4.55% due Mar. 26, 2037	172,627	177,212	200,000	Province of Ontario 9.50% due Jul. 13, 2022	268,132	304,078
50,000	Province of Newfoundland 6.40% due Jul. 25, 2011	49,858	53,533	700,000	Province of Ontario 8.10% due Sep. 8, 2023	938,210	973,959
75,000	Province of Newfoundland 10.13% due Nov. 22, 2014	102,518	100,293	180,000	Province of Ontario 7.60% due Jun. 2, 2027	227,954	248,278

INDEX FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Provincial Bonds (cont'd)				Provincial Bonds (cont'd)			
110,000	Province of Ontario 6.25% due Aug. 25, 2028	110,879	133,623	20,000	University of British Columbia 4.82% due Jul. 26, 2035	20,000	19,825
660,000	Province of Ontario 6.50% due Mar. 8, 2029	671,460	826,934	20,000	University of Guelph 6.24% due Oct. 10, 2042	19,974	24,506
90,000	Province of Ontario 6.20% due Jun. 2, 2031	89,415	110,282	48,134	University of Ontario Institute of Technology 6.35% due Oct. 15, 2034	48,134	51,992
735,000	Province of Ontario 5.85% due Mar. 8, 2033	773,700	867,925	35,000	University of Western Ontario 4.80% due May 24, 2047	35,000	34,589
802,000	Province of Ontario 5.60% due Jun. 2, 2035	880,545	924,121	25,000	University of Windsor 5.37% due Jun. 29, 2046	25,000	26,636
1,113,000	Province of Ontario 4.70% due Jun. 2, 2037	1,106,292	1,127,914	20,000	Wilfrid Laurier University 5.43% due Feb. 1, 2045	20,000	21,490
50,000	Province of Prince Edward Island 6.80% due Feb. 21, 2030	49,689	64,330	100,000	York University 6.48% due Mar. 7, 2042	99,972	126,347
20,000	Province of Prince Edward Island 5.70% due Jun. 15, 2035	19,982	23,083			<u>29,304,935</u>	<u>30,775,130</u>
20,000	Province of Prince Edward Island 5.30% due May 19, 2036	19,872	21,899	Corporate Bonds - 28.6%			
20,000	Province of Prince Edward Island 4.65% due Nov. 19, 2037	19,991	19,884	430,000	407 ETR International Inc. 6.05% due Jul. 27, 2009	439,220	438,806
110,000	Province of Quebec 5.50% due Jun. 1, 2009	100,902	112,077	110,000	407 ETR International Inc. 4.90% due Oct. 4, 2010	109,945	110,523
300,000	Province of Quebec 6.25% due Dec. 1, 2010	323,910	316,869	100,000	407 ETR International Inc. 6.47% due Jul. 27, 2029	112,757	113,612
200,000	Province of Quebec 6.00% due Oct. 1, 2012	204,120	214,441	55,000	407 ETR International Inc. 5.96% due Dec. 3, 2035	54,961	59,303
200,000	Province of Quebec 5.25% due Oct. 1, 2013	210,178	208,957	79,000	407 ETR International Inc. 5.75% due Feb. 14, 2036	78,899	78,212
320,000	Province of Quebec 5.50% due Dec. 1, 2014	331,794	339,875	119,917	Aeroports de Montreal 6.95% due Apr. 16, 2032	136,154	141,705
875,000	Province of Quebec 5.00% due Dec. 1, 2015	910,908	904,330	50,000	Aeroports de Montreal 5.17% due Sep. 17, 2035	49,939	48,605
630,000	Province of Quebec 4.50% due Dec. 1, 2016	618,245	629,017	55,000	Aeroports de Montreal 5.67% due Oct. 16, 2037	54,945	57,382
754,000	Province of Quebec 4.50% due Dec. 1, 2017	734,487	751,052	20,000	AGT Ltd. 8.80% due Sep. 22, 2025	23,974	25,281
100,000	Province of Quebec 6.00% due Oct. 1, 2029	106,940	117,185	65,000	Algonquin Credit Card Trust 3.99% due Oct. 15, 2010	65,000	63,150
364,000	Province of Quebec 6.25% due Jun. 1, 2032	353,269	442,977	159,178	Alliance Pipeline LP 7.23% due Jun. 30, 2015	164,007	172,216
320,000	Province of Quebec 5.75% due Dec. 1, 2036	348,918	370,678	41,105	Alliance Pipeline LP 7.18% due Jun. 30, 2023	43,157	47,165
317,000	Province of Quebec 5.00% due Dec. 1, 2038	320,270	330,411	36,834	Alliance Pipeline LP 5.55% due Dec. 31, 2023	36,834	37,777
125,000	Province of Saskatchewan 6.50% due Nov. 12, 2009	131,594	130,233	85,428	Alliance Pipeline LP 6.77% due Dec. 31, 2025	85,428	95,062
85,000	Province of Saskatchewan 6.15% due Sep. 1, 2010	94,452	89,185	60,943	Alliance Pipeline LP 7.22% due Dec. 31, 2025	64,448	70,144
100,000	Province of Saskatchewan 10.25% due Apr. 10, 2014	131,100	132,000	32,000	AltaLink LP 5.02% due Nov. 21, 2012	32,000	31,359
40,000	Province of Saskatchewan 5.25% due Jun. 3, 2014	39,699	41,971	30,000	AltaLink LP 5.43% due Jun. 5, 2013	32,363	30,545
30,000	Province of Saskatchewan 4.25% due Dec. 3, 2015	29,797	29,660	82,000	American Express Canada Credit Corporation 4.24% due Jan. 27, 2009	81,984	81,205
60,000	Province of Saskatchewan 4.50% due Aug. 23, 2016	59,590	60,270	82,000	American Express Canada Credit Corporation 4.30% due Nov. 12, 2010	81,851	80,203
100,000	Province of Saskatchewan 6.40% due Sep. 5, 2031	103,020	125,717	65,000	American Express Canada Credit Corporation 4.70% due May 20, 2011	64,995	63,921
123,000	Province of Saskatchewan 5.60% due Sep. 5, 2035	127,591	142,048	55,000	Asian Development Bank 4.75% due Jun. 15, 2017	54,909	55,635
80,000	Province of Saskatchewan 5.00% due Mar. 5, 2037	80,868	85,012	101,000	Asian Development Bank 4.65% due Feb. 16, 2027	101,062	99,728
107,000	Province of Saskatchewan 4.75% due Jun. 1, 2040	110,244	109,577	40,000	Bank of Montreal 4.45% due Oct. 13, 2008	39,994	39,885
350,000	Quebec Hydro 11.00% due Aug. 15, 2020	557,550	560,862	100,000	Bank of Montreal 4.30% due Sep. 4, 2009	99,942	99,015
50,000	Simon Fraser University 5.61% due Jun. 10, 2043	50,000	56,093	200,000	Bank of Montreal 7.00% due Jan. 28, 2010	208,540	207,842
				120,000	Bank of Montreal 4.69% due Jan. 31, 2011	119,418	118,690

INDEX FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
150,000	Bank of Montreal 4.65% due Mar. 14, 2013	149,925	146,297	92,000	Canadian Imperial Bank of Commerce 4.35% due Nov. 1, 2011	92,438	88,982
100,000	Bank of Montreal 4.78% due Apr. 30, 2014	99,981	97,398	375,000	Canadian Imperial Bank of Commerce 5.00% due Sep. 10, 2012	371,912	369,645
80,000	Bank of Montreal (callable) 4.00% due Jan. 21, 2015-(2010)	79,982	78,466	75,000	Canadian Imperial Bank of Commerce 4.95% due Jan. 23, 2014	74,778	73,275
95,000	Bank of Montreal 5.10% due Apr. 21, 2016	95,000	92,065	260,000	Canadian Imperial Bank of Commerce (callable) 4.25% due Jun. 1, 2014-(2009)	263,554	256,776
185,000	Bank of Montreal (callable) 5.20% due Jun. 21, 2017-(2012)	184,993	184,110	90,000	Canadian Imperial Bank of Commerce (callable) 4.50% due Oct. 15, 2014-(2009)	89,908	88,984
118,000	Bank of Montreal 5.45% due Jul. 17, 2017	117,946	118,145	60,000	Canadian Imperial Bank of Commerce 4.75% due Dec. 22, 2014	59,846	57,703
95,000	Bank of Montreal 4.55% due Aug. 1, 2017	94,991	88,723	210,000	Canadian Imperial Bank of Commerce (callable) 3.75% due Sep. 9, 2015-(2010)	209,601	201,959
90,000	Bank of Montreal (callable) 4.87% due Apr. 22, 2020-(2015)	89,986	86,953	65,000	Canadian Natural Resources Ltd. 5.50% due Dec. 17, 2010	64,968	65,374
500,000	Bank of Montreal Capital Trust 6.69% due Dec. 31, 2011	526,980	522,215	65,000	Canadian Natural Resources Ltd. 4.50% due Jan. 23, 2013	64,988	62,262
250,000	Bank of Montreal Capital Trust 5.75% due Sep. 26, 2022	249,962	251,715	70,000	Canadian Natural Resources Ltd. 4.95% due Jun. 1, 2015	69,961	66,942
70,000	Bank of Montreal Capital Trust (callable) 4.63% due Dec. 31, 2049-(2015)	70,000	64,826	35,000	Canadian Oil Sands Ltd. 5.55% due Jun. 29, 2009	34,990	35,119
635,000	Bank of Montreal Capital Trust (callable) 5.47% due Dec. 31, 2049-(2014)	650,080	625,812	50,000	Canadian Pacific Railway Ltd. 4.90% due Jun. 15, 2010	49,919	49,727
20,000	BC Telephone Company 12.00% due May 31, 2010	26,330	22,970	50,000	Canadian Tire Corporation 5.22% due Oct. 1, 2010	49,992	50,109
30,000	BC Telephone Company 10.65% due Jun. 19, 2021	38,448	42,375	50,000	Canadian Tire Corporation Ltd. 4.95% due Jun. 1, 2015	49,909	47,786
50,000	BC Telephone Company 9.65% due Apr. 8, 2022	46,500	66,553	30,000	Canadian Tire Corporation Ltd. 6.32% due Feb. 24, 2034	29,984	29,430
50,000	BCIMC Realty Corporation 4.10% due Feb. 10, 2011	49,968	48,711	30,000	Canadian Tire Corporation Ltd. 5.61% due Sep. 4, 2035	30,000	26,694
50,000	BCIMC Realty Corporation 4.65% due Feb. 10, 2015	49,964	47,921	100,000	Canadian Utilities Ltd. 10.20% due Nov. 30, 2009	126,890	109,980
130,000	Bell Aliant Regional Communications 4.72% due Sep. 26, 2011	129,993	124,779	20,000	Canadian Utilities Ltd. 5.43% due Jan. 23, 2019	20,000	20,541
75,000	Bell Aliant Regional Communications 4.95% due Feb. 26, 2014	74,978	70,145	14,000	Canadian Utilities Ltd. 4.80% due Nov. 22, 2021	14,000	13,417
85,000	Bell Aliant Regional Communications 5.41% due Sep. 26, 2016	84,961	79,340	31,000	Canadian Utilities Ltd. 5.18% due Nov. 21, 2035	31,000	30,414
75,000	Bell Aliant Regional Communications 6.17% due Feb. 26, 2037	74,929	66,449	28,000	Canadian Utilities Ltd. 5.03% due Nov. 20, 2036	28,000	26,899
200,000	Bell Canada 6.15% due Jun. 15, 2009	207,940	201,678	70,000	Capital Desjardins Inc. (callable) 3.89% due Mar. 17, 2014-(2009)	70,000	68,944
30,000	Bell Canada 4.64% due Feb. 22, 2016	29,999	24,755	80,000	Capital Desjardins Inc. (callable) 6.32% due Jun. 1, 2017-(2012)	81,480	83,423
150,000	Bell Canada 5.00% due Feb. 15, 2017	148,698	124,544	120,000	Cards II Trust 3.87% due Oct. 15, 2010	120,000	116,329
65,000	Borealis Infrastructure Trust 6.27% due May 3, 2011	67,144	67,601	30,000	Caterpillar Financial Services Ltd. 4.60% due Jul. 14, 2009	29,943	29,877
90,000	Brascan Corporation 5.95% due Jun. 14, 2035	83,550	82,043	60,000	Caterpillar Financial Services Ltd. 4.34% due Dec. 6, 2010	59,984	58,912
65,000	Brascan Power Corporation 4.65% due Dec. 16, 2009	64,977	64,288	92,000	Caterpillar Financial Services Ltd. 4.94% due Jun. 1, 2012	91,992	90,990
140,000	Broadway Credit Card Trust 3.85% due Mar. 17, 2009	140,000	138,033	43,000	CCARAT Auto Loan Receivable 4.39% due Jan. 17, 2009	43,000	42,605
45,000	Cameco Corporation 4.70% due Sep. 16, 2015	45,150	42,530	110,000	CDP Financial Inc. 4.20% due Oct. 14, 2008	109,990	109,567
70,000	Canada Life Capital Trust 6.68% due Jun. 30, 2012	70,000	73,966	50,000	CDP Financial Inc. 4.55% due Oct. 14, 2009	49,996	49,863
70,000	Canadian Credit Card Trust 4.14% due Apr. 26, 2010	70,000	68,634	16,000	CHIP Mortgage Trust 4.30% due Nov. 1, 2010	16,000	15,583
50,000	Canadian Credit Card Trust 4.51% due Apr. 24, 2012	50,000	48,548	39,000	Citigroup Finance Canada Inc. 3.49% due Sep. 22, 2008	38,999	38,584
100,000	Canadian Imperial Bank of Commerce 4.95% due Sep. 2, 2010	101,332	99,380	60,000	Citigroup Finance Canada Inc. 4.78% due Jun. 15, 2009	60,197	59,713
240,000	Canadian Imperial Bank of Commerce (callable) 4.55% due Mar. 28, 2016-(2011)	239,618	234,360	32,000	Citigroup Finance Canada Inc. 4.29% due Nov. 2, 2009	31,990	31,525

INDEX FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
50,000	Citigroup Finance Canada Inc. (callable) 4.11% due Dec. 14, 2009-(2008)	49,879	49,544	60,000	GAZ Metropolitan Inc. 6.05% due Nov. 10, 2008	63,150	60,628
30,000	Citigroup Finance Canada Inc. 5.10% due Jul. 26, 2011	29,981	29,769	53,000	GAZ Metropolitan Inc. 6.95% due Nov. 2, 2009	57,849	54,996
50,000	Citigroup Finance Canada Inc. 4.75% due Mar. 17, 2014	49,968	47,635	29,000	GAZ Metropolitan Inc. 5.45% due Jul. 12, 2021	28,903	29,840
26,000	Citigroup Financial Canada Inc. 4.37% due Feb. 3, 2010	25,996	25,580	30,000	GAZ Metropolitan Inc. 6.30% due Oct. 31, 2033	29,824	33,948
75,000	Clarica Life Insurance Company (callable) 6.65% due Oct. 12, 2015-(2010)	74,752	78,134	29,000	GAZ Metropolitan Inc. 5.70% due Jul. 10, 2036	28,954	30,476
65,000	Congress Financial Corporation Canada 4.00% due Feb. 1, 2010	64,956	63,569	120,000	General Electric Capital Canada Funding Company 3.65% due Jun. 7, 2010	119,929	116,888
200,000	Consumers Gas Company Ltd. 11.95% due Nov. 30, 2010	281,260	238,414	87,000	General Electric Capital Canada Funding Company 4.40% due Feb. 7, 2011	86,911	85,770
70,000	Consumers Gas Company Ltd. 7.60% due Oct. 29, 2026	91,570	88,793	102,000	General Electric Capital Canada Funding Company 4.75% due May 2, 2011	102,032	101,465
38,000	CU Inc. 5.56% due Oct. 30, 2037	38,000	39,470	150,000	General Electric Capital Canada Funding Company 6.25% due Jul. 24, 2012	153,855	157,586
105,000	DaimlerChrysler Canada Finance Inc. 4.70% due Nov. 10, 2009	104,887	104,265	100,000	General Electric Capital Canada Funding Company 4.38% due Sep. 28, 2012	99,889	97,397
83,000	Eagle Credit Card Trust 4.44% due Mar. 17, 2011	83,000	81,066	100,000	General Electric Capital Canada Funding Company 5.15% due Jun. 6, 2013	100,312	100,550
30,000	Enbridge Gas Distribution Inc. 5.16% due Sep. 24, 2014	29,984	30,424	78,000	General Electric Capital Canada Funding Company 4.40% due Jun. 1, 2014	77,885	75,168
50,000	Enbridge Gas Distribution Inc. 6.90% due Nov. 15, 2032	62,312	60,290	100,000	General Electric Capital Canada Funding Company 4.65% due Feb. 11, 2015	99,952	97,336
50,000	Enbridge Gas Distribution Inc. 5.21% due Feb. 25, 2036	49,932	48,696	112,000	General Electric Capital Canada Funding Company 5.10% due Jun. 1, 2016	112,260	111,383
50,000	Enbridge Inc. 3.95% due Feb. 15, 2010	49,964	49,079	96,000	General Electric Capital Canada Funding Company 4.55% due Jan. 17, 2017	95,948	91,452
90,000	Enbridge Inc. 6.80% due Mar. 10, 2010	91,125	93,404	325,000	General Electric Capital Canada Funding Company 5.53% due Aug. 17, 2017	328,275	332,504
50,000	Enbridge Inc. 4.67% due Mar. 25, 2013	49,985	48,892	154,000	General Electric Capital Canada Funding Company 5.73% due Oct. 22, 2037	153,912	161,919
70,000	Enbridge Inc. 5.00% due Aug. 9, 2016	69,684	67,974	40,000	Genesis Trust 4.20% due Sep. 15, 2009	40,000	39,498
20,000	Enbridge Inc. 7.22% due Jul. 24, 2030	19,998	22,541	160,000	Genesis Trust 4.00% due Mar. 15, 2010	160,000	156,563
24,000	Enbridge Inc. 5.57% due Nov. 14, 2035	23,969	22,114	350,000	Genesis Trust 4.25% due Sep. 15, 2011	339,115	339,690
41,000	Enbridge Pipeline Inc. 4.46% due Dec. 17, 2012	40,995	40,175	100,000	George Weston Ltd. 6.45% due Oct. 24, 2011	99,956	101,377
26,000	Enbridge Pipeline Inc. 5.08% due Dec. 19, 2036	25,980	24,817	30,000	George Weston Ltd. 5.05% due Mar. 10, 2014	29,909	28,125
130,000	Enbridge Pipelines Inc. 6.35% due Nov. 17, 2023	119,675	144,886	100,000	Glacier Credit Card Trust 4.27% due Nov. 20, 2009	100,000	98,575
80,000	EnCana Corporation 3.60% due Sep. 15, 2008	79,974	79,378	55,000	Glacier Credit Card Trust 4.19% due Nov. 19, 2010	55,000	53,645
55,000	Epcor Power LP 5.95% due Jun. 23, 2036	54,756	51,638	75,000	Gloucester Credit Card Trust 4.45% due Mar. 15, 2011	75,000	73,157
55,000	Epcor Utilities Inc. 6.60% due Nov. 1, 2011	52,888	57,912	150,000	Golden Credit Card Trust 6.19% due Jul. 15, 2009	145,755	152,615
33,000	Epcor Utilities Inc. 5.65% due Nov. 16, 2035	32,830	31,994	50,000	Golden Credit Card Trust 4.05% due Jun. 15, 2010	50,000	48,902
45,000	ERAC Canada Finance Ltd. 5.38% due Feb. 26, 2016	44,969	42,651	200,000	Great-West Lifeco Inc. 5.69% due Jun. 21, 2017	198,780	198,532
25,000	Finning International Inc. 4.64% due Dec. 14, 2011	24,993	24,506	100,000	Great-West Lifeco Inc. 6.74% due Nov. 24, 2031	99,885	114,715
50,000	Fortis Inc. 7.40% due Oct. 25, 2010	49,947	52,990	90,000	Great-West Lifeco Inc. 6.67% due Mar. 21, 2033	90,314	102,286
30,000	FortisAlberta Inc. 5.33% due Oct. 31, 2014	29,988	30,491	90,000	Greater Toronto Airports Authority 6.70% due Jul. 19, 2010	91,284	94,060
30,000	FortisAlberta Inc. 6.22% due Oct. 31, 2034	29,991	33,748	100,000	Greater Toronto Airports Authority 6.25% due Jan. 30, 2012	99,948	105,025
18,000	FortisAlberta Inc. 5.40% due Apr. 21, 2036	17,987	18,126	100,000	Greater Toronto Airports Authority 6.25% due Dec. 13, 2012	104,805	105,802
16,000	FortisBC Inc. 5.60% due Nov. 9, 2035	16,058	16,078	40,000	Greater Toronto Airports Authority 5.00% due Jun. 1, 2015	39,704	39,876

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
85,000	Greater Toronto Airports Authority 4.70% due Feb. 15, 2016	84,937	82,787	100,000	Loblaw Companies Ltd. 6.65% due Nov. 8, 2027	95,070	94,648
235,000	Greater Toronto Airports Authority 6.45% due Dec. 3, 2027	224,633	265,399	50,000	Loblaw Companies Ltd. 6.85% due Mar. 1, 2032	53,885	48,053
150,000	Greater Toronto Airports Authority 7.05% due Jun. 12, 2030	151,264	182,206	30,000	Loblaw Companies Ltd. 6.15% due Jan. 29, 2035	29,930	26,246
110,000	Greater Toronto Airports Authority 7.10% due Jun. 4, 2031	113,630	134,930	60,000	Loblaw Companies Ltd. 5.90% due Jan. 18, 2036	59,915	50,573
100,000	Greater Toronto Airports Authority 6.47% due Feb. 2, 2034	99,316	114,999	120,000	Manitoba Telecom Services Inc. 6.15% due Jun. 10, 2014	119,585	121,319
50,000	GTC Transcontinental Group Ltd. 6.05% due Jun. 1, 2009	47,900	50,525	100,000	Manufacturers Life Insurance Company (callable) 6.24% due Feb. 16, 2016-(2011)	100,450	103,813
28,000	Halifax International Airport Authority 5.50% due Jul. 19, 2041	28,000	29,175	25,000	Manulife Bank of Canada 4.19% due Dec. 9, 2010	24,959	24,504
45,000	Holcim Finance Canada 5.90% due Jun. 21, 2013	44,937	45,010	200,000	Manulife Financial Capital Trust 6.70% due Jun. 30, 2012	198,460	211,372
42,000	Honda Canada Finance Inc. 4.70% due Aug. 25, 2011	42,000	41,233	65,000	Manulife Financial Corporation 4.67% due Mar. 28, 2013	64,984	63,966
105,000	Honda Canada Finance Inc. 5.68% due Sep. 26, 2012	105,000	106,626	100,000	Manulife Financial Delaware (callable) 4.45% due Dec. 15, 2026-(2016)	100,000	94,653
60,000	Household Financial Corporation Ltd. 4.20% due Apr. 13, 2009	59,998	59,285	125,000	Manulife Financial Delaware (callable) 5.06% due Dec. 15, 2041-(2036)	125,000	114,846
45,000	HSBC Bank of Canada 4.49% due Apr. 27, 2009	44,995	44,759	50,000	Master Credit Card Trust 4.38% due Nov. 21, 2009	50,000	49,476
100,000	HSBC Bank of Canada 5.31% due Oct. 12, 2010	99,989	100,570	175,000	Master Credit Card Trust 4.44% due Nov. 21, 2011	175,000	170,855
30,000	HSBC Canada Asset Trust (callable) 5.15% due Jun. 30, 2049-(2015)	30,000	28,960	50,000	MBNA Canada Bank 4.00% due Jun. 28, 2010	49,944	48,876
60,000	HSBC Financial Corporation Ltd. 3.50% due Dec. 1, 2008	59,919	58,985	60,000	Merrill Lynch Canada Finance Company 4.70% due Sep. 12, 2008	59,918	59,497
105,000	HSBC Financial Corporation Ltd. 4.00% due May 3, 2010	105,209	102,157	30,000	Merrill Lynch Canada Finance Company 4.20% due Dec. 8, 2009	29,960	29,053
75,000	HSBC Financial Corporation Ltd. 4.80% due Apr. 13, 2011	74,908	73,661	30,000	Merrill Lynch Canada Finance Company 5.00% due Feb. 18, 2014	29,907	28,126
125,000	HSBC Financial Corporation Ltd. 4.35% due Oct. 6, 2011	125,096	120,359	30,000	Metro Inc. 4.98% due Oct. 15, 2015	29,979	28,577
55,000	Hydro One Inc. 4.89% due Mar. 13, 2037	54,991	52,474	65,000	Metro Inc. 5.97% due Oct. 15, 2035	64,954	59,701
40,000	Industrial Alliance Capital Trust 5.71% due Dec. 31, 2013	40,000	40,639	55,975	Milit-Air Inc. 5.75% due Jun. 30, 2019	53,036	59,448
30,000	Industrial Alliance Capital Trust (callable) 5.13% due Jun. 30, 2019-(2014)	30,076	29,672	320,000	Molson Coors Capital Finance 5.00% due Sep. 22, 2015	319,203	312,064
74,000	Inter-American Development Bank 4.40% due Jan. 26, 2026	72,987	70,971	50,000	National Bank of Canada 4.66% due Sep. 10, 2009	50,442	49,536
70,000	Investors Group Inc. 6.75% due May 9, 2011	76,480	73,900	270,000	NAV Canada 6.50% due Jun. 1, 2009	293,706	277,187
60,000	Investors Group Inc. 7.45% due May 9, 2031	63,120	73,957	46,000	NAV Canada 4.43% due Feb. 24, 2011	46,000	45,732
50,000	Investors Group Inc. 7.11% due Mar. 7, 2033	50,228	59,562	80,000	NAV Canada 4.71% due Feb. 24, 2016	80,000	79,292
96,000	IPL Energy Inc. 6.10% due Jul. 14, 2028	82,368	95,364	40,000	NAV Canada 7.56% due Mar. 1, 2027	43,760	47,106
45,000	John Deere Credit Inc. 5.25% due Oct. 18, 2010	44,977	45,272	30,000	NAV Canada 7.40% due Jun. 1, 2027	33,804	38,094
150,000	John Hancock Canada Corporation 6.67% due May 31, 2011	149,520	157,695	36,000	NIF-T 4.37% due Feb. 23, 2009	36,000	35,703
55,000	Key Nova Scotia Funding Company 4.21% due Dec. 14, 2009	54,998	54,287	15,000	NOVA Gas Transmission Ltd. 9.90% due Dec. 16, 2024	19,237	22,172
35,000	Loblaw Companies Ltd. 7.10% due May 11, 2010	36,015	35,803	15,000	Nova Scotia Power Inc. 4.22% due May 17, 2010	14,998	14,783
50,000	Loblaw Companies Ltd. 6.50% due Jan. 19, 2011	49,985	50,565	50,000	Nova Scotia Power Inc. 5.75% due Oct. 1, 2013	49,921	51,643
50,000	Loblaw Companies Ltd. 5.40% due Nov. 20, 2013	49,858	47,945	100,000	Nova Scotia Power Inc. 6.95% due Aug. 25, 2033	105,394	115,922
34,000	Loblaw Companies Ltd. 6.00% due Mar. 3, 2014	31,416	33,511	24,000	Nova Scotia Power Inc. 5.67% due Nov. 14, 2035	23,976	23,692
200,000	Loblaw Companies Ltd. 7.10% due Jun. 1, 2016	208,800	208,042	70,000	Omers Realty Corporation 5.48% due Dec. 31, 2012	69,938	73,088

INDEX FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)				BONDS AND DEBENTURES (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
125,000	Ontrea Inc. 5.70% due Oct. 31, 2011	130,059	130,218	57,000	Talisman Energy Inc. 4.44% due Jan. 27, 2011	56,995	55,964
30,000	RioCan Real Estate Investment Trust 4.91% due Mar. 8, 2011	29,992	29,447	72,000	Terasen Gas Inc. 5.90% due Feb. 26, 2035	72,623	76,272
20,000	RioCan Real Estate Investment Trust 4.70% due Jun. 15, 2012	19,954	19,283	20,000	Terasen Gas Inc. 5.55% due Sep. 25, 2036	19,997	20,202
24,000	RioCan Real Estate Investment Trust 5.23% due Mar. 11, 2013	24,001	23,533	55,000	Terasen Gas Inc. 6.00% due Oct. 2, 2037	54,803	59,202
65,000	Rona Inc. 5.40% due Oct. 20, 2016	64,865	61,904	18,000	Textron Financial Canada 4.46% due Feb. 17, 2009	17,998	17,879
264,000	Royal Bank of Canada 5.13% due Sep. 27, 2010	263,958	265,304	30,000	Thomson Corporation 4.50% due Jun. 1, 2009	29,928	29,841
49,000	Royal Bank of Canada 4.17% due Jan. 11, 2011	49,000	47,932	50,000	Thomson Corporation 4.35% due Dec. 1, 2009	49,919	49,487
95,000	Royal Bank of Canada 4.92% due Jul. 6, 2011	94,990	94,860	198,000	Thomson Corporation 5.20% due Dec. 1, 2014	196,923	196,121
175,000	Royal Bank of Canada 4.53% due May 7, 2012	174,993	171,889	50,000	Toronto Community Housing Corporation 4.88% due May 11, 2037	50,000	49,850
380,000	Royal Bank of Canada 5.20% due Aug. 15, 2012	381,988	383,154	200,000	Toronto-Dominion Bank 5.14% due Nov. 19, 2012	200,000	200,586
80,000	Royal Bank of Canada 5.00% due Jan. 20, 2014	79,925	79,750	300,000	Toronto-Dominion Bank (callable) 4.54% due Sep. 5, 2013-(2008)	299,919	299,235
75,000	Royal Bank of Canada (callable) 3.96% due Jan. 27, 2014-(2009)	74,973	74,227	50,000	Toronto-Dominion Bank 10.05% due Aug. 4, 2014	64,390	63,346
150,000	Royal Bank of Canada (callable) 4.18% due Jun. 1, 2014-(2009)	150,000	148,599	755,000	Toronto-Dominion Bank (callable) 4.97% due Oct. 30, 2104-(2015)	743,934	721,976
138,000	Royal Bank of Canada 4.97% due Jun. 5, 2014	137,943	137,172	125,000	Toronto-Dominion Bank (callable) 4.32% due Jan. 18, 2016-(2011)	125,000	122,598
100,000	Royal Bank of Canada 5.95% due Jun. 18, 2014	100,000	102,354	93,000	Toronto-Dominion Bank (callable) 4.87% due Oct. 28, 2016-(2011)	93,000	92,429
80,000	Royal Bank of Canada 4.71% due Dec. 22, 2014	79,987	78,019	475,000	Toronto-Dominion Bank (callable) 5.38% due Nov. 1, 2017-(2012)	475,000	480,766
80,000	Royal Bank of Canada (callable) 3.70% due Jun. 24, 2015-(2010)	79,978	77,643	140,000	Toronto-Dominion Bank (callable) 5.69% due Jun. 3, 2018-(2013)	147,415	143,437
160,000	Royal Bank of Canada (callable) 5.45% due Nov. 4, 2018-(2013)	160,000	162,248	50,000	Toronto-Dominion Bank 9.15% due May 26, 2025	62,200	67,988
550,000	Royal Bank of Canada Capital Trust 4.87% due Dec. 31, 2015	538,638	522,171	300,000	Toronto-Dominion Bank (callable) 4.78% due Dec. 14, 2105-(2016)	300,000	280,203
320,000	Royal Bank of Canada Capital Trust (callable) 7.18% due Jun. 30, 2049-(2011)	360,605	338,285	325,000	Toronto-Dominion Bank (callable) 5.76% due Dec. 18, 2106-(2017)	325,780	323,846
100,000	Royal Bank of Canada Capital Trust (callable) 7.29% due Jun. 30, 2049-(2010)	112,590	104,685	400,000	Toronto-Dominion Capital Trust (callable) 7.60% due Dec. 31, 2049-(2009)	449,114	418,648
350,000	Royal Bank of Canada Capital Trust (callable) 5.81% due Dec. 31, 2049-(2013)	374,299	355,550	45,000	Toyota Credit Canada Inc. 5.05% due Jul. 27, 2012	44,977	45,392
200,000	Royal Bank of Canada Sub Notes Trust (callable) 4.58% due Apr. 30, 2017-(2012)	199,964	195,930	20,000	Trans Quebec & Maritimes Pipelines Inc. 7.05% due Sep. 22, 2010	20,000	20,991
212,000	Royal Office Finance LP 5.21% due Nov. 12, 2032	211,998	219,615	200,000	TransAlta Corporation 6.60% due Oct. 13, 2009	198,100	204,056
50,000	Score Trust 4.95% due Feb. 20, 2014	50,000	48,600	35,000	TransCanada PipeLines Ltd. 4.10% due Feb. 20, 2009	34,964	34,764
15,000	SNC-Lavalin Group Inc. 7.70% due Sep. 20, 2010	15,021	16,051	500,000	TransCanada PipeLines Ltd. 4.30% due Jan. 13, 2011	495,198	493,365
16,000	Summit Real Estate Investment 5.20% due Mar. 1, 2012	15,977	15,611	50,000	TransCanada PipeLines Ltd. 9.50% due May 20, 2011	59,417	57,255
70,000	Sun Life Assurance Company of Canada (callable) 6.15% due Jun. 30, 2022-(2012)	71,155	72,993	100,000	TransCanada PipeLines Ltd. 5.65% due Jan. 15, 2014	99,764	103,769
220,000	Sun Life Capital Trust 6.87% due Dec. 31, 2011	221,400	232,144	70,000	TransCanada PipeLines Ltd. 4.65% due Oct. 3, 2016	69,983	67,565
60,000	Sun Life Financial Services Inc. 5.00% due Jul. 11, 2031	59,903	60,043	30,000	TransCanada PipeLines Ltd. 5.10% due Jan. 11, 2017	29,955	29,843
95,000	Sun Life Financial Services Inc. (callable) 4.80% due Nov. 23, 2035-(2015)	94,985	92,549	110,000	TransCanada PipeLines Ltd. 9.45% due Mar. 20, 2018	132,946	146,114
192,000	Sun Life Financial Services Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	193,218	188,111	50,000	TransCanada PipeLines Ltd. 7.90% due Apr. 15, 2027	53,700	63,319
92,000	Sun Life Financial Services Inc. (callable) 5.40% due May 29, 2042-(2037)	91,891	89,135	40,000	TransCanada PipeLines Ltd. 6.28% due May 26, 2028	35,490	43,168
100,000	Suncor Energy Inc. 5.39% due Mar. 26, 2037	99,720	93,625	65,000	TransCanada PipeLines Ltd. 6.27% due Jul. 18, 2028	67,506	78,499

The accompanying notes are an integral part of the financial statements

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES (cont'd)			
Corporate Bonds (cont'd)			
50,000	TransCanada PipeLines Ltd. 6.50% due Dec. 9, 2030	57,416	55,698
85,000	TransCanada PipeLines Ltd. 8.23% due Jan. 16, 2031	93,330	113,635
100,000	Union Gas Ltd. 7.90% due Feb. 24, 2014	111,670	115,255
30,000	Union Gas Ltd. 4.64% due Jun. 30, 2016	29,982	29,033
25,000	Union Gas Ltd. 4.85% due Apr. 25, 2022	24,953	24,076
25,000	Union Gas Ltd. 8.65% due Nov. 10, 2025	29,500	34,140
50,000	Union Gas Ltd. 5.46% due Sep. 11, 2036	50,000	50,148
30,000	Wells Fargo Financial Canada Corporation 4.75% due Jun. 29, 2009	30,623	29,937
50,000	Wells Fargo Financial Canada Corporation 3.60% due Jun. 28, 2010	49,973	48,449
194,000	Wells Fargo Financial Canada Corporation 4.45% due Feb. 28, 2011	193,636	191,034
70,000	Wells Fargo Financial Canada Corporation 4.45% due Sep. 13, 2011	69,994	68,634
130,000	Wells Fargo Financial Canada Corporation 5.20% due Sep. 13, 2012	129,904	130,542
46,000	Wells Fargo Financial Canada Corporation 4.40% due Dec. 12, 2012	45,926	44,605
200,000	Wells Fargo Financial Canada Corporation 4.33% due Dec. 6, 2013	190,504	191,612
160,000	Wells Fargo Financial Canada Corporation 4.38% due Jun. 30, 2015	159,926	151,262
25,000	West Fraser Timber Ltd. 4.94% due Oct. 19, 2009	24,995	24,872
200,000	Westcoast Energy Inc. 7.20% due Jan. 26, 2010	227,260	209,514
50,000	Westcoast Energy Inc. 7.15% due Mar. 20, 2031	50,325	60,616
	TOTAL BONDS AND DEBENTURES	<u>31,786,458</u>	<u>31,670,597</u>
	TOTAL INVESTMENT PORTFOLIO	<u>107,532,340</u>	<u>109,378,494</u>
	OTHER ASSETS, LESS LIABILITIES - 1.0%		<u>1,093,567</u>
	TOTAL NET ASSETS - 100.0%		<u>110,472,061</u>

Scotia Canadian Bond Index Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$109,378,494	\$107,805,343
Cash	165,841	824
Accrued investment income	1,023,242	1,081,656
Subscriptions receivable	31,953	76,095
	<u>110,599,530</u>	<u>108,963,918</u>
LIABILITIES		
Distributions payable	116	7
Redemptions payable	61,199	183,695
Accrued expenses	66,154	64,521
	<u>127,469</u>	<u>248,223</u>
Net assets	<u>\$110,472,061</u>	<u>\$108,715,695</u>
NET ASSETS PER CLASS		
Class A Units	\$ 74,618,592	\$ 79,213,360
Class F Units	\$ 1,154,714	\$ 1,450,767
Class I Units	\$ 34,698,755	\$ 28,051,568
UNITS OUTSTANDING		
Class A Units	7,030,552	7,358,121
Class F Units	108,519	134,943
Class I Units	3,270,641	2,606,532
NET ASSETS PER UNIT		
Class A Units	\$ 10.61	\$ 10.77
Class F Units	\$ 10.64	\$ 10.75
Class I Units	\$ 10.61	\$ 10.76

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$ 5,669,624	\$ 5,237,092
Securities lending	6,117	5,024
	<u>5,675,741</u>	<u>5,242,116</u>
EXPENSES		
Management fees (note 4)	563,596	547,664
Audit fees	24,075	19,588
Directors/Trustee fees	1,540	2,755
Custodian fees	14,887	13,983
Filing fees	16,951	17,410
Legal fees	2,789	3,568
Unitholder reporting	19,560	31,228
Unitholder administration, service fees and GST	159,409	196,221
	<u>802,807</u>	<u>832,417</u>
Absorbed expenses	(3,566)	(27,936)
	<u>799,241</u>	<u>804,481</u>
Net investment income (loss)	<u>4,876,500</u>	<u>4,437,635</u>
Net realized gain (loss) on investments sold	(505,990)	(188,829)
Change in unrealized appreciation (depreciation) of investments	(1,228,102)	(878,460)
Net gain (loss) on investments and transaction costs	<u>(1,734,092)</u>	<u>(1,067,289)</u>
Increase (decrease) in net assets from operations	<u>\$ 3,142,408</u>	<u>\$ 3,370,346</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 1,897,863	\$ 2,262,857
Class F Units	\$ 39,447	\$ 38,934
Class I Units	\$ 1,205,098	\$ 1,068,555
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.25	\$ 0.31
Class F Units	\$ 0.32	\$ 0.29
Class I Units	\$ 0.38	\$ 0.47

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 79,213,360	\$ 77,423,863
New accounting policy adjustment (note 2)	(54,461)	–
Class A Units – GAAP net assets beginning of period	<u>79,158,899</u>	<u>77,423,863</u>
Class F Units – Pricing net asset value beginning of period	1,450,767	1,553,766
New accounting policy adjustment (note 2)	(998)	–
Class F Units – GAAP net assets beginning of period	<u>1,449,769</u>	<u>1,553,766</u>
Class I Units – Pricing net asset value beginning of period	28,051,568	18,302,728
New accounting policy adjustment (note 2)	(19,286)	–
Class I Units – GAAP net assets beginning of period	<u>28,032,282</u>	<u>18,302,728</u>
Total net assets – beginning of period	<u>108,640,950</u>	<u>97,280,357</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	1,897,863	2,262,857
Class F Units	39,447	38,934
Class I Units	1,205,098	1,068,555
	<u>3,142,408</u>	<u>3,370,346</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(3,149,528)	(3,159,792)
Class F Units	(54,827)	(64,298)
Class I Units	(1,638,614)	(1,212,289)
	<u>(4,842,969)</u>	<u>(4,436,379)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	17,671,151	23,017,951
Class F Units	177,814	279,720
Class I Units	12,447,614	10,071,649
Reinvested distributions		
Class A Units	3,081,973	3,097,793
Class F Units	50,598	64,298
Class I Units	1,638,504	1,212,289
Payments on redemption		
Class A Units	(24,041,766)	(23,429,312)
Class F Units	(508,087)	(421,653)
Class I Units	(6,986,129)	(1,391,364)
	<u>3,531,672</u>	<u>12,501,371</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(4,540,307)	1,789,497
Class F Units	(295,055)	(102,999)
Class I Units	6,666,473	9,748,840
	<u>1,831,111</u>	<u>11,435,338</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	74,618,592	79,213,360
Class F Units	1,154,714	1,450,767
Class I Units	34,698,755	28,051,568
	<u>\$110,472,061</u>	<u>\$108,715,695</u>

Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
CANADIAN EQUITIES (cont'd)				CANADIAN EQUITIES (cont'd)			
Materials (cont'd)				Consumer Staples (cont'd)			
4,813	West Fraser Timber Ltd.	178,595	167,011	16,500	Loblaw Companies Ltd.	713,407	560,505
107,163	Yamana Gold Inc.	1,109,251	1,372,758	11,900	Maple Leaf Foods Inc.	143,333	176,477
		<u>19,429,779</u>	<u>37,832,344</u>	15,600	Metro Inc. Class A	240,379	410,280
				9,500	Rothmans Inc.	92,203	240,350
Industrials – 5.4%				22,400	Saputo Inc.	368,577	668,192
17,400	Ace Aviation Holdings Inc. Class B	591,657	492,246	31,900	Saskatchewan Wheat Pool Inc.	261,944	425,227
6,200	Aecon Group Inc.	128,920	142,104	34,500	Shoppers Drug Mart Corporation	988,476	1,837,470
14,500	Allen-Vanguard Corporation	77,769	77,140			<u>4,283,117</u>	<u>5,835,703</u>
8,800	BFI Canada Income Fund	243,889	234,080	Health Care – 0.5%			
233,960	Bombardier Inc. Class B	2,871,003	1,394,402	7,500	Axcan Pharma Inc.	135,278	170,175
42,200	CAE Inc.	288,331	559,150	22,200	Biovail Corporation	1,076,792	296,370
77,040	Canadian National Railway Company	1,437,416	3,593,916	8,200	Cardiome Pharma Corporation	120,304	72,980
24,400	Canadian Pacific Railway Ltd.	461,764	1,566,968	13,100	CML Healthcare Income Fund	187,000	224,272
27,800	Finning International Inc.	269,441	796,192	19,212	MDS Inc.	384,441	367,718
15,500	Jazz Air Income Fund	122,224	118,110			<u>1,903,815</u>	<u>1,131,515</u>
8,200	Martinrea International Inc.	141,872	100,040	Financials – 29.3%			
5,900	Newalta Income Fund	163,844	107,380	12,700	AGF Management Ltd. Class B	270,556	368,808
9,900	Russel Metals Inc.	104,829	251,955	78,260	Bank of Montreal	2,760,993	4,402,125
23,300	SNC-Lavalin Group Inc.	187,643	1,120,730	154,900	Bank of Nova Scotia, The	4,355,725	7,769,784
7,950	Stantec Inc.	206,000	309,096	6,200	Boardwalk Real Estate Investment Trust	129,082	275,714
14,200	Superior Plus Income Fund	297,985	164,578	78,446	Brookfield Asset Management Inc. Class A	770,959	2,780,126
11,500	Torontom Industries Ltd.	98,990	324,070	31,435	Brookfield Properties Corporation	406,055	601,666
4,500	Transat A.T. Inc. Class B	95,250	157,500	9,500	Calloway Real Estate Investment Trust	226,839	230,185
10,000	Transcontinental Inc. Class A	105,946	157,000	8,000	Canadian Apartment Properties Real Estate Investment Trust	114,823	127,840
11,983	Transforce Income Fund	219,718	110,244	52,560	Canadian Imperial Bank of Commerce	2,336,274	3,707,057
18,900	Westjet Airlines Ltd.	221,834	425,250	9,500	Canadian Real Estate Investment Trust	209,420	274,360
7,500	Westshore Terminals Income Fund	83,759	108,450	10,900	Canadian Western Bank	119,693	341,388
4,600	YBM Magnex International Inc.	64,407	–	14,800	Chartwell Seniors Housing Real Estate Investment	211,751	167,388
		<u>8,484,491</u>	<u>12,310,601</u>	18,200	CI Financial Income Fund	209,933	508,508
Consumer Discretionary – 4.9%				4,400	Cominar Real Estate Investment Trust	110,804	89,496
23,328	Aeroplan Income Fund	424,537	551,007	6,200	Davis + Henderson Income Fund	119,434	129,642
8,200	Astral Media Inc. Class A	155,927	382,120	10,200	Dundee Corporation Class A	191,964	192,270
7,300	Ballard Power Systems Inc.	464,743	38,106	1,597	Dundee Real Estate Investment Trust	57,395	53,819
12,460	Canadian Tire Corporation Ltd. Class A	344,011	921,666	7,300	Dundee Wealth Management Inc.	118,938	131,108
14,417	Canwest Global Communications Corporation	229,886	102,649	9,800	Extendicare Real Estate Investment Trust	138,670	121,520
6,800	Cineplex Galaxy Income Fund	122,435	113,084	2,800	Fairfax Financial Holdings Ltd.	694,514	797,468
3,900	Cogeco Cable Inc.	138,245	185,679	5,100	FirstService Corporation	104,608	153,561
8,100	Consumers' Waterheater Income Fund	126,539	119,070	7,850	GMP Capital Trust Units	180,372	193,110
7,100	Corus Entertainment Inc. Class B	286,951	342,859	35,672	Great-West Lifeco Inc.	585,008	1,265,643
5,800	Dorel Industries Inc. Class B	174,744	167,272	22,200	H&R Real Estate Investment Trust	478,283	439,338
6,900	Forzani Group Ltd. Class A	115,904	115,230	5,400	Home Capital Group Inc.	165,181	225,882
17,300	Gildan Activewear Inc.	204,174	708,089	16,336	IGM Financial Inc.	338,513	817,290
12,700	Great Canadian Gaming Corporation	269,604	196,723	12,400	Industrial Alliance Insurance and Financial Services Inc.	254,277	527,372
7,700	Linamar Corporation	132,690	155,155	5,892	ING Canada Inc.	314,383	232,970
15,680	Magna International Inc. Class A	1,275,744	1,252,048	10,900	Innvest Real Estate Investment Trust	132,036	115,431
7,100	North West Company Fund Trust	123,069	148,248	9,200	Kingsway Financial Services Inc.	109,702	110,400
6,700	Quebecor Inc. Class B	243,619	239,190	3,900	Laurentian Bank of Canada	92,371	129,090
9,300	Reitmans' (Canada) Ltd. Class A	177,199	178,374	236,700	Manulife Financial Corporation	5,172,238	9,574,515
17,390	Rona Inc.	254,111	296,326	25,267	National Bank of Canada	605,093	1,318,179
5,500	Sears Canada Inc.	123,954	145,200	3,500	Northbridge Financial Corporation	85,347	128,695
57,250	Shaw Communications Inc. Class B	841,120	1,350,528	14,900	Onex Corporation	267,995	520,010
29,540	Thomson Corporation	1,362,560	1,189,871	51,900	Power Corporation of Canada	753,354	2,080,152
29,300	Tim Hortons Inc.	887,441	1,072,673	36,500	Power Financial Corporation	502,063	1,488,105
5,800	Torstar Corporation Class B	100,540	108,460	7,900	Primaris Retail Real Estate Investment Trust	129,651	143,701
84,300	Yellow Pages Income Fund	1,375,878	1,170,927	33,800	RioCan Real Estate Investment Trust	735,161	735,150
		<u>9,955,625</u>	<u>11,250,554</u>	201,300	Royal Bank of Canada	4,654,183	10,203,896
Consumer Staples – 2.6%				89,280	Sun Life Financial Services of Canada Inc.	2,710,935	4,963,075
25,200	Alimentation Couche-Tard Inc. Class B	113,309	456,624	113,240	Toronto-Dominion Bank	4,445,096	7,864,518
11,500	Connors Brothers Income Fund	127,883	88,895	11,200	TSX Group Inc.	242,938	591,360
12,800	Cott Corporation	336,126	83,840			<u>36,612,610</u>	<u>66,891,715</u>
4,300	Empire Company Ltd. Class A	103,578	184,040	Information Technology – 5.2%			
8,200	George Weston Ltd.	500,231	442,718	2,100	Aastra Technologies Ltd.	24,877	71,421
23,500	Jean Coutu Group Inc. Class A	293,671	261,085				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
CANADIAN EQUITIES (cont'd)			
Information Technology (cont'd)			
35,460	Celestica Inc.	2,136,957	203,895
44,913	CGI Group Inc. Class A	592,744	516,500
13,600	Cognos Inc.	454,456	776,832
12,900	Emergis Inc.	786,886	105,780
5,900	Macdonald Dettwiler & Associates Ltd.	175,220	246,325
69,373	Nortel Networks Corporation	25,755,536	1,039,208
8,800	Open Text Corporation	209,412	273,064
74,300	Research in Motion Ltd.	1,732,458	8,363,208
20,500	Teranet Income Fund	207,888	208,485
		<u>32,076,434</u>	<u>11,804,718</u>
Telecommunication Services – 5.5%			
126,622	BCE Inc.	4,217,206	5,014,231
21,326	Bell Aliant Regional Communications	773,920	627,624
10,600	Manitoba Telecom Services Inc.	322,869	487,282
84,130	Rogers Communications Inc. Class B	1,383,463	3,785,009
51,902	Telus Corporation	1,677,288	2,565,516
		<u>8,374,746</u>	<u>12,479,662</u>
Utilities – 1.6%			
13,800	Algonquin Power Income Fund	132,058	115,782
6,000	Atco Ltd. Class I	107,774	329,100
10,100	Canadian Utilities Ltd. Class A	258,323	466,216
18,600	Emera Inc.	296,366	405,852
16,100	Energy Savings Income Fund	307,446	268,065
5,400	Epcor Power LP	184,806	125,604
25,000	Fortis Inc.	391,376	723,000
8,800	Northland Power Income Fund	122,026	107,448
31,120	TransAlta Corporation	630,926	1,036,296
		<u>2,431,101</u>	<u>3,577,363</u>
	TOTAL INVESTMENT PORTFOLIO	<u>158,536,125</u>	<u>226,964,543</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		974,397
	TOTAL NET ASSETS – 100.0%		<u>227,938,940</u>

Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$226,964,543	\$228,445,776
Cash	584,853	920,776
Accrued investment income	603,167	344,813
Subscriptions receivable	65,917	124,268
	<u>228,218,480</u>	<u>229,835,633</u>
LIABILITIES		
Distributions payable	693	1,515
Redemptions payable	107,615	15,962
Accrued expenses	171,232	167,455
	<u>279,540</u>	<u>184,932</u>
Net assets	<u>\$227,938,940</u>	<u>\$229,650,701</u>
NET ASSETS PER CLASS		
Class A Units	\$202,357,942	\$202,186,516
Class I Units	\$ 25,580,998	\$ 27,464,185
UNITS OUTSTANDING		
Class A Units	8,695,253	9,319,997
Class I Units	1,112,634	1,280,953
NET ASSETS PER UNIT		
Class A Units	\$ 23.27	\$ 21.69
Class I Units	\$ 22.99	\$ 21.44

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 4,129,203	\$ 3,574,811
Interest	1,826,349	1,104,764
Securities lending	94,451	63,967
Foreign withholding taxes	(3,247)	(155)
	<u>6,046,756</u>	<u>4,743,387</u>
EXPENSES		
Management fees (note 4)	1,635,789	1,597,393
Audit fees	32,742	19,428
Directors/Trustee fees	2,983	2,755
Custodian fees	17,839	24,133
Filing fees	18,124	19,312
Legal fees	4,741	7,429
Unitholder reporting	39,296	67,328
Unitholder administration, service fees and GST	364,918	495,532
	<u>2,116,432</u>	<u>2,233,310</u>
Absorbed expenses	<u>(29,809)</u>	<u>(195,093)</u>
	<u>2,086,623</u>	<u>2,038,217</u>
Net investment income (loss)	<u>3,960,133</u>	<u>2,705,170</u>
Net realized gain (loss) on investments sold	15,115,946	19,665,538
Net realized gain (loss) on foreign exchange	2,522	32,973
Capital gains distributions received from investments	4,269	11,091
Transaction costs	(37,563)	—
Change in unrealized appreciation (depreciation) of investments	1,046,154	11,906,756
Net gain (loss) on investments and transaction costs	<u>16,131,328</u>	<u>31,616,358</u>
Increase (decrease) in net assets from operations	<u>\$20,091,461</u>	<u>\$34,321,528</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$17,250,964	\$30,430,956
Class I Units	\$ 2,840,497	\$ 3,890,572
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 1.96	\$ 3.06
Class I Units	\$ 2.16	\$ 3.20

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$202,186,516	\$212,865,053
New accounting policy adjustment (note 2)	(213,814)	—
Class A Units – GAAP net assets beginning of period	<u>201,972,702</u>	<u>212,865,053</u>
Class I Units – Pricing net asset value beginning of period	27,464,185	20,212,749
New accounting policy adjustment (note 2)	(29,043)	—
Class I Units – GAAP net assets beginning of period	<u>27,435,142</u>	<u>20,212,749</u>
Total net assets – beginning of period	<u>229,407,844</u>	<u>233,077,802</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	17,250,964	30,430,956
Class I Units	2,840,497	3,890,572
	<u>20,091,461</u>	<u>34,321,528</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(2,868,014)	(2,076,279)
Class I Units	(609,459)	(542,862)
	<u>(3,477,473)</u>	<u>(2,619,141)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	28,183,836	25,577,216
Class I Units	7,252,273	6,218,625
Reinvested distributions		
Class A Units	2,844,967	2,055,630
Class I Units	609,459	542,862
Payments on redemption		
Class A Units	(45,026,513)	(66,666,060)
Class I Units	(11,946,914)	(2,857,761)
	<u>(18,082,892)</u>	<u>(35,129,488)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	385,240	(10,678,537)
Class I Units	(1,854,144)	7,251,436
	<u>(1,468,904)</u>	<u>(3,427,101)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	202,357,942	202,186,516
Class I Units	25,580,998	27,464,185
	<u>\$227,938,940</u>	<u>\$229,650,701</u>

The accompanying notes are an integral part of the financial statements

Scotia U.S. Index Fund

(formerly Scotia American Stock Index Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Consumer Discretionary (cont'd)				Consumer Discretionary (cont'd)			
297	AutoZone Inc.	11,277	35,152	3,608	Staples Inc.	80,563	82,112
1,368	Bed Bath & Beyond Inc.	36,902	39,474	3,960	Starbucks Corporation	64,347	79,831
1,627	Best Buy Company Inc.	68,717	84,619	900	Starwood Hotels & Resorts Worldwide Inc.	52,102	39,151
473	Big Lots Inc.	15,426	7,474	4,239	Target Corporation	186,099	209,282
300	Black & Decker Corporation	18,985	20,634	496	Tiffany & Company	24,061	22,566
729	Brunswick Corporation	23,465	12,290	18,309	Time Warner Inc.	1,321,009	297,991
2,213	Carnival Corporation	127,146	97,207	1,968	TJX Companies Inc.	33,467	55,796
3,559	CBS Corporation Class B	188,513	95,663	398	V.F. Corporation	19,976	26,953
548	Centex Corporation	11,938	13,657	3,259	Viacom Inc. Class B	273,851	141,221
290	Circuit City Stores Inc.	12,971	1,198	9,794	Walt Disney Company	417,429	312,033
2,741	Clear Channel Communications Inc.	229,631	93,503	45	Washington Post Class B	35,758	35,078
1,800	Coach Inc.	49,941	54,377	490	Wendy's International Inc.	7,715	12,469
14,985	Comcast Corporation Class A	416,160	270,398	317	Whirlpool Corporation	27,857	25,590
1,500	D.R. Horton Inc.	68,946	19,492	996	Wyndham Worldwide Corporation	58,195	23,159
934	Darden Restaurants Inc.	15,419	25,530	2,636	Yum! Brands Inc.	38,982	99,533
50	Dillard's Inc. Class A	1,661	926			<u>8,223,837</u>	<u>5,405,661</u>
3,700	Directv Group Inc.	96,105	84,498				
400	E.W. Scripps Company Class A	22,077	17,740	Consumer Staples - 10.3%			
1,710	Eastman Kodak Company	162,571	36,855	10,552	Altria Group Inc.	308,874	787,484
551	Family Dollar Stores Inc.	23,882	10,443	3,836	Anheuser-Busch Companies Inc.	199,745	198,180
10,982	Ford Motor Company	352,254	72,820	3,151	Archer-Daniels-Midland Company	62,736	144,793
675	Fortune Brands Inc.	34,237	48,227	2,114	Avon Products Inc.	59,320	82,664
700	Gamestop Corporation Class A	41,094	42,902	310	Brown-Forman Corporation Class B	13,654	22,559
1,244	Gannett Company Inc.	116,661	47,980	1,153	Campbell Soup Company	61,774	40,654
2,457	GAP Inc.	122,980	51,741	670	Clorox Company	43,309	43,049
2,768	General Motors Corporation	263,858	68,083	10,015	Coca-Cola Company	836,408	606,280
682	Genuine Parts Company	27,283	31,211	1,068	Coca-Cola Enterprises Inc.	41,637	27,483
733	Goodyear Tire & Rubber Company	42,477	20,390	2,598	Colgate-Palmolive Company	187,577	200,227
1,296	H&R Block Inc.	20,192	23,744	2,457	ConAgra Foods Inc.	86,385	57,714
1,406	Harley-Davidson Inc.	84,336	64,941	900	Constellation Brands Inc. Class A	32,969	21,025
916	Harrish's Entertainment Inc.	30,522	80,200	2,319	Costco Wholesale Corporation	132,563	159,727
541	Hasbro Inc.	16,365	13,686	7,480	CVS Caremark Corporation	209,232	293,230
8,641	Home Depot Inc.	508,139	229,700	700	Dean Foods Company	31,719	17,888
1,000	IA/InterActive Corporation	41,271	26,523	600	Estee Lauder Companies Inc. Class A	24,170	25,857
1,840	International Game Technology Inc.	40,069	79,750	1,654	General Mills Inc.	102,344	93,051
3,129	Interpublic Group of Companies Inc.	162,352	25,046	1,458	H.J. Heinz Company	89,726	67,242
1,025	J.C. Penney Company Inc.	46,542	44,456	860	Hershey Company, The	32,371	33,416
2,886	Johnson Controls Inc.	40,671	102,585	1,415	Kellogg Company	65,995	73,201
316	Jones Apparel Group Inc.	16,280	4,996	2,228	Kimberly Clark Corporation	183,744	152,645
242	KB Home	19,826	5,166	8,033	Kraft Foods Inc. Class A	291,385	258,627
1,701	Kohl's Corporation	115,468	76,818	3,492	Kroger Company	117,158	92,102
677	Leggett & Platt Inc.	21,092	11,661	600	McCormick & Company Inc.	22,861	22,436
700	Lennar Corporation Class A	50,332	12,375	514	Molson Coors Brewing Company Class B	19,907	26,230
1,988	Limited Brands Inc.	53,183	37,208	900	Pepsi Bottling Group Inc.	32,192	35,024
318	Liz Claiborne Inc.	9,217	6,389	8,193	PepsiCo Inc.	449,670	613,297
7,092	Lowe's Companies Inc.	144,261	158,388	15,701	Procter & Gamble Company	956,938	1,136,683
2,394	Macy's Inc.	72,079	61,060	1,000	Reynolds American Inc.	57,352	65,083
1,468	Marriott International Inc. Class A	36,607	49,483	2,074	Safeway Inc.	151,530	70,012
2,156	Mattel Inc.	60,877	40,566	3,550	Sara Lee Corporation	94,728	56,235
5,931	McDonald's Corporation	301,722	344,804	1,230	Super Valu Inc.	39,556	45,654
1,796	McGraw-Hill Companies Inc.	69,992	77,630	2,782	Sysco Corporation	77,972	85,664
376	Meredith Corporation	17,698	20,403	1,500	Tyson Foods Inc. Class A	32,705	22,753
548	New York Times Company Class A	27,792	9,488	665	UST Inc.	25,694	35,953
1,556	Newell Rubbermaid Inc.	63,287	39,733	1,115	W.M. Wrigley Jr. Company	51,230	64,392
11,200	News Corporation Class A	255,048	226,338	12,099	Wal-Mart Stores Inc.	806,673	567,922
2,040	Nike Inc. Class B	87,275	129,342	4,686	Walgreen Company	196,166	176,106
956	Nordstrom Inc.	17,536	34,662	600	Whole Foods Markets Inc.	54,284	24,019
1,173	Office Depot Inc.	29,591	16,078			<u>6,284,253</u>	<u>6,546,561</u>
450	OfficeMax Inc.	23,446	9,192	Health Care - 11.9%			
1,762	Omnicom Group Inc.	98,327	82,725	7,790	Abbott Laboratories	473,878	431,247
300	Polo Ralph Lauren Corporation	29,509	18,286	2,552	Aetna Inc.	31,018	145,210
876	Pulte Homes Inc.	8,693	9,133	1,616	Allergan Inc.	76,541	102,379
778	RadioShack Corporation	30,854	12,939	906	AmerisourceBergen Corporation	44,392	40,119
396	Sears Holding Corporation	68,987	39,935	5,583	Amgen Inc.	366,491	255,884
394	Sherwin-Williams Company	22,320	22,559	648	Applera Corporation - Applied Biosystems Group	46,377	21,727
469	Snap-On Inc.	21,395	22,339	494	Bard (C.R.) Inc.	16,124	46,181
534	Stanley Works	32,559	25,535				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia U.S. Index Fund

(formerly Scotia American Stock Index Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Health Care (cont'd)				Financials (cont'd)			
500	Barr Laboratories Inc.	38,478	26,182	253	Chicago Mercantile Exchange Holdings Inc.	147,429	170,810
3,290	Baxter International Inc.	173,350	188,308	1,998	Chubb Corporation	94,505	107,764
1,173	Becton, Dickinson and Company	53,061	96,941	1,073	Cincinnati Financial Corporation	57,091	41,820
1,411	Biogen Idec Inc.	110,011	79,366	1,100	CIT Group Inc.	62,705	26,078
6,797	Boston Scientific Corporation	142,630	77,915	25,054	Citigroup Inc.	1,415,940	726,659
9,787	Bristol-Myers Squibb Company	807,333	256,489	710	Comerica Inc.	54,422	30,535
1,803	Cardinal Health Inc.	131,225	102,806	900	Commerce Bancorp Inc.	39,201	33,832
2,000	Celgene Corporation	117,318	91,211	2,906	Countrywide Financial Corporation	38,974	25,558
1,320	CIGNA Corporation	52,526	69,943	600	Developers Diversified Realty Corporation	44,097	22,644
900	Coventry Health Care Inc.	56,489	52,642	2,600	Discover Financial Services	75,772	38,668
2,529	Covidien Ltd.	116,356	110,338	2,500	E-Trade Financial Corporation	43,509	8,671
5,007	Eli Lilly & Company	511,548	264,170	1,448	Equity Residential	65,775	52,085
1,400	Express Scripts Inc.	28,159	100,828	4,915	Fannie Mae	440,000	193,843
1,380	Forest Laboratories Inc.	73,542	49,598	300	Federated Investors Inc. Class B	11,783	12,170
1,416	Genzyme Corporation	128,246	104,009	2,729	Fifth Third Bancorp	183,808	67,285
4,800	Gilead Sciences Inc.	117,914	218,242	700	First Horizon National Corporation	42,683	12,514
649	Hospira Inc.	25,381	27,328	745	Franklin Resources Inc.	59,037	84,244
984	Humana Inc.	40,049	73,104	3,153	Freddie Mac	235,759	106,062
944	IMS Health Inc.	32,831	21,437	1,100	General Growth Properties Inc.	62,203	44,764
14,221	Johnson & Johnson	915,295	936,084	2,000	Genworth Financial Inc. Class A	80,235	50,220
996	King Pharmaceuticals Inc.	42,743	10,089	2,000	Goldman Sachs Group Inc.	236,115	424,333
500	Laboratory Corporation of America Holdings	27,978	37,250	1,578	Hartford Financial Services Group Inc.	118,977	135,729
1,447	McKesson Corporation	86,932	93,675	2,500	Host Hotels & Resorts Inc.	78,225	42,097
1,329	Medco Health Solutions Inc.	47,010	132,921	2,400	Hudson City Bancorp Inc.	38,748	35,528
5,714	Medtronic Inc.	341,703	283,458	1,300	Huntington Bancshares Inc.	42,929	18,962
10,954	Merck & Company Inc.	987,075	628,918	300	IntercontinentalExchange Inc.	45,081	56,989
250	Millipore Corporation	16,425	18,084	934	Janus Capital Group Inc.	38,739	30,265
1,000	Mylan Laboratories Inc.	33,304	13,795	17,016	JPMorgan Chase & Company	938,144	732,471
700	Patterson Dental Company	33,119	23,381	1,976	KeyCorp	75,541	45,790
329	PerkinElmer Inc.	12,006	8,440	1,000	Kimco Realty Corporation	47,372	35,891
34,128	Pfizer Inc.	1,626,030	765,565	600	Legg Mason Inc.	85,669	43,283
600	Quest Diagnostics Inc.	27,536	31,360	2,768	Lehman Brothers Holdings Inc.	127,324	178,618
7,967	Schering-Plough Corporation	463,503	209,264	700	Leucadia National Corporation	32,179	32,526
1,676	St. Jude Medical Inc.	38,439	67,210	1,298	Lincoln National Corporation	82,616	74,588
1,060	Stryker Corporation	42,059	78,143	2,170	Loews Corporation	58,793	107,777
3,795	Tenet Healthcare Corporation	119,436	19,051	300	M&T Bank Corporation	38,756	24,138
2,220	Thermo Electron Corporation	94,833	126,341	2,500	Marsh & McLennan Companies Inc.	156,090	65,394
6,476	UnitedHealth Group Inc.	159,146	372,392	1,467	Marshall & Ilsley Corporation	67,667	38,315
600	Varian Medical Systems Inc.	33,987	30,856	519	MBA Inc.	28,969	9,493
408	Waters Corporation	25,158	31,819	4,170	Merrill Lynch & Company Inc.	293,284	221,040
214	Watson Pharmaceuticals Inc.	14,554	5,733	3,803	MetLife Inc.	203,373	231,125
2,832	WellPoint Inc.	129,263	245,408	223	MGIC Investment Corporation	15,354	4,932
6,540	Wyeth	509,074	285,334	1,012	Moody's Corporation	12,473	35,642
1,268	Zimmer Holdings Inc.	53,785	82,726	5,201	Morgan Stanley	351,831	272,401
		<u>9,691,661</u>	<u>7,590,901</u>	2,798	National City Corporation	115,487	45,429
				858	Northern Trust Corporation	68,101	64,803
Financials - 17.4%				1,300	NYSE Euronext	114,191	112,549
1,731	ACE Ltd.	105,616	105,782	770	Plum Creek Timber Company Inc.	37,431	34,972
2,354	AFLAC Inc.	91,130	145,343	1,779	PNC Financial Services Group Inc.	143,633	115,202
2,762	Allstate Corporation	132,924	142,475	1,200	Principal Financial Group Inc.	50,202	81,479
410	AMBAC Financial Group Inc.	35,107	10,445	3,620	Progressive Corporation	44,542	68,434
800	American Capital Strategies Ltd.	38,921	26,057	1,400	ProLogis	72,996	87,533
6,014	American Express Company	370,998	309,216	2,300	Prudential Financial Inc.	111,093	211,081
12,885	American International Group Inc.	1,172,414	740,931	500	Public Storage Inc.	43,959	36,267
1,122	Ameriprise Financial Inc.	46,708	61,137	3,391	Regions Financial Corporation	135,499	79,150
1,408	Aon Corporation	70,999	66,244	528	Safeco Corporation	24,552	29,016
700	Apartment Investment & Management Company	37,737	23,955	1,000	Simon Property Group Inc.	64,311	85,875
400	Assurant Inc.	26,017	26,365	2,204	SLM Corporation	60,102	43,778
300	Avalonbay Communities Inc.	46,593	27,879	2,205	Sovereign Bancorp Inc.	62,202	24,797
22,334	Bank of America Corporation	1,020,697	908,200	1,800	State Street Corporation	127,823	144,115
5,848	Bank of New York Company Inc.	308,930	281,091	1,819	SunTrust Banks Inc.	167,849	112,112
2,914	BB&T Corporation	144,807	88,318	1,390	Synovus Financial Corporation	43,820	33,104
631	Bear Stearns Companies Inc.	62,107	54,873	1,156	T. Rowe Price Group Inc.	29,793	69,410
500	Boston Properties Inc.	56,051	45,383	408	Torchmark Corporation	17,209	24,389
2,143	Capital One Financial Corporation	187,073	99,893	3,278	Travelers Companies Inc.	194,994	174,114
800	CB Richard Ellis Group Inc.	27,763	16,997	8,813	U.S. Bancorp	304,870	275,902
4,718	Charles Schwab Corporation	171,725	118,610	2,011	UnumProvident Corporation	103,285	47,198

For equities, all common shares unless otherwise noted

The accompanying notes are an integral part of the financial statements

Scotia U.S. Index Fund

(formerly Scotia American Stock Index Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Financials (cont'd)				Information Technology (cont'd)			
700	Vornado Realty Trust	71,353	60,894	1,200	Sandisk Corporation	76,559	39,180
9,616	Wachovia Corporation	514,726	360,336	4,026	Sun Microsystems Inc.	450,193	71,414
4,548	Washington Mutual Inc.	252,660	61,168	4,039	Symantec Corporation	151,822	64,261
16,898	Wells Fargo & Company	526,427	502,795	2,122	Tellabs Inc.	159,090	13,672
964	XL Capital Ltd. Class A	127,051	47,812	736	Teradata Corporation	19,332	19,885
422	Zions Bancorporation	37,096	19,404	1,472	Teradyne Inc.	119,423	15,041
		<u>14,290,751</u>	<u>11,105,865</u>	7,091	Texas Instruments Inc.	440,563	233,624
Information Technology – 16.8%				2,529	Tyco Electronics Ltd.	107,135	92,644
3,064	Adobe Systems Inc.	73,205	129,380	2,720	Unisys Corporation	96,220	12,660
2,600	Advanced Micro Devices Inc.	81,612	19,193	1,300	Verisign Inc.	35,297	48,162
600	Affiliated Computer Services Inc.	42,425	26,711	3,843	Western Union Company	86,046	92,093
1,785	Agilent Technologies Inc.	158,820	64,648	4,749	Xerox Corporation	218,965	75,838
700	Akamai Technologies Inc.	36,738	23,927	1,592	Xilinx Inc.	120,028	34,343
1,440	Altera Corporation	89,085	27,450	6,382	Yahoo! Inc.	654,028	146,315
1,773	Analog Devices Inc.	117,566	55,558			<u>18,376,646</u>	<u>10,674,868</u>
4,336	Apple Computer Inc.	153,908	848,741	Telecommunication Services – 3.7%			
6,520	Applied Materials Inc.	217,430	114,171	2,200	American Tower Corporation Class A	95,631	92,310
1,048	Autodesk Inc.	12,490	50,767	30,618	AT&T Corporation	2,458,745	1,255,654
2,796	Automatic Data Processing Inc.	185,970	122,816	550	CenturyTel Inc.	32,655	22,501
1,162	BMC Software Inc.	60,358	40,959	2,319	Citizens Communications Company	54,030	29,173
2,248	Broadcom Corporation Class A	405,021	57,869	740	Embarq Corporation	36,855	36,147
390	Ciena Corporation	77,505	13,131	8,769	Qwest Communications International Inc.	299,501	60,659
30,581	Cisco Systems Inc.	1,557,489	818,057	13,808	Sprint Nextel Corporation	792,134	179,296
1,066	Citrix Systems Inc.	59,007	39,988	14,612	Verizon Communications Inc.	983,207	630,144
1,200	Cognizant Technology Solution Corporation	54,580	40,164	2,071	Windstream Corporation	27,011	26,585
1,638	Computer Associates International Inc.	109,024	40,321			<u>4,779,769</u>	<u>2,332,469</u>
812	Computer Sciences Corporation	76,641	39,607	Utilities – 3.7%			
1,320	Compuware Corporation	50,456	11,557	3,614	AES Corporation	178,051	76,391
242	Convergys Corporation	16,330	3,929	690	Allegheny Energy Inc.	44,923	43,400
7,725	Corning Inc.	403,787	182,754	1,109	Ameren Corporation	60,998	59,322
11,603	Dell Inc.	531,279	281,034	2,110	American Electric Power Company Inc.	103,876	96,832
5,800	eBay Inc.	130,130	189,829	1,953	CentrePoint Energy Inc.	56,659	32,983
1,600	Electronic Arts Inc.	71,602	92,179	1,163	CMS Energy Corporation	56,129	19,940
2,594	Electronic Data Systems Corporation	217,311	53,139	1,457	Consolidated Edison Inc.	73,557	70,335
10,513	EMC Corporation	538,029	192,092	863	Constellation Energy Group Inc.	41,499	87,294
900	Expedia Inc.	29,875	28,078	2,786	Dominion Resources Inc.	108,959	130,443
700	Fidelity National Information Service Inc.	33,313	28,721	815	DTE Energy Company	44,617	35,413
700	Fiserv Inc.	32,922	38,322	6,170	Duke Energy Corporation	143,129	122,859
1,165	Google Inc.	570,716	795,804	2,930	Dynegy Inc. Class A	231,186	20,673
300	Harman International Industries Inc.	37,749	21,852	1,713	Edison International	63,342	90,276
12,987	Hewlett-Packard Company	753,050	647,207	926	Entergy Corporation	39,198	109,324
29,371	Intel Corporation	1,531,592	773,502	3,348	Exelon Corporation	128,519	269,642
6,806	International Business Machines Corporation	918,207	725,770	1,571	FirstEnergy Corporation	65,552	112,398
1,600	Intuit Inc.	57,977	49,869	2,162	FPL Group Inc.	93,975	144,576
632	Jabil Circuit Inc.	34,022	9,518	282	Integrus Energy Group Inc.	17,367	14,374
1,391	JDS Uniphase Corporation	1,615,460	18,158	329	Nicor Inc.	18,017	13,769
2,700	Juniper Networks Inc.	49,104	88,289	1,685	NiSource Inc.	56,975	31,404
782	KLA-Tencor Corporation	50,840	37,178	900	Pepco Holdings Inc.	22,795	26,050
427	Lexmark International Inc.	47,825	14,693	1,903	PG & E Corporation	71,263	80,939
1,266	Linear Technology Corporation	103,599	39,821	714	Pinnacle West Capital Corporation	38,510	29,846
3,094	LSI Logic Corporation	129,229	16,174	1,986	PPL Corporation	51,745	102,073
1,000	MEMC Electronic Materials Inc.	63,392	87,495	1,151	Progress Energy Inc.	65,493	54,983
1,000	Microchip Technology Inc.	40,680	31,049	1,229	Public Service Enterprise Group Inc.	65,227	119,167
4,428	Micron Technology Inc.	165,109	31,549	800	Questar Corporation	39,376	42,651
40,424	Microsoft Corporation	1,943,341	1,418,115	1,367	Sempra Energy Corporation	54,413	83,430
475	Molex Inc.	29,973	12,768	3,682	Southern Company	140,105	141,140
11,805	Motorola Inc.	487,235	187,235	1,157	TECO Energy Inc.	48,420	19,643
1,536	National Semiconductor Corporation	38,807	34,334	2,340	Xcel Energy Inc.	72,563	52,098
2,008	Network Appliance Inc.	117,836	49,429			<u>2,296,438</u>	<u>2,333,668</u>
3,005	Novell Inc.	79,812	20,282	TOTAL INVESTMENT PORTFOLIO			
260	Novellus Systems Inc.	20,085	7,050			<u>78,423,702</u>	<u>63,516,227</u>
2,973	NVIDIA Corporation	89,234	99,948	OTHER ASSETS, LESS LIABILITIES – 0.2%			
19,165	Oracle Corporation	471,927	425,935				117,769
1,901	Paychex Inc.	85,955	67,892	TOTAL NET ASSETS – 100.0%			
380	QLogic Corporation	32,096	5,314				<u>63,633,996</u>
8,364	QUALCOMM Incorporated	453,185	324,414				

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia U.S. Index Fund (formerly Scotia American Stock Index Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$63,516,227	\$73,116,667
Cash	159,546	178,513
Accrued investment income	65,647	68,585
Subscriptions receivable	10,201	32,073
	<u>63,751,621</u>	<u>73,395,838</u>
LIABILITIES		
Payable for securities purchased	35,759	–
Distributions payable	20,910	19,528
Redemptions payable	19,692	7,723
Accrued expenses	41,264	49,569
	<u>117,625</u>	<u>76,820</u>
Net assets	<u>\$63,633,996</u>	<u>\$73,319,018</u>
NET ASSETS PER CLASS		
Class A Units	\$48,043,872	\$58,766,640
Class I Units	\$15,590,124	\$14,552,378
UNITS OUTSTANDING		
Class A Units	3,630,187	3,890,279
Class I Units	1,173,133	958,555
NET ASSETS PER UNIT		
Class A Units	\$ 13.23	\$ 15.11
Class I Units	\$ 13.29	\$ 15.18

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 1,373,484	\$ 1,360,129
Interest	8,420	(3,724)
Securities lending	1,484	985
Foreign withholding taxes	(199,589)	(185,445)
	<u>1,183,799</u>	<u>1,171,945</u>
EXPENSES		
Management fees (note 4)	440,685	455,721
Audit fees	21,655	17,451
Directors'/Trustee fees	2,208	2,755
Custodian fees	9,570	10,117
Filing fees	15,308	15,689
Legal fees	3,727	5,741
Unitholder reporting	28,895	51,644
Unitholder administration, service fees and GST	228,923	345,976
	<u>750,971</u>	<u>905,094</u>
Absorbed expenses	(220,655)	(351,310)
	<u>530,316</u>	<u>553,784</u>
Net investment income (loss)	<u>653,483</u>	<u>618,161</u>
Net realized gain (loss) on investments sold	(1,323,182)	(4,143,664)
Net realized gain (loss) on foreign exchange	(28,925)	(16,825)
Transaction costs	(1,806)	–
Change in unrealized appreciation (depreciation) of investments	<u>(6,365,395)</u>	<u>12,716,216</u>
Net gain (loss) on investments and transaction costs	<u>(7,719,308)</u>	<u>8,555,727</u>
Increase (decrease) in net assets from operations	<u>\$(7,065,825)</u>	<u>\$ 9,173,888</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(5,624,051)	\$ 7,492,133
Class I Units	\$(1,441,774)	\$ 1,681,755
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (1.49)	\$ 1.79
Class I Units	\$ (1.40)	\$ 2.20

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 58,766,640	\$ 63,458,146
New accounting policy adjustment (note 2)	(949,183)	–
Class A Units – GAAP net assets beginning of period	<u>57,817,457</u>	<u>63,458,146</u>
Class I Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	14,552,378	8,250,759
	<u>(235,041)</u>	<u>–</u>
Class I Units – GAAP net assets beginning of period	<u>14,317,337</u>	<u>8,250,759</u>
Total net assets – beginning of period	<u>72,134,794</u>	<u>71,708,905</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(5,624,051)	7,492,133
Class I Units	(1,441,774)	1,681,755
	<u>(7,065,825)</u>	<u>9,173,888</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(379,201)	(415,222)
Class I Units	(264,577)	(218,587)
	<u>(643,778)</u>	<u>(633,809)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	7,448,162	6,964,721
Class I Units	5,640,807	5,668,710
Reinvested distributions		
Class A Units	330,679	371,842
Class I Units	264,577	218,587
Payments on redemption		
Class A Units	(11,549,174)	(19,104,980)
Class I Units	(2,926,246)	(1,048,846)
	<u>(791,195)</u>	<u>(6,929,966)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(9,773,585)	(4,691,506)
Class I Units	1,272,787	6,301,619
	<u>(8,500,798)</u>	<u>1,610,113</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	48,043,872	58,766,640
Class I Units	15,590,124	14,552,378
	<u>\$ 63,633,996</u>	<u>\$ 73,319,018</u>

Scotia CanAm Index Fund (formerly Scotia CanAm Stock Index Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
TREASURY BILLS – 6.9%			
7,000,000	Government of Canada		
(US)	3.67% due Jun. 5, 2008	<u>6,977,327</u>	<u>6,809,436</u>
COMMERCIAL PAPER – 88.4%			
8,000,000	Business Development Bank		
(US)	4.09% due May. 8, 2008	7,292,377	7,792,962
40,500,000	Canadian Wheat Board		
(US)	3.91% to 4.24% due from Feb. 1, 2008 to Mar. 19, 2008	40,338,716	39,716,136
41,000,000	Export Development Corporation		
(US)	3.90% to 4.36% due from Jan. 8, 2008 to Mar. 7, 2008	<u>39,600,276</u>	<u>40,334,368</u>
		<u>87,231,369</u>	<u>87,843,466</u>
	TOTAL INVESTMENT PORTFOLIO	<u>94,208,696</u>	<u>94,652,902</u>
	OTHER ASSETS, LESS LIABILITIES – 4.7%		<u>4,743,922</u>
	TOTAL NET ASSETS – 100.0%		<u>99,396,824</u>

Note: As at December 31, 2007, the Scotia CanAm Index Fund held 272 futures contracts to purchase the Standard and Poor's 500 Composite Stock Index ("S&P 500 Index") and held 2 futures contracts to purchase the S&P 500 Index E-Mini Futures contracts for settlement in March 2008. These futures contracts are financial agreements to purchase the S&P 500 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase the S&P 500 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contract Price (\$)	Market Price (\$)	Contractual Market Value (\$)
S&P 500 Composite Stock Index				
182	Futures Contracts – Mar. 2008	1,483	1,477	66,419,552
<u>90</u>	Futures Contracts – Mar. 2008	1,482	1,477	<u>32,844,833</u>
272				
2	E-Mini Futures Contracts – Mar. 2008	1,467	1,477	<u>145,975</u>
	TOTAL			<u>99,410,360</u>

With respect to the above futures contracts, \$6,400,000 of the June 5, 2008 Government of Canada Treasury Bill is held on margin.

Scotia CanAm Index Fund (formerly Scotia CanAm Stock Index Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$ 94,652,902	\$ 126,145,484
Cash	5,441,928	11,680,340
Subscriptions receivable	8,907	1,480
Receivable from futures contracts	—	959,107
	<u>100,103,737</u>	<u>138,786,411</u>
LIABILITIES		
Redemptions payable	62,800	16,311
Accrued expenses	85,552	113,839
Payable for futures contracts	558,561	—
	<u>706,913</u>	<u>130,150</u>
Net assets	<u>\$ 99,396,824</u>	<u>\$ 138,656,261</u>
NET ASSETS PER CLASS		
Class A Units	\$ 99,386,842	\$ 138,656,261
Class F Units	\$ 9,982	\$ —
UNITS OUTSTANDING		
Class A Units	11,573,946	14,242,411
Class F Units	1,160	—
NET ASSETS PER UNIT		
Class A Units	\$ 8.59	\$ 9.74
Class F Units	\$ 8.60	\$ —

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$ 5,906,156	\$ 6,703,112
Futures contracts	1,310,850	13,783,848
	<u>7,217,006</u>	<u>20,486,960</u>
EXPENSES		
Management fees (note 4)	960,254	1,113,456
Audit fees	24,139	19,636
Directors'/Trustee fees	3,688	2,755
Custodian fees	7,994	9,181
Filing fees	16,239	16,823
Legal fees	5,813	10,195
Unitholder reporting	49,650	93,381
Unitholder administration, service fees and GST	416,784	645,732
	<u>1,484,561</u>	<u>1,911,159</u>
Absorbed expenses	(263,946)	(510,195)
	<u>1,220,615</u>	<u>1,400,964</u>
Net investment income (loss)	5,996,391	19,085,996
Net realized gain (loss) on foreign exchange	(16,237,858)	(3,651,634)
Transaction costs	(14,681)	—
Change in unrealized appreciation (depreciation) of investments	(3,758,020)	2,786,086
Net gain (loss) on investments and transaction costs	<u>(20,010,559)</u>	<u>(865,548)</u>
Increase (decrease) in net assets from operations	<u>\$(14,014,168)</u>	<u>\$ 18,220,448</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(14,013,151)	\$ 18,220,448
Class F Units	\$ (1,017)	\$ —
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (1.10)	\$ 1.14
Class F Units	\$ (0.88)	\$ —

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$ 138,656,261	\$ 164,304,591
New accounting policy adjustment (note 2)	—	—
Class A Units – GAAP net assets beginning of period	<u>138,656,261</u>	<u>164,304,591</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(14,013,151)	18,220,448
Class F Units	(1,017)	—
	<u>(14,014,168)</u>	<u>18,220,448</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	2,518,032	6,233,619
Class F Units	10,999	—
Payments on redemption		
Class A Units	(27,774,300)	(50,102,397)
	<u>(25,245,269)</u>	<u>(43,868,778)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(39,269,419)	(25,648,330)
Class F Units	9,982	—
	<u>(39,259,437)</u>	<u>(25,648,330)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	99,386,842	138,656,261
Class F Units	9,982	—
	<u>\$ 99,396,824</u>	<u>\$ 138,656,261</u>

Scotia Nasdaq Index Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
TREASURY BILLS – 18.9%			
2,200,000	Government of Canada		
(US)	3.67% to 3.80% due from Feb. 14, 2008 to Jun. 5, 2008	2,184,478	2,142,284
COMMERCIAL PAPER – 75.2%			
1,352,000	Business Development Bank		
(US)	4.14% to 4.40% due from Feb. 13, 2008 to Feb. 28, 2008	1,291,757	1,328,794
5,000,000	Canadian Wheat Board		
(US)	3.91% due Mar. 19, 2008	4,986,401	4,899,564
1,900,000	Export Development Corporation		
(US)	4.01% to 4.36% due from Jan. 8, 2008 to Mar. 12, 2008	1,882,998	1,873,247
436,000	Farm Credit Corporation		
(US)	4.10% due Feb. 1, 2008	409,796	429,350
		<u>8,570,952</u>	<u>8,530,955</u>
	TOTAL INVESTMENT PORTFOLIO	<u>10,755,430</u>	<u>10,673,239</u>
	OTHER ASSETS, LESS LIABILITIES – 5.9%		666,992
	TOTAL NET ASSETS – 100.0%		<u>11,340,231</u>

Note: As at December 31, 2007, the Scotia Nasdaq Index Fund held 54 futures contracts to purchase the Nasdaq 100 Index and held 3 futures contracts to purchase the Nasdaq 100 Index E-Mini futures contracts for settlement in September 30, 2007. These futures contracts are financial agreements to purchase the Nasdaq 100 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase the Nasdaq 100 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contract Price (\$)	Market Price (\$)	Contractual Market Value (\$)
	Nasdaq 100 Index			
34	Futures Contracts – Mar. 2008	2,079	2,104	7,067,514
20	Futures Contracts – Mar. 2008	2,078	2,104	4,157,361
54				
3	E-Mini Futures Contracts – Mar. 2008	2,070	2,104	124,721
	TOTAL			<u>11,349,596</u>

With respect to the above futures contracts, \$1,000,000 of the June 5, 2008 Government of Canada Treasury Bill is held on margin.

Scotia Nasdaq Index Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$10,673,239	\$10,846,265
Cash	794,355	2,046,408
Subscriptions receivable	1,997	1,101
Receivable from futures contracts	–	48,705
	<u>11,469,591</u>	<u>12,942,479</u>
LIABILITIES		
Redemptions payable	3,845	1,463
Accrued expenses	10,069	10,686
Payable for futures contracts	115,446	–
	<u>129,360</u>	<u>12,149</u>
Net assets	<u>\$11,340,231</u>	<u>\$12,930,330</u>
NET ASSETS PER CLASS		
Class A Units	\$11,336,389	\$12,926,504
Class F Units	\$ 3,842	\$ 3,826
UNITS OUTSTANDING		
Class A Units	2,411,705	2,748,786
Class F Units	788	788
NET ASSETS PER UNIT		
Class A Units	\$ 4.70	\$ 4.70
Class F Units	\$ 4.87	\$ 4.85

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$ 591,702	\$ 596,558
Futures contracts	1,517,508	334,310
	<u>2,109,210</u>	<u>930,868</u>
EXPENSES		
Management fees (note 4)	96,706	98,790
Audit fees	15,396	12,627
Directors'/Trustee fees	932	2,755
Custodian fees	1,421	1,495
Filing fees	14,821	14,922
Legal fees	1,966	2,070
Unitholder reporting	11,239	17,188
Unitholder administration, service fees and GST	69,955	78,738
	<u>212,436</u>	<u>228,585</u>
Absorbed expenses	(85,619)	(100,987)
	<u>126,817</u>	<u>127,598</u>
Net investment income (loss)	<u>1,982,393</u>	<u>803,270</u>
Net realized gain (loss) on foreign exchange	(1,513,160)	(321,459)
Transaction costs	(3,441)	–
Change in unrealized appreciation (depreciation) of investments	(436,902)	247,234
Net gain (loss) on investments and transaction costs	<u>(1,953,503)</u>	<u>(74,225)</u>
Increase (decrease) in net assets from operations	<u>\$ 28,890</u>	<u>\$ 729,045</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ 28,875	\$ 728,810
Class F Units	\$ 15	\$ 235
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ 0.01	\$ 0.26
Class F Units	\$ 0.02	\$ 0.30

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$12,926,504	\$15,083,028
New accounting policy adjustment (note 2)	3,635	–
Class A Units – GAAP net assets beginning of period	<u>12,930,139</u>	<u>15,083,028</u>
Class F Units – Pricing net asset value beginning of period		
New accounting policy adjustment (note 2)	3,826	3,591
Class F Units – GAAP net assets beginning of period	<u>3,827</u>	<u>3,591</u>
Total net assets – beginning of period	<u>12,933,966</u>	<u>15,086,619</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	28,875	728,810
Class F Units	15	235
	<u>28,890</u>	<u>729,045</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	2,148,097	3,031,000
Payments on redemption		
Class A Units	(3,770,722)	(5,916,334)
	<u>(1,622,625)</u>	<u>(2,885,334)</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(1,593,750)	(2,156,524)
Class F Units	15	235
	<u>(1,593,735)</u>	<u>(2,156,289)</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	11,336,389	12,926,504
Class F Units	3,842	3,826
	<u>\$11,340,231</u>	<u>\$12,930,330</u>

Scotia International Index Fund (formerly Scotia International Stock Index Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
SHORT-TERM NOTES – 78.8%			
Treasury Bills – 54.4%			
28,900,000	Government of Canada 3.84% to 4.22% due from Jan. 10, 2008 to Jun. 12, 2008	28,525,254	28,641,921
Term Deposits – 0.8%			
440,000	Royal Bank of Canada 4.20% due Jan. 2, 2008	440,000	440,051
Bankers' Acceptances – 1.9%			
1,000,000	Caisse Centrale Desjardins 4.67% due Jan. 10, 2008	993,640	998,855
Bearers' Deposit Notes – 17.9%			
1,500,000	Comerica Bank Canada 4.80% due Jan. 22, 2008	1,487,475	1,495,890
2,100,000	HSBC Bank of Canada 4.75% due Feb. 19, 2008	2,075,430	2,086,770
2,400,000	Societe Generale 4.68% due Jan. 7, 2008	2,379,864	2,398,169
3,500,000	Toronto-Dominion Bank 4.73% due Apr. 17, 2008	3,446,415	3,452,220
		<u>9,389,184</u>	<u>9,433,049</u>
Commercial Paper – 3.8%			
2,000,000	FB Funding Co. 4.93% due Feb. 19, 2008	1,975,460	1,986,930
		<u>41,323,538</u>	<u>41,500,806</u>
SHORT-TERM BONDS – 17.1%			
5,000,000	Bank of Montreal 4.59% due May 12, 2008	5,000,000	5,000,000
4,000,000	Canadian Imperial Bank of Commerce 4.57% due May 2, 2008	3,999,800	3,999,800
		<u>8,999,800</u>	<u>8,999,800</u>
TOTAL INVESTMENT PORTFOLIO		<u>50,323,338</u>	<u>50,500,606</u>
OTHER ASSETS, LESS LIABILITIES – 4.1%			<u>2,192,895</u>
TOTAL NET ASSETS – 100.0%			<u><u>52,693,501</u></u>

The accompanying notes are an integral part of the financial statements

Scotia International Index Fund (formerly Scotia International Stock Index Fund) (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

INDEX FUTURES CONTRACTS

Number of Contracts	Issuer/Country Index	Settlement Date	Contract Price (\$)	Contractual Market Value in Canadian (\$)
131	EUROPE DJ EURO STOXX 50	Mar. 2008	4,435	8,383,743
34	FRANCE CAC 40 Index	Mar. 2008	5,542	2,719,058
7	GERMANY DAX Index	Mar. 2008	8,141	2,055,712
5	ITALY S&P/MIB Index	Mar. 2008	38,885	1,402,798
9	NETHERLANDS Amsterdam Index	Jan. 2008	517	1,342,617
8	SPAIN IBEX 35 Plus Index	Jan. 2008	15,101	1,743,286
110	SWEDEN OMX Index	Jan. 2008	1,084	1,823,886
53	SWITZERLAND Swiss Market Index	Mar. 2008	8,463	3,912,314
99	UNITED KINGDOM FTSE 100 Index	Mar. 2008	6,453	12,528,623
30	AUSTRALIA SPI 200	Mar. 2008	6,347	4,127,575
6	HONG KONG Hang Seng Index	Jan. 2008	27,901	1,060,637
89	JAPAN Topix Index	Mar. 2008	1,470	11,571,823
			TOTAL	<u>52,672,072</u>

CURRENCY FUTURES CONTRACTS

Number of Contracts		Settlement Date	Contract Price (\$)	Contractual Market Value in Canadian (\$)
34	Australian \$ against US\$	Mar. 2008	87	2,931,834
94	British Pound against US\$	Mar. 2008	198	11,486,538
106	Japanese Yen against US\$	Mar. 2008	90	11,801,317
34	Swiss Franc against US\$	Mar. 2008	88	3,710,151
118	Euro against US\$	Mar. 2008	1.5	21,266,330
(535)	Canadian \$ against US\$	Mar. 2008	101	(53,413,295)
			TOTAL	<u>(2,217,125)</u>

The above index futures and currency futures contracts are financial agreements to purchase the indexes and foreign currencies at a contracted price on a specific future date. However, the Fund does not intend to purchase the indexes and foreign currencies on settlement. Rather, it intends to close out each index futures contract and currency futures contract before settlement by entering into equal, but offsetting index futures contracts and currency futures contracts.

With respect to the above futures contracts, \$3,200,000 of the May 1, 2008 Government of Canada Treasury Bill is held on margin.

Scotia International Index Fund (formerly Scotia International Stock Index Fund) (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$50,500,606	\$50,611,906
Cash	210	347,494
Accrued investment income	26,551	54,218
Subscriptions receivable	17,814	58,764
Receivable from futures contracts	3,727,780	3,337,909
Receivable from currency forward contracts	–	359,898
	<u>54,272,961</u>	<u>54,770,189</u>
LIABILITIES		
Distributions payable	123	42
Redemptions payable	7,262	44,616
Accrued expenses	37,825	34,531
Payable for currency forward contracts	1,534,250	–
	<u>1,579,460</u>	<u>79,189</u>
Net assets	<u>\$52,693,501</u>	<u>\$54,691,000</u>
NET ASSETS PER CLASS		
Class A Units	\$34,427,707	\$35,143,897
Class F Units	\$ 8,207	\$ –
Class I Units	\$18,257,587	\$19,547,103
UNITS OUTSTANDING		
Class A Units	3,983,278	3,586,473
Class F Units	955	–
Class I Units	<u>2,043,678</u>	<u>1,926,509</u>
NET ASSETS PER UNIT		
Class A Units	\$ 8.64	\$ 9.80
Class F Units	\$ 8.59	\$ –
Class I Units	\$ 8.93	\$ 10.15

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$ 2,292,774	\$ 1,841,705
Futures contracts	457,229	5,467,773
Securities lending	1,169	135
	<u>2,751,172</u>	<u>7,309,613</u>
EXPENSES		
Management fees (note 4)	299,321	250,683
Audit fees	21,456	14,733
Directors'/Trustee fees	1,569	2,755
Custodian fees	7,376	5,540
Filing fees	16,293	15,242
Legal fees	2,806	3,628
Unitholder reporting	19,825	31,816
Unitholder administration, service fees and GST	146,605	197,148
	<u>515,251</u>	<u>521,545</u>
Absorbed expenses	<u>(48,820)</u>	<u>(130,870)</u>
	<u>466,431</u>	<u>390,675</u>
Net investment income (loss)	<u>2,284,741</u>	<u>6,918,938</u>
Net realized gain (loss) on investments sold	(4,044,002)	3,182,812
Net realized gain (loss) on foreign exchange	–	25,664
Transaction costs	(49,080)	–
Change in unrealized appreciation (depreciation) of investments	(377)	1,325
Change in unrealized appreciation (depreciation) of currency futures	(1,916,975)	185,074
Net gain (loss) on investments and transaction costs	<u>(6,010,434)</u>	<u>3,394,875</u>
Increase (decrease) in net assets from operations	<u>\$(3,725,693)</u>	<u>\$10,313,813</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(2,729,234)	\$ 6,638,723
Class F Units*	\$ (800)	\$ –
Class I Units	\$ (995,659)	\$ 3,675,090
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.71)	\$ 1.85
Class F Units*	\$ (0.89)	\$ –
Class I Units	\$ (0.53)	\$ 1.98

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units – Pricing net asset value beginning of period	\$35,143,897	\$31,792,076
New accounting policy adjustment (note 2)	(16,802)	–
Class A Units – GAAP net assets beginning of period	<u>35,127,095</u>	<u>31,792,076</u>
Class I Units – Pricing net asset value beginning of period		
Class I Units – Pricing net asset value beginning of period	19,547,103	13,018,166
New accounting policy adjustment (note 2)	(9,345)	–
Class I Units – GAAP net assets beginning of period	<u>19,537,758</u>	<u>13,018,166</u>
Total net assets – beginning of period	<u>54,664,853</u>	<u>44,810,242</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(2,729,234)	6,638,723
Class F Units*	(800)	–
Class I Units	(995,659)	3,675,090
	<u>(3,725,693)</u>	<u>10,313,813</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(1,746,243)	(559,047)
Class F Units*	(481)	–
Class I Units	(1,131,659)	(310,185)
	<u>(2,878,383)</u>	<u>(869,232)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	9,681,161	5,999,161
Class F Units*	9,007	–
Class I Units	6,019,770	4,435,657
Reinvested distributions		
Class A Units	1,745,411	558,748
Class F Units*	481	–
Class I Units	1,131,659	310,185
Payments on redemption		
Class A Units	(7,650,483)	(9,285,764)
Class I Units	(6,304,282)	(1,581,810)
	<u>4,632,724</u>	<u>436,177</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(699,388)	3,351,821
Class F Units*	8,207	–
Class I Units	(1,280,171)	6,528,937
	<u>(1,971,352)</u>	<u>9,880,758</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	34,427,707	35,143,897
Class F Units*	8,207	–
Class I Units	18,257,587	19,547,103
	<u>\$52,693,501</u>	<u>\$54,691,000</u>

* For the period since inception on May 1, 2007.

Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 70.4%			
9,935,066	Scotia Canadian Income Fund Class I	129,158,074	126,336,291
4,728,658	Scotia Mortgage Income Fund Class I	51,090,539	50,166,802
		180,248,613	176,503,093
CANADIAN EQUITIES – 14.9%			
338,888	Scotia Canadian Dividend Fund Class I	11,224,055	13,646,057
244,680	Scotia Canadian Growth Fund Class I	14,610,548	17,388,476
256,196	Scotia Canadian Small Cap Fund Class I	6,980,383	6,272,080
		32,814,986	37,306,613
FOREIGN EQUITIES – 14.4%			
505,175	Scotia Global Growth Fund Class I	18,264,254	16,953,779
769,734	Scotia Global Small Cap Fund Class I	8,225,116	7,179,848
769,755	Scotia International Value Fund Class I	7,204,522	5,902,636
763,424	Scotia U.S. Value Fund Class I	6,580,134	6,068,840
		40,274,026	36,105,103
	TOTAL INVESTMENT PORTFOLIO	253,337,625	249,914,809
	OTHER ASSETS, LESS LIABILITIES – 0.3%		731,234
	TOTAL NET ASSETS – 100.0%		250,646,043

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$249,914,809	\$223,747,304
Cash	718,155	1,041,280
Accrued investment income	–	2,778
Receivable for securities sold	428,456	195,891
Subscriptions receivable	556,919	–
	251,618,339	224,987,253
LIABILITIES		
Payable for securities purchased	317,801	644,227
Distributions payable	7,883	2,214
Redemptions payable	262,037	–
Accrued expenses	384,575	302,906
	972,296	949,347
Net assets	\$250,646,043	\$224,037,906
NET ASSETS PER CLASS		
Class A Units	\$250,646,043	\$224,037,906
UNITS OUTSTANDING		
Class A Units	22,381,437	18,940,843
NET ASSETS PER UNIT		
Class A Units	\$ 11.20	\$ 11.83

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 553,593	\$ 754,810
Interest	8,212,522	6,382,315
Foreign withholding taxes	(9,105)	(50,306)
	8,757,010	7,086,819
EXPENSES		
Management fees (note 4)	3,897,885	3,266,321
Audit fees	20,906	16,749
Directors/Trustee fees	1,691	2,755
Filing fees	17,844	17,343
Legal fees	2,881	3,206
Unitholder reporting	20,964	27,836
Unitholder administration, service fees and GST	338,692	309,689
	4,300,863	3,643,899
Absorbed expenses	(8,146)	(111)
	4,292,717	3,643,788
Net investment income (loss)	4,464,293	3,443,031
Net realized gain (loss) on investments sold	3,153,721	1,604,590
Capital gains distributions received from investments	5,422,578	1,019,544
Change in unrealized appreciation (depreciation) of investments	(13,181,208)	6,176,011
Net gain (loss) on investments and transaction costs	(4,604,909)	8,800,145
Increase (decrease) in net assets from operations	\$ (140,616)	\$ 12,243,176
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (140,616)	\$ 12,243,176
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.01)	\$ 0.69

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$224,037,906	\$185,726,934
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(140,616)	12,243,176
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(4,464,294)	(3,443,030)
From realized gain		
Class A Units	(8,903,545)	(1,054,254)
	(13,367,839)	(4,497,284)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	73,933,298	61,946,967
Reinvested distributions		
Class A Units	13,360,573	4,495,552
Payments on redemption		
Class A Units	(47,177,279)	(35,877,439)
	40,116,592	30,565,080
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	26,608,137	38,310,972
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	\$250,646,043	\$224,037,906

Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 45.7%			
20,898,682	Scotia Canadian Income Fund Class I	270,760,678	265,751,814
7,105,148	Scotia Mortgage Income Fund Class I	76,561,101	75,379,231
		<u>347,321,779</u>	<u>341,131,045</u>
CANADIAN EQUITIES – 29.0%			
2,037,141	Scotia Canadian Dividend Fund Class I	70,312,590	82,029,983
1,365,782	Scotia Canadian Growth Fund Class I	87,017,632	97,060,790
1,544,155	Scotia Canadian Small Cap Fund Class I	41,934,243	37,803,384
		<u>199,264,465</u>	<u>216,894,157</u>
FOREIGN EQUITIES – 25.2%			
2,279,825	Scotia Global Growth Fund Class I	82,268,765	76,511,386
2,278,012	Scotia Global Opportunities Fund Class I	22,206,369	21,885,770
3,479,659	Scotia Global Small Cap Fund Class I	36,915,090	32,457,213
3,711,532	Scotia International Value Fund Class I	34,619,438	28,460,769
3,670,147	Scotia U.S. Value Fund Class I	31,538,910	29,175,835
		<u>207,548,572</u>	<u>188,490,973</u>
	TOTAL INVESTMENT PORTFOLIO	<u>754,134,816</u>	<u>746,516,175</u>
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>709,015</u>
	TOTAL NET ASSETS – 100.0%		<u>747,225,190</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$746,516,175	\$559,789,380
Cash	1,384,988	2,038,501
Receivable for securities sold	715,179	–
Subscriptions receivable	1,300,506	5,473
	<u>749,916,848</u>	<u>561,833,354</u>
LIABILITIES		
Payable for securities purchased	1,138,261	1,489,606
Distributions payable	32,331	6,758
Redemptions payable	304,601	–
Accrued expenses	1,216,465	832,837
	<u>2,691,658</u>	<u>2,329,201</u>
Net assets	<u>\$747,225,190</u>	<u>\$559,504,153</u>
NET ASSETS PER CLASS		
Class A Units	\$747,225,190	\$559,504,153
UNITS OUTSTANDING		
Class A Units	<u>60,304,274</u>	<u>41,814,547</u>
NET ASSETS PER UNIT		
Class A Units	\$ 12.39	\$ 13.38

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 2,735,545	\$ 3,319,191
Interest	14,836,980	9,537,156
Foreign withholding taxes	(42,178)	(158,965)
	<u>17,530,347</u>	<u>12,697,382</u>
EXPENSES		
Management fees (note 4)	11,764,509	8,251,404
Audit fees	20,906	16,679
Directors/Trustee fees	3,337	2,755
Filing fees	32,945	29,645
Legal fees	4,808	5,447
Unitholder reporting	41,732	48,984
Unitholder administration, service fees and GST	924,457	718,457
	<u>12,792,694</u>	<u>9,073,371</u>
Absorbed expenses	(9,228)	(2,473)
	<u>12,783,466</u>	<u>9,070,898</u>
Net investment income (loss)	<u>4,746,881</u>	<u>3,626,484</u>
Net realized gain (loss) on investments sold	18,249,418	4,308,378
Capital gains distributions received from investments	29,696,555	3,039,953
Change in unrealized appreciation (depreciation) of investments	(56,435,286)	31,696,654
Net gain (loss) on investments and transaction costs	<u>(8,489,313)</u>	<u>39,044,985</u>
Increase (decrease) in net assets from operations	<u>\$ (3,742,432)</u>	<u>\$ 42,671,469</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (3,742,432)	\$ 42,671,469
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.08)	\$ 1.15

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$559,504,153	\$383,637,349
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(3,742,432)	42,671,469
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(4,746,882)	(3,626,483)
From realized gain		
Class A Units	(48,326,554)	(2,559,627)
	<u>(53,073,436)</u>	<u>(6,186,110)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	271,209,209	188,142,015
Reinvested distributions		
Class A Units	53,044,412	6,180,305
Payments on redemption		
Class A Units	(79,716,716)	(54,940,875)
	<u>244,536,905</u>	<u>139,381,445</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	187,721,037	175,866,804
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$747,225,190</u>	<u>\$559,504,153</u>

Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 25.5%			
9,865,450	Scotia Canadian Income Fund Class I	127,107,814	125,451,035
CANADIAN EQUITIES – 38.3%			
1,776,763	Scotia Canadian Dividend Fund Class I	64,836,566	71,545,264
1,181,734	Scotia Canadian Growth Fund Class I	80,420,354	83,981,204
1,330,209	Scotia Canadian Small Cap Fund Class I	35,907,180	32,565,633
		181,164,100	188,092,101
FOREIGN EQUITIES – 36.1%			
2,152,428	Scotia Global Growth Fund Class I	77,672,014	72,235,902
2,009,676	Scotia Global Opportunities Fund Class I	19,573,604	19,307,762
3,316,562	Scotia Global Small Cap Fund Class I	35,196,163	30,935,893
3,519,598	Scotia International Value Fund Class I	32,815,189	26,988,983
3,490,874	Scotia U.S. Value Fund Class I	29,980,449	27,750,700
		195,237,419	177,219,240
	TOTAL INVESTMENT PORTFOLIO	503,509,333	490,762,376
	OTHER ASSETS, LESS LIABILITIES – 0.1%		575,776
	TOTAL NET ASSETS – 100.0%	491,338,152	

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$490,762,376	\$361,012,543
Cash	1,340,686	797,939
Receivable for securities sold	555,114	–
Subscriptions receivable	1,050,811	14,010
	<u>493,708,987</u>	<u>361,824,492</u>
LIABILITIES		
Payable for securities purchased	1,260,927	818,420
Distributions payable	55,007	5,068
Redemptions payable	190,405	12,919
Accrued expenses	864,496	586,714
	<u>2,370,835</u>	<u>1,423,121</u>
Net assets	<u>\$491,338,152</u>	<u>\$360,401,371</u>
NET ASSETS PER CLASS		
Class A Units	\$491,338,152	\$360,401,371
UNITS OUTSTANDING		
Class A Units	36,139,314	24,532,876
NET ASSETS PER UNIT		
Class A Units	\$ 13.60	\$ 14.69

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 2,545,014	\$ 2,757,215
Interest	5,445,726	3,412,099
Foreign withholding taxes	(40,092)	(173,791)
	<u>7,950,648</u>	<u>5,995,523</u>
EXPENSES		
Management fees (note 4)	8,377,603	5,644,850
Audit fees	16,884	16,701
Directors/Trustee fees	2,325	2,755
Filing fees	26,065	29,862
Legal fees	3,568	3,734
Unitholder reporting	28,649	32,875
Unitholder administration, service fees and GST	645,057	479,509
	<u>9,100,151</u>	<u>6,210,286</u>
Absorbed expenses	(4,164)	(1,801)
	<u>9,095,987</u>	<u>6,208,485</u>
Net investment income (loss)	(1,145,339)	(212,962)
Net realized gain (loss) on investments sold	10,776,267	423,922
Capital gains distributions received from investments	24,722,853	6,438,164
Change in unrealized appreciation (depreciation) of investments	(40,524,087)	24,503,425
Net gain (loss) on investments and transaction costs	(5,024,967)	31,365,511
Increase (decrease) in net assets from operations	<u>\$ (6,170,306)</u>	<u>\$31,152,549</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (6,170,306)	\$31,152,549
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.21)	\$ 1.45

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$360,401,371	\$224,256,095
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(6,170,306)	31,152,549
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(32,030,930)	(3,137,324)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	183,942,598	136,348,365
Reinvested distributions		
Class A Units	31,976,405	3,132,225
Payments on redemption		
Class A Units	(46,780,986)	(31,350,539)
	<u>169,138,017</u>	<u>108,130,051</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	130,936,781	136,145,276
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$491,338,152</u>	<u>\$360,401,371</u>

Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 10.2%			
856,054	Scotia Canadian Income Fund Class I	11,106,443	10,885,756
CANADIAN EQUITIES – 45.4%			
451,319	Scotia Canadian Dividend Fund Class I	17,014,830	18,173,348
301,219	Scotia Canadian Growth Fund Class I	20,451,883	21,406,451
353,243	Scotia Canadian Small Cap Fund Class I	9,589,514	8,647,951
		<u>47,056,227</u>	<u>48,227,750</u>
FOREIGN EQUITIES – 43.9%			
559,796	Scotia Global Growth Fund Class I	20,140,885	18,786,867
544,375	Scotia Global Opportunities Fund Class I	5,302,013	5,230,028
884,647	Scotia Global Small Cap Fund Class I	9,413,359	8,251,722
928,913	Scotia International Value Fund Class I	8,613,915	7,123,087
921,236	Scotia U.S. Value Fund Class I	7,866,169	7,323,364
		<u>51,336,341</u>	<u>46,715,068</u>
	TOTAL INVESTMENT PORTFOLIO	<u>109,499,011</u>	<u>105,828,574</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		505,733
	TOTAL NET ASSETS – 100.0%		<u>106,334,307</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$105,828,574	\$78,083,051
Cash	606,271	432,265
Receivable for securities sold	3,171	–
Subscriptions receivable	329,351	–
	<u>106,767,367</u>	<u>78,515,316</u>
LIABILITIES		
Payable for securities purchased	188,956	246,103
Distributions payable	1,781	–
Redemptions payable	33,711	–
Accrued expenses	208,612	141,835
	<u>433,060</u>	<u>387,938</u>
Net assets	<u>\$106,334,307</u>	<u>\$78,127,378</u>
NET ASSETS PER CLASS		
Class A Units	<u>\$106,334,307</u>	<u>\$78,127,378</u>
UNITS OUTSTANDING		
Class A Units	7,429,882	4,981,270
NET ASSETS PER UNIT		
Class A Units	\$ 14.31	\$ 15.68

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 637,548	\$ 671,664
Interest	556,222	312,612
Foreign withholding taxes	(10,669)	(51,638)
	<u>1,183,101</u>	<u>932,638</u>
EXPENSES		
Management fees (note 4)	2,042,276	1,312,828
Audit fees	16,618	13,742
Directors/Trustee fees	1,031	2,755
Filing fees	15,026	14,988
Legal fees	2,027	1,837
Unitholder reporting	12,166	15,014
Unitholder administration, service fees and GST	171,650	126,541
	<u>2,260,794</u>	<u>1,487,705</u>
Absorbed expenses	(2,695)	(11,157)
	<u>2,258,099</u>	<u>1,476,548</u>
Net investment income (loss)	(1,074,998)	(543,910)
Net realized gain (loss) on investments sold	3,332,637	114,213
Capital gains distributions received from investments	6,419,799	1,442,841
Change in unrealized appreciation (depreciation) of investments	(11,083,080)	6,564,628
Net gain (loss) on investments and transaction costs	(1,330,644)	8,121,682
Increase (decrease) in net assets from operations	<u>\$ (2,405,642)</u>	<u>\$ 7,577,772</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$ (2,405,642)</u>	<u>\$ 7,577,772</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	<u>\$ (0.39)</u>	<u>\$ 1.75</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$ 78,127,378	\$ 44,356,943
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(2,405,642)	7,577,772
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(7,439,039)	–
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	43,069,049	33,527,076
Reinvested distributions		
Class A Units	7,437,257	347
Payments on redemption		
Class A Units	(12,454,696)	(7,334,760)
	<u>38,051,610</u>	<u>26,192,663</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>28,206,929</u>	<u>33,770,435</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$106,334,307</u>	<u>\$78,127,378</u>

Scotia Partners Income & Modest Growth Portfolio

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 70.8%			
6,109,070	Fidelity Canadian Bond Fund Series O	78,671,326	78,372,031
9,219,227	Scotia Canadian Income Fund Class I	120,954,518	117,233,532
7,477,671	Trimark Canadian Bond Fund Series I	80,112,637	78,567,893
		<u>279,738,481</u>	<u>274,173,456</u>
CANADIAN EQUITIES – 14.5%			
2,674,575	Mackenzie Ivy Canadian Fund Series O	34,648,038	33,855,303
1,519,747	Mackenzie Universal Canadian Growth Fund Series O	21,214,960	22,250,154
		<u>55,862,998</u>	<u>56,105,457</u>
FOREIGN EQUITIES – 14.5%			
568,157	Fidelity Global Fund Series O	18,687,930	21,690,203
2,414,051	Templeton Growth Fund Class O	28,552,795	34,327,807
		<u>47,240,725</u>	<u>56,018,010</u>
	TOTAL INVESTMENT PORTFOLIO	<u><u>382,842,204</u></u>	<u><u>386,296,923</u></u>
	OTHER ASSETS, LESS LIABILITIES – 0.2%		<u>967,334</u>
	TOTAL NET ASSETS – 100.0%		<u><u>387,264,257</u></u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$386,296,923	\$355,886,959
Cash	1,499,681	1,399,784
Accrued investment income	–	1,288
Receivable for securities sold	275,845	–
Subscriptions receivable	336,550	–
	<u>388,408,999</u>	<u>357,288,031</u>
LIABILITIES		
Payable for securities purchased	114,487	376,287
Distributions payable	27,782	7,441
Redemptions payable	334,845	22,415
Accrued expenses	667,628	574,677
	<u>1,144,742</u>	<u>980,820</u>
Net assets	<u><u>\$387,264,257</u></u>	<u><u>\$356,307,211</u></u>
NET ASSETS PER CLASS		
Class A Units	\$387,255,358	\$356,298,401
Class F Units	\$ 8,899	\$ 8,810
UNITS OUTSTANDING		
Class A Units	33,145,466	29,388,780
Class F Units	723	697
NET ASSETS PER UNIT		
Class A Units	\$ 11.68	\$ 12.12
Class F Units	\$ 12.32	\$ 12.64

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 8,933	\$ –
Interest	13,315,993	10,779,897
	<u>13,324,926</u>	<u>10,779,897</u>
EXPENSES		
Management fees (note 4)	7,189,323	6,005,103
Audit fees	19,963	16,749
Directors/Trustee fees	2,263	2,755
Filing fees	26,321	26,685
Legal fees	3,648	4,510
Unitholder reporting	28,755	39,981
Unitholder administration, service fees and GST	587,859	539,280
	<u>7,858,132</u>	<u>6,635,063</u>
Absorbed expenses	(5,184)	(7,590)
	<u>7,852,948</u>	<u>6,627,473</u>
Net investment income (loss)	<u>5,471,978</u>	<u>4,152,424</u>
Net realized gain (loss) on investments sold	2,208,769	1,091,951
Capital gains distributions received from investments	6,332,673	3,230,302
Change in unrealized appreciation (depreciation) of investments	(14,798,610)	10,037,410
Net gain (loss) on investments and transaction costs	<u>(6,257,168)</u>	<u>14,359,663</u>
Increase (decrease) in net assets from operations	<u>\$ (785,190)</u>	<u>\$ 18,512,087</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (785,279)	\$ 18,510,850
Class F Units	\$ 89	\$ 1,237
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.02)	\$ 0.67
Class F Units	\$ 0.13	\$ 0.62

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$356,298,401	\$295,624,758
Class F Units	8,810	27,595
	<u>356,307,211</u>	<u>295,652,353</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(785,279)	18,510,850
Class F Units	89	1,237
	<u>(785,190)</u>	<u>18,512,087</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(5,471,852)	(4,154,322)
Class F Units	(126)	(103)
From realized gain		
Class A Units	(8,312,012)	(1,216,362)
Class F Units	(191)	(30)
	<u>(13,784,181)</u>	<u>(5,370,817)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	113,079,176	102,822,422
Reinvested distributions		
Class A Units	13,757,502	5,363,022
Class F Units	317	133
Payments on redemption		
Class A Units	(81,310,578)	(60,651,967)
Class F Units	–	(20,022)
	<u>45,526,417</u>	<u>47,513,588</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	30,956,957	60,673,643
Class F Units	89	(18,785)
	<u>30,957,046</u>	<u>60,654,858</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	387,255,358	356,298,401
Class F Units	8,899	8,810
	<u>\$387,264,257</u>	<u>\$356,307,211</u>

Scotia Partners Balanced Income & Growth Portfolio

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 46.6%			
15,301,802	Bissett Bond Fund Class O	216,444,574	213,154,103
33,467,531	Scotia Canadian Income Fund Class I	436,659,758	425,579,786
		<u>653,104,332</u>	<u>638,733,889</u>
CANADIAN EQUITIES – 25.7%			
2,425,146	AGF Canadian Stock Fund Series O	107,976,527	148,079,428
16,189,539	Mackenzie Ivy Canadian Fund Series O	213,745,958	204,930,410
		<u>321,722,485</u>	<u>353,009,838</u>
FOREIGN EQUITIES – 27.6%			
7,067,263	CI Global Fund Class I	98,001,730	104,948,852
2,065,161	Fidelity Global Fund Series O	70,720,667	78,840,421
2,905,489	Templeton Global Smaller Companies Fund Class O	63,106,719	64,327,526
3,437,872	Trimark Fund Series I	132,727,883	131,013,864
		<u>364,556,999</u>	<u>379,130,663</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,339,383,816</u>	<u>1,370,874,390</u>
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>767,420</u>
	TOTAL NET ASSETS – 100.0%		<u>1,371,641,810</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$1,370,874,390	\$1,092,498,355
Cash	2,635,480	2,279,417
Accrued investment income	–	24,927
Receivable for securities sold	1,170,808	–
Subscriptions receivable	897,338	1,414
	<u>1,375,578,016</u>	<u>1,094,804,113</u>
LIABILITIES		
Payable for securities purchased	698,482	2,560,256
Distributions payable	35,652	15
Redemptions payable	684,048	25,530
Accrued expenses	2,518,024	1,847,201
	<u>3,936,206</u>	<u>4,433,002</u>
Net assets	<u>\$1,371,641,810</u>	<u>\$1,090,371,111</u>
NET ASSETS PER CLASS		
Class A Units	\$1,371,437,051	\$1,090,056,969
Class F Units	\$ 204,759	\$ 314,142
UNITS OUTSTANDING		
Class A Units	106,727,061	80,295,659
Class F Units	15,144	22,232
NET ASSETS PER UNIT		
Class A Units	\$ 12.85	\$ 13.58
Class F Units	\$ 13.52	\$ 14.13

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 2,657,405	\$ 2,516,765
Interest	28,018,608	18,739,703
Foreign withholding taxes	(225,924)	(249,801)
	<u>30,450,089</u>	<u>21,006,667</u>
EXPENSES		
Management fees (note 4)	26,502,536	18,527,654
Audit fees	22,343	19,601
Directors'/Trustee fees	5,696	2,755
Filing fees	65,830	56,137
Legal fees	7,758	9,670
Unitholder reporting	72,580	88,544
Unitholder administration, service fees and GST	2,013,141	1,547,652
	<u>28,689,884</u>	<u>20,252,013</u>
Absorbed expenses	(6,873)	(8,218)
	<u>28,683,011</u>	<u>20,243,795</u>
Net investment income (loss)	<u>1,767,078</u>	<u>762,872</u>
Net realized gain (loss) on investments sold	<u>12,817,716</u>	<u>3,359,823</u>
Capital gains distributions received from investments	31,357,868	12,835,108
Change in unrealized appreciation (depreciation) of investments	(82,626,713)	77,115,538
Net gain (loss) on investments and transaction costs	<u>(38,451,129)</u>	<u>93,310,469</u>
Increase (decrease) in net assets from operations	<u>\$(36,684,051)</u>	<u>\$94,073,341</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (36,681,004)	\$ 94,034,215
Class F Units	\$ (3,047)	\$ 39,126
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.38)	\$ 1.29
Class F Units	\$ (0.18)	\$ 1.24

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$1,090,056,969	\$ 762,215,180
Class F Units	314,142	495,951
	<u>1,090,371,111</u>	<u>762,711,131</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(36,681,004)	94,034,215
Class F Units	(3,047)	39,126
	<u>(36,684,051)</u>	<u>94,073,341</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(1,766,812)	(764,652)
Class F Units	(264)	(220)
From realized gain		
Class A Units	(40,947,993)	(4,099,878)
Class F Units	(6,113)	(1,182)
	<u>(42,721,182)</u>	<u>(4,865,932)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	481,362,445	349,187,098
Class F Units	90,844	17,500
Reinvested distributions		
Class A Units	42,680,265	4,866,111
Class F Units	6,378	1,403
Payments on redemption		
Class A Units	(163,266,819)	(115,381,105)
Class F Units	(197,181)	(238,436)
	<u>360,675,932</u>	<u>238,452,571</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	281,380,082	327,841,789
Class F Units	(109,383)	(181,809)
	<u>281,270,699</u>	<u>327,659,980</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	1,371,437,051	1,090,056,969
Class F Units	204,759	314,142
	<u>\$1,371,641,810</u>	<u>\$1,090,371,111</u>

SCOTIA PORTFOLIOS

The accompanying notes are an integral part of the financial statements

Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 26.4%			
18,890,590	Scotia Canadian Income Fund Class I	245,928,655	240,216,508
15,321,080	Trimark Canadian Bond Fund Series I	163,665,276	160,978,591
		<u>409,593,931</u>	<u>401,195,099</u>
CANADIAN EQUITIES – 33.0%			
1,867,991	AGF Canadian Stock Fund Series O	87,134,783	114,059,513
5,670,975	CI Canadian Investment Fund Class I	150,346,700	153,456,589
3,988,891	Fidelity True North Fund Series O	112,541,661	139,586,460
7,402,494	Trimark Canadian Fund Series I	106,553,714	95,640,227
		<u>456,576,858</u>	<u>502,742,789</u>
FOREIGN EQUITIES – 40.6%			
4,578,538	AGF International Value Fund Series O	202,958,710	204,248,578
10,979,057	CI Global Fund Class I	156,253,348	163,038,997
3,897,829	Fidelity Global Fund Series O	137,254,674	148,805,075
4,558,538	Templeton Global Smaller Companies Fund Class O	101,033,192	100,926,030
		<u>597,499,924</u>	<u>617,018,680</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,463,670,713</u>	<u>1,520,956,568</u>
	OTHER ASSETS, LESS LIABILITIES – 0.0%		<u>413,896</u>
	TOTAL NET ASSETS – 100.0%		<u>1,521,370,464</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$1,520,956,568	\$1,116,434,279
Cash	2,599,971	2,901,750
Receivable for securities sold	588,822	–
Subscriptions receivable	2,177,344	21,816
	<u>1,526,322,705</u>	<u>1,119,357,845</u>
LIABILITIES		
Payable for securities purchased	1,109,932	3,579,355
Distributions payable	9,232	–
Redemptions payable	800,244	22,134
Accrued expenses	3,032,833	2,001,024
	<u>4,952,241</u>	<u>5,602,513</u>
Net assets	<u>\$1,521,370,464</u>	<u>\$1,113,755,332</u>
NET ASSETS PER CLASS		
Class A Units	\$1,520,369,450	\$1,113,130,692
Class F Units	\$ 1,001,014	\$ 624,640
UNITS OUTSTANDING		
Class A Units	104,414,872	72,826,752
Class F Units	65,376	39,277
NET ASSETS PER UNIT		
Class A Units	\$ 14.56	\$ 15.28
Class F Units	\$ 15.31	\$ 15.90

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 9,483,367	\$ 3,634,368
Interest	17,431,856	10,713,704
Foreign withholding taxes	(83,773)	(179,629)
	<u>26,831,450</u>	<u>14,168,443</u>
EXPENSES		
Management fees (note 4)	30,998,260	19,431,850
Audit fees	22,343	19,601
Directors/Trustee fees	5,399	2,755
Filing fees	80,558	57,556
Legal fees	7,217	8,265
Unitholder reporting	67,701	75,339
Unitholder administration, service fees and GST	2,219,176	1,547,886
	<u>33,400,654</u>	<u>21,143,252</u>
Absorbed expenses	(15,896)	(9,884)
	<u>33,384,758</u>	<u>21,133,368</u>
Net investment income (loss)	<u>(6,553,308)</u>	<u>(6,964,925)</u>
Net realized gain (loss) on investments sold	8,927,232	7,080,070
Capital gains distributions received from investments	37,855,299	15,290,439
Change in unrealized appreciation (depreciation) of investments	(94,354,298)	107,996,377
Net gain (loss) on investments and transaction costs	<u>(47,571,767)</u>	<u>130,366,886</u>
Increase (decrease) in net assets from operations	<u>\$(54,125,075)</u>	<u>\$123,401,961</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(54,089,835)	\$123,327,434
Class F Units	\$ (35,240)	\$ 74,527
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.58)	\$ 1.91
Class F Units	\$ (0.57)	\$ 2.38

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$1,113,130,692	\$ 691,809,922
Class F Units	624,640	354,005
	<u>1,113,755,332</u>	<u>692,163,927</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(54,089,835)	123,327,434
Class F Units	(35,240)	74,527
	<u>(54,125,075)</u>	<u>123,401,961</u>
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(28,167,020)	–
Class F Units	(18,544)	–
	<u>(28,185,564)</u>	<u>–</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	611,032,358	392,530,468
Class F Units	636,310	238,737
Reinvested distributions		
Class A Units	28,157,912	1,139
Class F Units	18,544	–
Payments on redemption		
Class A Units	(149,694,657)	(94,538,271)
Class F Units	(224,696)	(42,629)
	<u>489,925,771</u>	<u>298,189,444</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	407,238,758	421,320,770
Class F Units	376,374	270,635
	<u>407,615,132</u>	<u>421,591,405</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	1,520,369,450	1,113,130,692
Class F Units	1,001,014	624,640
	<u>\$1,521,370,464</u>	<u>\$1,113,755,332</u>

Scotia Partners Aggressive Growth Portfolio

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 10.6%			
3,305,810	Scotia Canadian Income Fund Class I	42,967,690	42,037,339
CANADIAN EQUITIES – 42.4%			
1,815,830	AIM Canadian Premier Fund Series I	31,336,938	39,881,069
1,489,157	CI Canadian Investment Fund Class I	39,878,974	40,296,588
1,395,893	Fidelity True North Fund Series O	39,706,470	48,847,605
1,300,711	Mackenzie Ivy Enterprises Fund Series O	19,995,576	19,945,496
1,496,218	Trimark Canadian Fund Series I	21,562,972	19,331,137
		152,480,930	168,301,895
FOREIGN EQUITIES – 46.7%			
1,718,597	AGF International Value Fund Series O	76,576,909	76,666,594
3,407,775	CI Global Fund Class I	48,817,826	50,605,463
1,021,314	Fidelity Global Fund Series O	36,648,176	38,990,095
860,767	Templeton Global Smaller Companies Fund Class O	19,201,391	19,057,380
		181,244,302	185,319,532
	TOTAL INVESTMENT PORTFOLIO	376,692,922	395,658,766
	OTHER ASSETS, LESS LIABILITIES – 0.3%		964,112
	TOTAL NET ASSETS – 100.0%	396,622,878	

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$395,658,766	\$284,136,017
Cash	1,268,098	640,140
Receivable for securities sold	792,945	–
Subscriptions receivable	245,310	45,818
	<u>397,965,119</u>	<u>284,821,975</u>
LIABILITIES		
Payable for securities purchased	333,224	870,224
Redemptions payable	141,634	19,486
Accrued expenses	867,383	561,909
	<u>1,342,241</u>	<u>1,451,619</u>
Net assets	<u>\$396,622,878</u>	<u>\$283,370,356</u>
NET ASSETS PER CLASS		
Class A Units	\$396,444,265	\$283,352,810
Class F Units	\$ 178,613	\$ 17,546
UNITS OUTSTANDING		
Class A Units	25,716,349	17,719,005
Class F Units	11,133	1,066
NET ASSETS PER UNIT		
Class A Units	\$ 15.42	\$ 15.99
Class F Units	\$ 16.04	\$ 16.46

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 3,182,079	\$ 722,799
Interest	1,861,011	1,109,055
Foreign withholding taxes	(15,724)	(33,924)
	<u>5,027,366</u>	<u>1,797,930</u>
EXPENSES		
Management fees (note 4)	8,794,209	5,343,082
Audit fees	19,963	16,749
Directors/Trustee fees	1,859	2,755
Filing fees	32,120	24,726
Legal fees	3,007	3,043
Unitholder reporting	22,676	26,294
Unitholder administration, service fees and GST	666,293	435,768
	<u>9,540,127</u>	<u>5,852,417</u>
Absorbed expenses	(13,141)	(4,796)
	<u>9,526,986</u>	<u>5,847,621</u>
Net investment income (loss)	(4,499,620)	(4,049,691)
Net realized gain (loss) on investments sold	4,283,997	1,074,153
Capital gains distributions received from investments	10,378,958	4,593,477
Change in unrealized appreciation (depreciation) of investments	(27,354,322)	32,814,607
Net gain (loss) on investments and transaction costs	<u>(12,691,367)</u>	<u>38,482,237</u>
Increase (decrease) in net assets from operations	<u>\$(17,190,987)</u>	<u>\$34,432,546</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$(17,187,732)	\$34,430,007
Class F Units	\$ (3,255)	\$ 2,539
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.74)	\$ 2.19
Class F Units	\$ (0.57)	\$ 2.38

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$283,352,810	\$169,017,856
Class F Units	17,546	15,007
	<u>283,370,356</u>	<u>169,032,863</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(17,187,732)	34,430,007
Class F Units	(3,255)	2,539
	<u>(17,190,987)</u>	<u>34,432,546</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	174,679,163	110,463,242
Class F Units	173,678	–
Payments on redemption		
Class A Units	(44,399,976)	(30,558,295)
Class F Units	(9,356)	–
	<u>130,443,509</u>	<u>79,904,947</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	113,091,455	114,334,954
Class F Units	161,067	2,539
	<u>113,252,522</u>	<u>114,337,493</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	396,444,265	283,352,810
Class F Units	178,613	17,546
	<u>\$396,622,878</u>	<u>\$283,370,356</u>

Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
CASH EQUIVALENT – 10.8%			
589,887	Scotia Money Market Fund Class I	5,898,865	5,898,865
FIXED INCOME – 41.3%			
618,873	Scotia Canadian Bond Index Fund Class I	6,664,995	6,573,363
856,982	Scotia Canadian Income Fund Class I	11,328,075	10,897,562
681,891	Scotia Global Bond Fund Class I	5,796,797	5,151,074
		<u>23,789,867</u>	<u>22,621,999</u>
CANADIAN EQUITIES – 27.1%			
87,423	Scotia Canadian Blue Chip Fund Class I	2,124,948	2,653,747
146,343	Scotia Canadian Dividend Fund Class I	5,130,458	5,892,822
181,790	Scotia Canadian Index Fund Class I	3,427,228	4,186,361
85,770	Scotia Canadian Small Cap Fund Class I	2,316,057	2,099,786
		<u>12,998,691</u>	<u>14,832,716</u>
FOREIGN EQUITIES – 19.9%			
42,680	Scotia European Fund Class E	551,030	541,978
168,461	Scotia Global Opportunities Fund Class I	1,641,628	1,618,472
115,608	Scotia Global Small Cap Fund Class I	1,229,332	1,078,361
306,176	Scotia International Index Fund Class I	2,600,205	2,740,217
356,768	Scotia International Value Fund Class I	3,393,143	2,735,767
166,380	Scotia U.S. Index Fund Class I	2,288,258	2,214,204
		<u>11,703,596</u>	<u>10,928,999</u>
	TOTAL INVESTMENT PORTFOLIO	<u>54,391,019</u>	<u>54,282,579</u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		<u>500,407</u>
	TOTAL NET ASSETS – 100.0%		<u>54,782,986</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$54,282,579	\$55,397,733
Cash	604,190	447,813
Accrued investment income	–	1,818
Subscriptions receivable	5,880	–
	<u>54,892,649</u>	<u>55,847,364</u>
LIABILITIES		
Payable for securities purchased	15,929	130,292
Distributions payable	142	–
Redemptions payable	8,000	–
Accrued expenses	85,592	80,898
	<u>109,663</u>	<u>211,190</u>
Net assets	<u>\$54,782,986</u>	<u>\$55,636,174</u>
NET ASSETS PER CLASS		
Class A Units	\$54,782,986	\$55,636,174
UNITS OUTSTANDING		
Class A Units	5,389,447	5,121,447
NET ASSETS PER UNIT		
Class A Units	\$ 10.16	\$ 10.86

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 325,030	\$ 350,665
Interest	1,561,367	1,221,531
Foreign withholding taxes	(8,058)	(12,396)
	<u>1,878,339</u>	<u>1,559,800</u>
EXPENSES		
Management fees (note 4)	919,270	819,055
Audit fees	16,429	13,742
Directors/Trustee fees	797	2,755
Filing fees	14,451	13,718
Legal fees	1,769	1,615
Unitholder reporting	9,303	12,912
Unitholder administration, service fees and GST	87,906	85,809
	<u>1,049,925</u>	<u>949,606</u>
Absorbed expenses	(6,628)	(1,183)
	<u>1,043,297</u>	<u>948,423</u>
Net investment income (loss)	<u>835,042</u>	<u>611,377</u>
Net realized gain (loss) on investments sold	1,189,898	457,809
Capital gains distributions received from investments	783,525	370,495
Change in unrealized appreciation (depreciation) of investments	(3,324,030)	2,825,838
Net gain (loss) on investments and transaction costs	<u>(1,350,607)</u>	<u>3,654,142</u>
Increase (decrease) in net assets from operations	<u>\$ (515,565)</u>	<u>\$ 4,265,519</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (515,565)	\$ 4,265,519
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.10)	\$ 0.87

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$55,636,174	\$47,062,141
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(515,565)	4,265,519
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(835,043)	(611,377)
From realized gain		
Class A Units	(2,237,741)	(495,928)
	<u>(3,072,784)</u>	<u>(1,107,305)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	7,260,808	10,067,490
Reinvested distributions		
Class A Units	3,072,643	1,107,016
Payments on redemption		
Class A Units	(7,598,290)	(5,758,687)
	<u>2,735,161</u>	<u>5,415,819</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	(853,188)	8,574,033
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$54,782,986</u>	<u>\$55,636,174</u>

Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
CASH EQUIVALENT – 6.9%			
51,249	Scotia Money Market Fund Class I	512,487	512,487
FIXED INCOME – 39.1%			
77,332	Scotia Canadian Bond Index Fund Class I	825,980	821,377
109,537	Scotia Canadian Income Fund Class I	1,435,879	1,392,900
92,124	Scotia Global Bond Fund Class I	768,351	695,916
		<u>3,030,210</u>	<u>2,910,193</u>
CANADIAN EQUITIES – 31.4%			
16,656	Scotia Canadian Blue Chip Fund Class I	429,393	505,600
21,476	Scotia Canadian Dividend Fund Class I	776,220	864,769
25,991	Scotia Canadian Index Fund Class I	513,715	598,542
15,038	Scotia Canadian Small Cap Fund Class I	405,299	368,163
		<u>2,124,627</u>	<u>2,337,074</u>
FOREIGN EQUITIES – 21.9%			
11,646	Scotia European Fund Class E	150,440	147,885
30,256	Scotia Global Opportunities Fund Class I	294,855	290,681
15,559	Scotia Global Small Cap Fund Class I	164,147	145,127
32,935	Scotia International Index Fund Class I	289,742	294,762
48,179	Scotia International Value Fund Class I	452,255	369,450
657	Scotia U.S. Value Fund Class I	5,665	5,223
28,425	Scotia U.S. Index Fund Class I	390,897	378,276
		<u>1,748,001</u>	<u>1,631,404</u>
	TOTAL INVESTMENT PORTFOLIO	<u>7,415,325</u>	<u>7,391,158</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		53,625
	TOTAL NET ASSETS – 100.0%		<u>7,444,783</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$7,391,158	\$8,051,599
Cash	78,847	51,041
Accrued investment income	–	2,005
Receivable for securities sold	–	34,269
Subscriptions receivable	2,115	–
	<u>7,472,120</u>	<u>8,138,914</u>
LIABILITIES		
Payable for securities purchased	14,471	545
Distributions payable	215	–
Accrued expenses	12,651	13,072
	<u>27,337</u>	<u>13,617</u>
Net assets	<u>\$7,444,783</u>	<u>\$8,125,297</u>
NET ASSETS PER CLASS		
Class A Units	<u>\$7,444,783</u>	<u>\$8,125,297</u>
UNITS OUTSTANDING		
Class A Units	<u>737,645</u>	<u>741,195</u>
NET ASSETS PER UNIT		
Class A Units	<u>\$ 10.09</u>	<u>\$ 10.96</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 49,705	\$ 56,192
Interest	186,369	167,145
Foreign withholding taxes	(1,350)	(2,370)
	<u>234,724</u>	<u>220,967</u>
EXPENSES		
Management fees (note 4)	127,697	124,990
Audit fees	16,340	12,627
Directors/Trustee fees	671	2,755
Filing fees	13,568	13,492
Legal fees	1,604	1,356
Unitholder reporting	7,614	10,484
Unitholder administration, service fees and GST	30,433	31,014
	<u>197,927</u>	<u>196,718</u>
Absorbed expenses	(41,512)	(42,939)
	<u>156,415</u>	<u>153,779</u>
Net investment income (loss)	78,309	67,188
Net realized gain (loss) on investments sold	226,356	80,896
Capital gains distributions received from investments	119,199	68,450
Change in unrealized appreciation (depreciation) of investments	(516,072)	417,616
Net gain (loss) on investments and transaction costs	<u>(170,517)</u>	<u>566,962</u>
Increase (decrease) in net assets from operations	<u>\$ (92,208)</u>	<u>\$ 634,150</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$ (92,208)</u>	<u>\$ 634,150</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	<u>\$ (0.13)</u>	<u>\$ 0.88</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$ 8,125,297	\$ 6,637,660
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(92,208)	634,150
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(78,310)	(67,188)
From realized gain		
Class A Units	(420,315)	(69,520)
	<u>(498,625)</u>	<u>(136,708)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	1,142,276	2,139,371
Reinvested distributions		
Class A Units	498,411	136,708
Payments on redemption		
Class A Units	(1,730,368)	(1,285,884)
	<u>(89,681)</u>	<u>990,195</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>(680,514)</u>	<u>1,487,637</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$ 7,444,783</u>	<u>\$ 8,125,297</u>

Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
CASH EQUIVALENT – 4.9%			
405,679	Scotia Money Market Fund Class I	4,056,791	4,056,791
FIXED INCOME – 40.3%			
856,078	Scotia Canadian Bond Index Fund Class I	9,218,228	9,092,829
1,357,698	Scotia Canadian Income Fund Class I	17,817,958	17,264,756
917,671	Scotia Global Bond Fund Class I	7,707,432	6,932,181
		<u>34,743,618</u>	<u>33,289,766</u>
CANADIAN EQUITIES – 30.0%			
131,847	Scotia Canadian Blue Chip Fund Class I	3,269,752	4,002,234
260,477	Scotia Canadian Dividend Fund Class I	9,264,957	10,488,665
272,229	Scotia Canadian Index Fund Class I	5,221,087	6,269,036
164,769	Scotia Canadian Small Cap Fund Class I	4,432,710	4,033,805
		<u>22,188,506</u>	<u>24,793,740</u>
FOREIGN EQUITIES – 24.0%			
61,019	Scotia European Fund Class E	787,427	774,865
340,297	Scotia Global Opportunities Fund Class I	3,316,355	3,269,373
261,682	Scotia Global Small Cap Fund Class I	2,778,911	2,440,888
461,511	Scotia International Index Fund Class I	3,987,232	4,130,432
649,268	Scotia International Value Fund Class I	6,162,681	4,978,718
319,161	Scotia U.S. Index Fund Class I	4,404,891	4,247,421
		<u>21,437,497</u>	<u>19,841,697</u>
	TOTAL INVESTMENT PORTFOLIO	<u>82,426,412</u>	<u>81,981,994</u>
	OTHER ASSETS, LESS LIABILITIES – 0.8%		641,513
	TOTAL NET ASSETS – 100.0%		<u>82,623,507</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$81,981,994	\$75,123,858
Cash	797,057	497,345
Accrued investment income	–	2,140
Subscriptions receivable	14,042	–
	<u>82,793,093</u>	<u>75,623,343</u>
LIABILITIES		
Payable for securities purchased	30,910	321,189
Distributions payable	4,826	–
Accrued expenses	133,850	111,219
	<u>169,586</u>	<u>432,408</u>
Net assets	<u>\$82,623,507</u>	<u>\$75,190,935</u>
NET ASSETS PER CLASS		
Class A Units	\$82,623,507	\$75,190,935
UNITS OUTSTANDING		
Class A Units	7,941,100	6,827,656
NET ASSETS PER UNIT		
Class A Units	\$ 10.40	\$ 11.01

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 554,249	\$ 547,867
Interest	1,989,091	1,331,793
Foreign withholding taxes	(15,819)	(22,861)
	<u>2,527,521</u>	<u>1,856,799</u>
EXPENSES		
Management fees (note 4)	1,408,764	1,111,462
Audit fees	16,429	13,742
Directors/Trustee fees	886	2,755
Filing fees	14,792	14,174
Legal fees	1,873	1,730
Unitholder reporting	10,426	13,988
Unitholder administration, service fees and GST	123,219	108,859
	<u>1,576,389</u>	<u>1,266,710</u>
Absorbed expenses	(7,556)	(1,262)
	<u>1,568,833</u>	<u>1,265,448</u>
Net investment income (loss)	<u>958,688</u>	<u>591,351</u>
Net realized gain (loss) on investments sold	1,667,336	526,728
Capital gains distributions received from investments	1,455,439	772,186
Change in unrealized appreciation (depreciation) of investments	(5,352,548)	4,211,180
Net gain (loss) on investments and transaction costs	<u>(2,229,773)</u>	<u>5,510,094</u>
Increase (decrease) in net assets from operations	<u>\$(1,271,085)</u>	<u>\$6,101,445</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$(1,271,085)</u>	<u>\$6,101,445</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	<u>\$ (0.17)</u>	<u>\$ 0.99</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$75,190,935	\$55,129,159
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>(1,271,085)</u>	<u>6,101,445</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(958,689)	(591,350)
From realized gain		
Class A Units	<u>(2,496,814)</u>	<u>(1,013,646)</u>
	<u>(3,455,503)</u>	<u>(1,604,996)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	16,071,945	18,341,856
Reinvested distributions		
Class A Units	3,450,984	1,605,707
Payments on redemption		
Class A Units	<u>(7,363,769)</u>	<u>(4,382,236)</u>
	<u>12,159,160</u>	<u>15,565,327</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>7,432,572</u>	<u>20,061,776</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$82,623,507</u>	<u>\$75,190,935</u>

Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
CASH EQUIVALENT – 4.0%			
104,138	Scotia Money Market Fund Class I	1,041,383	1,041,383
FIXED INCOME – 33.5%			
221,416	Scotia Canadian Bond Index Fund Class I	2,382,135	2,351,765
367,321	Scotia Canadian Income Fund Class I	4,810,872	4,670,928
217,894	Scotia Global Bond Fund Class I	1,809,895	1,645,996
		<u>9,002,902</u>	<u>8,668,689</u>
CANADIAN EQUITIES – 32.4%			
50,029	Scotia Canadian Blue Chip Fund Class I	1,259,927	1,518,633
79,998	Scotia Canadian Dividend Fund Class I	2,876,749	3,221,280
83,317	Scotia Canadian Index Fund Class I	1,654,302	1,918,668
70,039	Scotia Canadian Small Cap Fund Class I	1,897,366	1,714,674
		<u>7,688,344</u>	<u>8,373,255</u>
FOREIGN EQUITIES – 29.2%			
41,382	Scotia European Fund Class E	534,303	525,504
108,389	Scotia Global Opportunities Fund Class I	1,056,253	1,041,340
110,522	Scotia Global Small Cap Fund Class I	1,171,091	1,030,913
116,906	Scotia International Index Fund Class I	1,050,782	1,046,282
239,368	Scotia International Value Fund Class I	2,262,546	1,835,519
13,755	Scotia Latin American Fund Class I	386,995	486,333
65,717	Scotia U.S. Value Fund Class I	565,868	522,416
80,922	Scotia U.S. Index Fund Class I	1,130,699	1,076,921
		<u>8,158,537</u>	<u>7,565,228</u>
	TOTAL INVESTMENT PORTFOLIO	<u>25,891,166</u>	<u>25,648,555</u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		226,359
	TOTAL NET ASSETS – 100.0%		<u>25,874,914</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$25,648,555	\$23,839,927
Cash	278,045	125,439
Accrued investment income	–	2,017
Subscriptions receivable	7,023	–
	<u>25,933,623</u>	<u>23,967,383</u>
LIABILITIES		
Payable for securities purchased	12,036	120,843
Distributions payable	178	–
Accrued expenses	46,495	39,669
	<u>58,709</u>	<u>160,512</u>
Net assets	<u>\$25,874,914</u>	<u>\$23,806,871</u>
NET ASSETS PER CLASS		
Class A Units	\$25,874,914	\$23,806,871
UNITS OUTSTANDING		
Class A Units	2,506,672	2,123,560
NET ASSETS PER UNIT		
Class A Units	\$ 10.32	\$ 11.21

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 193,863	\$ 191,179
Interest	514,393	363,425
Foreign withholding taxes	(5,014)	(8,840)
	<u>703,242</u>	<u>545,764</u>
EXPENSES		
Management fees (note 4)	460,052	363,844
Audit fees	16,340	13,129
Directors/Trustee fees	720	2,755
Filing fees	13,860	13,556
Legal fees	1,664	1,432
Unitholder reporting	8,247	11,195
Unitholder administration, service fees and GST	53,966	49,367
	<u>554,849</u>	<u>455,278</u>
Absorbed expenses	(8,115)	(11,784)
	<u>546,734</u>	<u>443,494</u>
Net investment income (loss)	156,508	102,270
Net realized gain (loss) on investments sold	771,992	204,174
Capital gains distributions received from investments	544,459	335,010
Change in unrealized appreciation (depreciation) of investments	(1,940,869)	1,434,611
Net gain (loss) on investments and transaction costs	(624,418)	1,973,795
Increase (decrease) in net assets from operations	<u>\$ (467,910)</u>	<u>\$2,076,065</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$ (467,910)</u>	<u>\$2,076,065</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	<u>\$ (0.20)</u>	<u>\$ 1.07</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$23,806,871	\$17,494,890
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(467,910)	2,076,065
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(156,508)	(102,271)
From realized gain		
Class A Units	(1,480,529)	(400,770)
	<u>(1,637,037)</u>	<u>(503,041)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	5,683,889	6,180,916
Reinvested distributions		
Class A Units	1,636,859	503,049
Payments on redemption		
Class A Units	(3,147,758)	(1,945,008)
	<u>4,172,990</u>	<u>4,738,957</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>2,068,043</u>	<u>6,311,981</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$25,874,914</u>	<u>\$23,806,871</u>

Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
CASH EQUIVALENT – 4.9%			
412,795	Scotia Money Market Fund Class I	4,127,951	4,127,951
FIXED INCOME – 35.2%			
790,971	Scotia Canadian Bond Index Fund Class I	8,511,926	8,401,300
1,183,096	Scotia Canadian Income Fund Class I	15,474,958	15,044,481
818,776	Scotia Global Bond Fund Class I	6,773,714	6,185,114
		<u>30,760,598</u>	<u>29,630,895</u>
CANADIAN EQUITIES – 32.8%			
214,528	Scotia Canadian Blue Chip Fund Class I	5,507,295	6,512,025
264,924	Scotia Canadian Dividend Fund Class I	9,522,520	10,667,767
242,823	Scotia Canadian Index Fund Class I	4,726,933	5,591,850
195,522	Scotia Canadian Small Cap Fund Class I	5,270,363	4,786,684
		<u>25,027,111</u>	<u>27,558,326</u>
FOREIGN EQUITIES – 26.2%			
66,480	Scotia European Fund Class E	858,503	844,206
344,500	Scotia Global Opportunities Fund Class I	3,357,393	3,309,754
357,000	Scotia Global Small Cap Fund Class I	3,809,133	3,329,986
375,581	Scotia International Index Fund Class I	3,278,041	3,361,373
662,315	Scotia International Value Fund Class I	6,266,513	5,078,762
24,169	Scotia Latin American Fund Class I	837,372	854,572
219,695	Scotia U.S. Value Fund Class I	1,895,371	1,746,463
259,734	Scotia U.S. Index Fund Class I	3,623,008	3,456,567
		<u>23,925,334</u>	<u>21,981,683</u>
	TOTAL INVESTMENT PORTFOLIO	<u>83,840,994</u>	<u>83,298,855</u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		<u>733,123</u>
	TOTAL NET ASSETS – 100.0%		<u>84,031,978</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$83,298,855	\$73,435,521
Cash	844,842	285,670
Accrued investment income	–	2,308
Receivable for securities sold	132,102	3,732
Subscriptions receivable	34,256	–
	<u>84,310,055</u>	<u>73,727,231</u>
LIABILITIES		
Payable for securities purchased	103,213	87,836
Distributions payable	727	–
Redemptions payable	29,500	–
Accrued expenses	144,637	117,067
	<u>278,077</u>	<u>204,903</u>
Net assets	<u>\$84,031,978</u>	<u>\$73,522,328</u>
NET ASSETS PER CLASS		
Class A Units	\$84,031,978	\$73,522,328
UNITS OUTSTANDING		
Class A Units	8,111,633	6,621,847
NET ASSETS PER UNIT		
Class A Units	\$ 10.36	\$ 11.10

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 568,967	\$ 549,455
Interest	1,748,702	1,190,483
Foreign withholding taxes	(15,297)	(25,250)
	<u>2,302,372</u>	<u>1,714,688</u>
EXPENSES		
Management fees (note 4)	1,486,701	1,157,864
Audit fees	16,429	13,742
Directors/Trustee fees	926	2,755
Filing fees	14,844	14,098
Legal fees	1,923	1,800
Unitholder reporting	10,954	14,657
Unitholder administration, service fees and GST	130,764	114,622
	<u>1,662,541</u>	<u>1,319,538</u>
Absorbed expenses	(1,499)	(2,046)
	<u>1,661,042</u>	<u>1,317,492</u>
Net investment income (loss)	641,330	397,196
Net realized gain (loss) on investments sold	1,849,222	649,730
Capital gains distributions received from investments	1,568,263	870,393
Change in unrealized appreciation (depreciation) of investments	(5,486,053)	4,161,526
Net gain (loss) on investments and transaction costs	(2,068,568)	5,681,649
Increase (decrease) in net assets from operations	<u>\$(1,427,238)</u>	<u>\$6,078,845</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$(1,427,238)</u>	<u>\$6,078,845</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.19)	\$ 1.01

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$73,522,328	\$52,778,726
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>(1,427,238)</u>	<u>6,078,845</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(641,330)	(397,197)
From realized gain		
Class A Units	<u>(3,771,022)</u>	<u>(1,182,521)</u>
	<u>(4,412,352)</u>	<u>(1,579,718)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	18,527,946	19,685,483
Reinvested distributions		
Class A Units	4,411,614	1,581,285
Payments on redemption		
Class A Units	<u>(6,590,320)</u>	<u>(5,022,293)</u>
	<u>16,349,240</u>	<u>16,244,475</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>10,509,650</u>	<u>20,743,602</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$84,031,978</u>	<u>\$73,522,328</u>

Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 32.1%			
278,560	Scotia Canadian Bond Index Fund Class I	2,997,755	2,958,723
549,872	Scotia Canadian Income Fund Class I	7,195,097	6,992,281
258,181	Scotia Global Bond Fund Class I	2,173,337	1,950,324
		<u>12,366,189</u>	<u>11,901,328</u>
CANADIAN EQUITIES – 33.9%			
94,442	Scotia Canadian Blue Chip Fund Class I	2,409,474	2,866,794
98,701	Scotia Canadian Dividend Fund Class I	3,536,827	3,974,433
106,501	Scotia Canadian Index Fund Class I	2,061,961	2,452,560
133,335	Scotia Canadian Small Cap Fund Class I	3,665,779	3,264,261
		<u>11,674,041</u>	<u>12,558,048</u>
FOREIGN EQUITIES – 33.1%			
58,316	Scotia European Fund Class E	753,912	740,536
152,697	Scotia Global Opportunities Fund Class I	1,488,205	1,467,017
195,252	Scotia Global Small Cap Fund Class I	2,075,036	1,821,254
206,563	Scotia International Index Fund Class I	1,801,787	1,848,696
385,818	Scotia International Value Fund Class I	3,667,734	2,958,532
21,274	Scotia Latin American Fund Class I	572,335	752,178
143,341	Scotia U.S. Value Fund Class I	1,241,023	1,139,486
114,295	Scotia U.S. Index Fund Class I	1,592,580	1,521,054
		<u>13,192,612</u>	<u>12,248,753</u>
	TOTAL INVESTMENT PORTFOLIO	<u><u>37,232,842</u></u>	<u><u>36,708,129</u></u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		<u>321,496</u>
	TOTAL NET ASSETS – 100.0%		<u><u>37,029,625</u></u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$36,708,129	\$33,283,082
Cash	457,055	273,570
Receivable for securities sold	–	9,733
Subscriptions receivable	15,907	–
	<u>37,181,091</u>	<u>33,566,385</u>
LIABILITIES		
Payable for securities purchased	82,675	173,226
Distributions payable	240	–
Accrued expenses	68,551	57,983
	<u>151,466</u>	<u>231,209</u>
Net assets	<u><u>\$37,029,625</u></u>	<u><u>\$33,335,176</u></u>
NET ASSETS PER CLASS		
Class A Units	<u>\$37,029,625</u>	<u>\$33,335,176</u>
UNITS OUTSTANDING		
Class A Units	<u>3,576,211</u>	<u>2,959,055</u>
NET ASSETS PER UNIT		
Class A Units	<u>\$ 10.35</u>	<u>\$ 11.27</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 268,409	\$ 269,106
Interest	683,232	450,602
Foreign withholding taxes	(7,576)	(14,192)
	<u>944,065</u>	<u>705,516</u>
EXPENSES		
Management fees (note 4)	689,260	528,885
Audit fees	16,340	12,627
Directors/Trustee fees	762	2,755
Filing fees	14,059	13,601
Legal fees	1,715	1,495
Unitholder reporting	8,787	11,794
Unitholder administration, service fees and GST	70,884	62,509
	<u>801,807</u>	<u>633,666</u>
Absorbed expenses	(9,148)	(2,507)
	<u>792,659</u>	<u>631,159</u>
Net investment income (loss)	<u>151,406</u>	<u>74,357</u>
Net realized gain (loss) on investments sold	993,240	253,148
Capital gains distributions received from investments	853,614	584,969
Change in unrealized appreciation (depreciation) of investments	(2,937,217)	2,002,780
Net gain (loss) on investments and transaction costs	<u>(1,090,363)</u>	<u>2,840,897</u>
Increase (decrease) in net assets from operations	<u>\$ (938,957)</u>	<u>\$ 2,915,254</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$ (938,957)</u>	<u>\$ 2,915,254</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	<u>\$ 0.29</u>	<u>\$ 1.09</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$33,335,176	\$22,717,133
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(938,957)	2,915,254
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Class A Units	(140,750)	(74,357)
From realized gain		
Class A Units	(2,024,742)	(666,895)
	<u>(2,165,492)</u>	<u>(741,252)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	8,205,406	10,067,300
Reinvested distributions		
Class A Units	2,165,251	741,286
Payments on redemption		
Class A Units	(3,571,759)	(2,364,545)
	<u>6,798,898</u>	<u>8,444,041</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>3,694,449</u>	<u>10,618,043</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u><u>\$37,029,625</u></u>	<u><u>\$33,335,176</u></u>

Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 25.2%			
314,236	Scotia Canadian Bond Index Fund Class I	3,380,230	3,337,658
424,288	Scotia Canadian Income Fund Class I	5,546,380	5,395,337
230,077	Scotia Global Bond Fund Class I	1,922,772	1,738,023
		<u>10,849,382</u>	<u>10,471,018</u>
CANADIAN EQUITIES – 36.6%			
106,576	Scotia Canadian Blue Chip Fund Class I	2,755,993	3,235,137
131,666	Scotia Canadian Dividend Fund Class I	4,763,080	5,301,833
120,233	Scotia Canadian Index Fund Class I	2,360,295	2,768,790
160,040	Scotia Canadian Small Cap Fund Class I	4,362,096	3,918,024
		<u>14,241,464</u>	<u>15,223,784</u>
FOREIGN EQUITIES – 37.4%			
99,129	Scotia European Fund Class E	1,279,816	1,258,812
175,060	Scotia Global Opportunities Fund Class I	1,706,163	1,681,868
264,926	Scotia Global Small Cap Fund Class I	2,817,938	2,471,147
326,845	Scotia International Index Fund Class I	2,888,243	2,925,197
273,113	Scotia International Value Fund Class I	2,577,787	2,094,286
22,900	Scotia Latin American Fund Class I	701,068	809,680
27,175	Scotia Pacific Rim Fund Class I	394,849	414,352
269,977	Scotia U.S. Value Fund Class I	2,330,729	2,146,179
129,325	Scotia U.S. Index Fund Class I	1,796,284	1,721,070
		<u>16,492,877</u>	<u>15,522,591</u>
	TOTAL INVESTMENT PORTFOLIO	<u>41,583,723</u>	<u>41,217,393</u>
	OTHER ASSETS, LESS LIABILITIES – 0.8%		<u>327,615</u>
	TOTAL NET ASSETS – 100.0%		<u>41,545,008</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$41,217,393	\$35,302,652
Cash	444,911	236,318
Receivable for securities sold	–	34,235
Subscriptions receivable	17,335	–
	<u>41,679,639</u>	<u>35,573,205</u>
LIABILITIES		
Payable for securities purchased	51,247	63,047
Distributions payable	793	–
Accrued expenses	82,591	65,559
	<u>134,631</u>	<u>128,606</u>
Net assets	<u>\$41,545,008</u>	<u>\$35,444,599</u>
NET ASSETS PER CLASS		
Class A Units	\$41,545,008	\$35,444,599
UNITS OUTSTANDING		
Class A Units	<u>3,937,683</u>	<u>3,107,015</u>
NET ASSETS PER UNIT		
Class A Units	\$ 10.55	\$ 11.41

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 328,599	\$ 293,665
Interest	675,198	413,661
Foreign withholding taxes	(9,221)	(15,291)
	<u>994,576</u>	<u>692,035</u>
EXPENSES		
Management fees (note 4)	818,041	600,832
Audit fees	16,340	12,627
Directors/Trustee fees	815	2,755
Filing fees	14,145	13,623
Legal fees	1,780	1,579
Unitholder reporting	9,472	12,589
Unitholder administration, service fees and GST	81,951	70,199
	<u>942,544</u>	<u>714,204</u>
Absorbed expenses	(370)	(3,727)
	<u>942,174</u>	<u>710,477</u>
Net investment income (loss)	52,402	(18,442)
Net realized gain (loss) on investments sold	1,296,282	238,752
Capital gains distributions received from investments	840,206	670,424
Change in unrealized appreciation (depreciation) of investments	(3,197,034)	2,372,252
Net gain (loss) on investments and transaction costs	(1,060,546)	3,281,428
Increase (decrease) in net assets from operations	<u>\$(1,008,144)</u>	<u>\$3,262,986</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	<u>\$(1,008,144)</u>	<u>\$3,262,986</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.28)	\$ 1.17

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$35,444,599	\$23,899,296
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(1,008,144)	3,262,986
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(2,258,741)	(596,586)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	10,990,635	10,716,178
Reinvested distributions		
Class A Units	2,257,948	596,618
Payments on redemption		
Class A Units	(3,881,289)	(2,433,893)
	<u>9,367,294</u>	<u>8,878,903</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	<u>6,100,409</u>	<u>11,545,303</u>
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$41,545,008</u>	<u>\$35,444,599</u>

Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Units	Issuer	Average Cost (\$)	Market Value (\$)
FIXED INCOME – 19.1%			
114,776	Scotia Canadian Bond Index Fund Class I	1,232,053	1,219,093
209,823	Scotia Canadian Income Fund Class I	2,734,686	2,668,156
101,425	Scotia Global Bond Fund Class I	834,727	766,177
		<u>4,801,466</u>	<u>4,653,426</u>
CANADIAN EQUITIES – 39.5%			
62,275	Scotia Canadian Blue Chip Fund Class I	1,595,633	1,890,377
76,932	Scotia Canadian Dividend Fund Class I	2,799,205	3,097,839
80,529	Scotia Canadian Index Fund Class I	1,614,762	1,854,457
112,669	Scotia Canadian Small Cap Fund Class I	3,069,443	2,758,307
		<u>9,079,043</u>	<u>9,600,980</u>
FOREIGN EQUITIES – 40.5%			
57,802	Scotia European Fund Class E	746,326	734,006
174,987	Scotia Global Opportunities Fund Class I	1,705,405	1,681,168
154,602	Scotia Global Small Cap Fund Class I	1,638,891	1,442,083
218,104	Scotia International Index Fund Class I	1,932,148	1,951,989
96,039	Scotia International Value Fund Class I	908,530	736,443
14,034	Scotia Latin American Fund Class I	425,403	496,190
31,604	Scotia Pacific Rim Fund Class I	394,629	481,885
163,701	Scotia U.S. Value Fund Class I	1,409,900	1,301,340
75,464	Scotia U.S. Index Fund Class I	1,055,904	1,004,284
		<u>10,217,136</u>	<u>9,829,388</u>
	TOTAL INVESTMENT PORTFOLIO	<u>24,097,645</u>	<u>24,083,794</u>
	OTHER ASSETS, LESS LIABILITIES – 0.9%		<u>219,026</u>
	TOTAL NET ASSETS – 100.0%		<u>24,302,820</u>

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at market value	\$24,083,794	\$20,773,955
Cash	270,629	257,519
Receivable for securities sold	1,021	7,625
Subscriptions receivable	18,630	–
	<u>24,374,074</u>	<u>21,039,099</u>
LIABILITIES		
Payable for securities purchased	21,414	93,828
Accrued expenses	49,840	39,720
	<u>71,254</u>	<u>133,548</u>
Net assets	<u>\$24,302,820</u>	<u>\$20,905,551</u>
NET ASSETS PER CLASS		
Class A Units	\$24,302,820	\$20,905,551
UNITS OUTSTANDING		
Class A Units	2,251,893	1,806,209
NET ASSETS PER UNIT		
Class A Units	\$ 10.79	\$ 11.57

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 204,341	\$ 167,900
Interest	345,467	207,794
Foreign withholding taxes	(5,452)	(8,928)
	<u>544,356</u>	<u>366,766</u>
EXPENSES		
Management fees (note 4)	488,628	359,378
Audit fees	15,396	12,627
Directors/Trustee fees	730	2,755
Filing fees	13,845	13,549
Legal fees	1,675	1,439
Unitholder reporting	8,367	11,266
Unitholder administration, service fees and GST	56,136	49,387
	<u>584,777</u>	<u>450,401</u>
Absorbed expenses	(10,130)	(21,129)
	<u>574,647</u>	<u>429,272</u>
Net investment income (loss)	<u>(30,291)</u>	<u>(62,506)</u>
Net realized gain (loss) on investments sold	711,666	147,265
Capital gains distributions received from investments	477,433	427,767
Change in unrealized appreciation (depreciation) of investments	(1,748,926)	1,451,340
Net gain (loss) on investments and transaction costs	<u>(559,827)</u>	<u>2,026,372</u>
Increase (decrease) in net assets from operations	<u>\$ (590,118)</u>	<u>\$ 1,963,866</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	\$ (590,118)	\$ 1,963,866
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Class A Units	\$ (0.29)	\$ 1.22

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Class A Units	\$20,905,551	\$13,034,965
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Class A Units	(590,118)	1,963,866
DISTRIBUTIONS TO UNITHOLDERS		
From realized gain		
Class A Units	(1,134,565)	(261,655)
UNIT TRANSACTIONS		
Proceeds from issue		
Class A Units	6,548,194	7,615,861
Reinvested distributions		
Class A Units	1,134,565	261,661
Payments on redemption		
Class A Units	(2,560,807)	(1,709,147)
	<u>5,121,952</u>	<u>6,168,375</u>
INCREASE (DECREASE) IN NET ASSETS		
Class A Units	3,397,269	7,870,586
TOTAL NET ASSETS – END OF PERIOD		
Class A Units	<u>\$24,302,820</u>	<u>\$20,905,551</u>

Scotia Cassels Short-Mid Government Bond Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES – 92.4%			
Federal Bonds – 48.6%			
26,120,000	Canada Housing Trust 3.55% due Mar. 15, 2009	25,911,040	25,965,892
63,680,000	Canada Housing Trust 4.55% due Dec. 15, 2012	64,420,324	64,715,437
		<u>90,331,364</u>	<u>90,681,329</u>
Provincial Bonds – 43.8%			
8,600,000	Alberta Treasury Branch 4.40% due Dec. 3, 2012	8,617,200	8,651,858
5,435,000	Province of British Columbia 4.70% due Dec. 1, 2017	5,479,799	5,543,157
20,000,000	Province of Ontario 4.50% due Dec. 2, 2012	20,081,400	20,208,200
22,000,000	Province of Ontario 4.30% due Mar. 8, 2017	21,523,616	21,758,879
13,500,000	Province of Quebec 6.00% due Oct. 1, 2012	14,417,865	14,474,735
11,000,000	Province of Quebec 4.50% due Dec. 1, 2017	10,821,427	10,956,990
		<u>80,941,307</u>	<u>81,593,819</u>
	TOTAL BONDS AND DEBENTURES	<u>171,272,671</u>	<u>172,275,148</u>
SHORT-TERM NOTES – 7.0%			
13,045,000	Government of Canada Treasury Bills 3.58% to 3.77% due Jan. 10, 2008	13,021,882	13,033,118
	TOTAL INVESTMENT PORTFOLIO	<u>184,294,553</u>	<u>185,308,266</u>
	OTHER ASSETS, LESS LIABILITIES – 0.6%		<u>1,136,277</u>
	TOTAL NET ASSETS – 100.0%		<u>186,444,543</u>

STATEMENT OF NET ASSETS

As at December 31

	2007
ASSETS	
Investments at fair value	\$185,308,266
Cash	98,211
Accrued investment income	1,058,678
	<u>186,465,155</u>
LIABILITIES	
Accrued expenses	20,612
Net assets	<u>\$186,444,543</u>
NET ASSETS PER CLASS	
Scotia Private Client Units	<u>\$186,444,543</u>
UNITS OUTSTANDING	
Scotia Private Client Units	<u>18,510,026</u>
NET ASSETS PER UNIT	
Scotia Private Client Units	<u>\$ 10.07</u>

STATEMENT OF OPERATIONS

For the period ended December 31*

	2007
INVESTMENT INCOME	
Interest	\$ 260,027
EXPENSES	
Management fees (note 4)	5,167
Audit fees	10,647
Filing fees	1,973
Legal fees	53
Unitholder reporting	1,124
Unitholder administration, service fees and GST	5,898
	<u>24,862</u>
Absorbed expenses	(4,250)
	<u>20,612</u>
Net investment income (loss)	<u>239,415</u>
Net realized gain (loss) on investments sold	53,972
Change in unrealized appreciation (depreciation) of investments	1,002,477
Net gain (loss) on investments and transaction costs	<u>1,056,449</u>
Increase (decrease) in net assets from operations	<u>\$1,295,864</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Scotia Private Client Units	<u>\$1,295,864</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT	
Scotia Private Client Units	<u>\$ 0.09</u>

STATEMENT OF CHANGES IN NET ASSETS

For the period ended December 31*

	2007
NET ASSETS – BEGINNING OF PERIOD	
Scotia Private Client Units	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Scotia Private Client Units	<u>1,295,864</u>
UNIT TRANSACTIONS	
Proceeds from issue	
Scotia Private Client Units	186,436,349
Payments on redemption	
Scotia Private Client Units	(1,287,670)
	<u>185,148,679</u>
INCREASE (DECREASE) IN NET ASSETS	
Scotia Private Client Units	<u>186,444,543</u>
TOTAL NET ASSETS – END OF PERIOD	
Scotia Private Client Units	<u>\$186,444,543</u>

* For the period since inception September 30, 2007.

Scotia Cassels Advantaged Income Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Market Value (\$)
150,000	Cash	150,000	150,000
	TOTAL NET ASSETS - 100.0%	<u>150,000</u>	<u>150,000</u>

STATEMENT OF NET ASSET

As at December 31

	2007
ASSET	
Cash	\$150,000
Net asset	<u>\$150,000</u>
NET ASSET PER CLASS	
Scotia Private Client Units	\$150,000
UNITS OUTSTANDING	
Scotia Private Client Units	15,000
NET ASSET VALUE PER UNIT	
Scotia Private Client Units	<u>\$ 10.00</u>

STATEMENT OF OPERATIONS

For the period ended December 31*

	2007
EXPENSES	
Audit fees	\$ 10,647
Filing fees	1,973
Legal fees	53
Unitholder reporting	1,124
Unitholder administration, service fees and GST	5,588
	<u>19,385</u>
Absorbed expenses	<u>(19,385)</u>
	-
Net investment income (loss)	-
Increase (decrease) in net assets from operations	<u>\$ -</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Scotia Private Client Units	<u>\$ -</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT	
Scotia Private Client Units	<u>\$ -</u>

STATEMENT OF CHANGES IN NET ASSETS

For the period ended December 31*

	2007
NET ASSETS - BEGINNING OF PERIOD	
Scotia Private Client Units	<u>\$ -</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	
Scotia Private Client Units	-
UNIT TRANSACTIONS	
Proceeds from issue	
Scotia Private Client Units	<u>150,000</u>
INCREASE (DECREASE) IN NET ASSETS	
Scotia Private Client Units	<u>150,000</u>
TOTAL NET ASSETS - END OF PERIOD	
Scotia Private Client Units	<u>\$150,000</u>

* For the period since inception September 30, 2007.

Scotia Cassels Canadian Corporate Bond Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BONDS AND DEBENTURES – 98.9%				BONDS AND DEBENTURES (cont'd)			
Federal Bonds – 14.2%				Corporate Bonds (cont'd)			
158,000,000	Canada Housing Trust 4.55% due Dec. 15, 2012	159,598,809	160,569,080	32,650,000	Genesis Trust 4.00% due Mar. 15, 2010	32,313,109	31,948,678
18,000,000	Government of Canada 4.00% due Jun. 1, 2016	17,787,654	18,036,900	29,000,000	Golden Credit Card Trust 4.25% due Feb. 15, 2011	28,348,832	28,339,531
		<u>177,386,463</u>	<u>178,605,980</u>	18,000,000	Goldman Sachs Group Inc. 4.80% due Jun. 1, 2011	18,097,615	17,502,660
Mortgage-Backed Securities – 9.1%				27,000,000	Greater Toronto Airports Authority 6.25% due Jan. 30, 2012	27,000,000	28,162,950
2,900,000	Merrill Lynch Financial Assets Inc. 5.44% due Mar. 12, 2036	2,887,385	2,885,761	31,300,000	Honda Canada Finance Inc. 5.68% due Sep. 26, 2012	31,335,001	31,784,837
14,200,000	Merrill Lynch Financial Assets Inc. 4.83% due Feb. 12, 2039	13,997,139	13,491,562	25,500,000	HSBC Financial Corporation Ltd. 4.80% due Apr. 13, 2011	25,324,691	25,044,570
22,700,000	Merrill Lynch Financial Assets Inc. 4.98% due Jun. 12, 2039	22,550,459	21,677,592	18,000,000	ING Bank of Canada (callable) 4.30% due Dec. 5, 2016-(2011)	17,981,640	17,526,492
22,400,000	Merrill Lynch Financial Assets Inc. 4.81% due Oct. 12, 2039	22,153,727	21,109,984	15,000,000	John Deere Credit Inc. 5.05% due Jun. 22, 2009	14,999,400	15,019,350
21,450,000	Real Estate Asset Liquidity Trust 4.78% due Apr. 12, 2023	21,230,966	20,298,135	25,000,000	John Deere Credit Inc. 5.25% due Oct. 18, 2010	24,987,000	25,151,000
17,800,000	Schooner Trust 4.36% due Sep. 12, 2020	17,465,748	16,598,678	15,000,000	Landsbanki Islands HF 4.40% due Jan. 18, 2010	14,971,500	14,890,350
18,550,000	Schooner Trust 5.19% due Jun. 12, 2022	18,267,639	18,114,817	30,000,000	Manulife Financial Corporation 4.67% due Mar. 28, 2013	29,845,722	29,522,700
		<u>118,553,063</u>	<u>114,176,529</u>	13,000,000	Morgan Stanley 4.50% due Feb. 23, 2012	12,231,830	12,310,458
Corporate Bonds – 75.6%				19,450,000	Morgan Stanley 4.90% due Feb. 23, 2017	18,864,686	17,659,433
16,000,000	407 ETR International Inc. 4.90% due Oct. 4, 2010	15,992,000	16,076,000	27,000,000	National Australia Bank Ltd. (callable) 4.55% due Sep. 21, 2016-(2011)	26,679,200	26,506,440
27,000,000	American International Group Inc. 4.90% due Jun. 2, 2014	26,784,810	26,224,257	17,000,000	National Bank of Canada (callable) 4.46% due Nov. 2, 2016-(2011)	16,866,309	16,259,990
31,650,000	Bank of America Corporation 5.45% due Sep. 17, 2014	31,599,129	31,590,498	4,000,000	NAV Canada 4.71% due Feb. 24, 2016	3,936,722	3,964,600
30,000,000	Bank of Ireland (callable) 3.80% due Sep. 22, 2015-(2010)	29,157,160	29,017,956	15,950,000	Renaissance Energy Ltd. 6.95% due Jul. 14, 2009	17,266,296	16,403,937
27,000,000	Bank of Montreal 5.04% due Sep. 4, 2012	27,029,700	26,836,650	30,800,000	Royal Bank of Canada 4.97% due Jun. 5, 2014	30,132,490	30,615,200
3,000,000	Bank of Montreal 5.45% due Jul. 17, 2017	2,976,014	3,003,690	20,000,000	Royal Bank of Scotland (callable) 4.25% due Mar. 30, 2015-(2010)	19,805,837	19,657,975
900,000	Bank of Montreal 4.55% due Aug. 1, 2017	835,434	840,537	20,000,000	Shaw Communications Inc. 7.50% due Nov. 20, 2013	22,038,600	21,399,000
10,000,000	Bell Canada 6.15% due Jun. 15, 2009	10,468,880	10,083,900	23,550,000	Sun Life Financial Services Inc. (callable) 4.95% due Jun. 1, 2036-(2016)	23,662,635	23,073,032
29,900,000	Brascan Power Corporation 4.65% due Dec. 16, 2009	29,804,399	29,572,595	30,950,000	Toronto-Dominion Bank (callable) 4.78% due Dec. 14, 2105-(2016)	30,132,837	28,907,610
15,000,000	Cameco Corporation 4.70% due Sep. 16, 2015	15,049,950	14,176,825	29,000,000	Toyota Credit Canada Inc. 5.05% due Jul. 27, 2012	29,042,108	29,252,878
31,300,000	Canadian Imperial Bank of Commerce 5.00% due Sep. 10, 2012	31,178,245	30,853,036	20,000,000	TransAlta Corporation 6.60% due Oct. 13, 2009	20,911,965	20,405,600
15,000,000	Canadian Natural Resources Ltd. 5.50% due Dec. 17, 2010	14,992,650	15,086,312	27,000,000	Wells Fargo Financial Canada Corporation 4.45% due Feb. 28, 2011	26,833,720	26,587,170
3,100,000	Canadian Natural Resources Ltd. 4.50% due Jan. 23, 2013	2,948,264	2,969,397	3,100,000	Wells Fargo Financial Canada Corporation 4.38% due Jun. 30, 2015	2,897,756	2,930,709
15,000,000	Canadian Natural Resources Ltd. 4.95% due Jun. 1, 2015	14,678,600	14,344,650			<u>964,015,943</u>	<u>951,964,314</u>
15,000,000	Caterpillar Financial Services Ltd. 4.34% due Dec. 6, 2010	14,995,950	14,727,900	TOTAL BONDS AND DEBENTURES			
19,000,000	Caterpillar Financial Services Ltd. 4.94% due Jun. 1, 2012	18,901,905	18,791,380	1,259,955,469 1,244,746,823			
30,950,000	Citigroup Inc. (callable) 4.65% due Oct. 11, 2022-(2017)	29,493,131	27,313,121	SHORT-TERM NOTES – 0.2%			
20,800,000	EnCana Corporation 4.30% due Mar. 12, 2012	20,688,806	20,377,746	3,200,000	Government of Canada Treasury Bills 3.63% to 3.77% due from Jan. 3, 2008 to Jan. 10, 2008	3,195,706	3,197,921
13,000,000	Epcor Utilities Inc. 6.20% due Jun. 2, 2008	13,360,050	13,068,510	TOTAL INVESTMENT PORTFOLIO			
15,000,000	Epcor Utilities Inc. 6.95% due Jun. 28, 2010	15,724,050	15,705,000	1,263,151,175 1,247,944,744			
29,600,000	General Electric Capital Canada Funding Company 5.53% due Aug. 17, 2017	29,686,365	30,283,404	OTHER ASSETS, LESS LIABILITIES – 0.9%			
				TOTAL NET ASSETS – 100.0%			
				1,259,515,063			

SCOTIA CASSELS FUNDS

The accompanying notes are an integral part of the financial statements

Scotia Cassels Canadian Corporate Bond Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$1,247,944,744	\$642,716,902
Cash	76,808	100,054
Accrued investment income	11,583,386	5,450,871
	<u>1,259,604,938</u>	<u>648,267,827</u>
LIABILITIES		
Distributions payable	707	—
Accrued expenses	89,168	77,257
	<u>89,875</u>	<u>77,257</u>
Net assets	<u>\$1,259,515,063</u>	<u>\$648,190,570</u>
NET ASSETS PER CLASS		
Scotia Private Client Units	\$1,259,515,063	\$648,190,570
UNITS OUTSTANDING		
Scotia Private Client Units	128,840,505	64,386,008
NET ASSETS PER UNIT		
Scotia Private Client Units	\$ 9.78	\$ 10.07

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Interest	\$ 39,536,480	\$28,644,932
Securities lending	3,164	13,328
	<u>39,539,644</u>	<u>28,658,260</u>
EXPENSES		
Management fees (note 4)	567,224	412,956
Audit fees	24,049	20,045
Directors'/Trustee fees	210	—
Custodian fees	55,244	40,116
Filing fees	14,112	14,189
Legal fees	1,575	3,162
Unitholder reporting	7,312	10,092
Unitholder administration, service fees and GST	72,416	65,360
	<u>742,142</u>	<u>565,920</u>
Absorbed expenses	(56)	(20,890)
	<u>742,086</u>	<u>545,030</u>
Net investment income (loss)	38,797,558	28,113,230
Net realized gain (loss) on investments sold	(9,277,377)	(1,559,964)
Change in unrealized appreciation (depreciation) of investments	(11,124,179)	928,428
Net gain (loss) on investments and transaction costs	<u>(20,401,556)</u>	<u>(631,536)</u>
Increase (decrease) in net assets from operations	\$ 18,396,002	\$27,481,694
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	\$ 18,396,002	\$27,481,694
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Scotia Private Client Units	\$ 0.22	\$ 0.46

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Scotia Private Client Units – Pricing net asset value beginning of period	\$ 648,190,570	\$ 535,675,164
New accounting policy adjustment (note 2)	(482,917)	—
Scotia Private Client Units – GAAP net assets beginning of period	<u>647,707,653</u>	<u>535,675,164</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	18,396,002	27,481,694
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Scotia Private Client Units	(37,431,293)	(27,972,274)
UNIT TRANSACTIONS		
Proceeds from issue		
Scotia Private Client Units	823,999,991	195,137,319
Reinvested distributions		
Scotia Private Client Units	37,160,261	27,859,446
Payments on redemption		
Scotia Private Client Units	(230,317,551)	(109,990,779)
	<u>630,842,701</u>	<u>113,005,986</u>
INCREASE (DECREASE) IN NET ASSETS		
Scotia Private Client Units	611,807,410	112,515,406
TOTAL NET ASSETS – END OF PERIOD		
Scotia Private Client Units	<u>\$1,259,515,063</u>	<u>\$ 648,190,570</u>

Scotia Cassels Canadian Equity Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$112,842,241	\$75,890,165
Cash	92,111	118,121
Accrued investment income	216,372	120,164
Receivable for securities sold	16,895	–
Subscriptions receivable	151,368	169,364
	<u>113,318,987</u>	<u>76,297,814</u>
LIABILITIES		
Redemptions payable	45,562	31,898
Accrued expenses	26,025	14,051
	<u>71,587</u>	<u>45,949</u>
Net assets	<u>\$113,247,400</u>	<u>\$76,251,865</u>
NET ASSETS PER CLASS		
Scotia Private Client Units	<u>\$113,247,400</u>	<u>\$76,251,865</u>
UNITS OUTSTANDING		
Scotia Private Client Units	<u>9,061,682</u>	<u>6,490,710</u>
NET ASSETS PER UNIT		
Scotia Private Client Units	<u>\$ 12.50</u>	<u>\$ 11.75</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$1,598,146	\$ 883,992
Interest	372,332	215,523
Securities lending	4,581	843
Foreign withholding taxes	(848)	–
	<u>1,974,211</u>	<u>1,100,358</u>
EXPENSES		
Management fees (note 4)	94,265	50,341
Audit fees	23,248	15,317
Directors'/Trustee fees	210	–
Custodian fees	19,703	14,670
Filing fees	13,636	13,598
Legal fees	1,575	3,162
Unitholder reporting	7,312	10,092
Unitholder administration, service fees and GST	41,858	39,817
	<u>201,807</u>	<u>146,997</u>
Absorbed expenses	(1,331)	(1,697)
	<u>200,476</u>	<u>145,300</u>
Net investment income (loss)	<u>1,773,735</u>	<u>955,058</u>
Net realized gain (loss) on investments sold	4,039,914	930,380
Transaction costs	(91,493)	–
Change in unrealized appreciation (depreciation) of investments	2,946,189	6,263,259
Net gain (loss) on investments and transaction costs	<u>6,894,610</u>	<u>7,193,639</u>
Increase (decrease) in net assets from operations	<u>\$8,668,345</u>	<u>\$8,148,697</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>\$8,668,345</u>	<u>\$8,148,697</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Scotia Private Client Units	<u>\$ 1.16</u>	<u>\$ 1.75</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Scotia Private Client Units – Pricing net asset value beginning of period	\$ 76,251,865	\$ 14,875,698
New accounting policy adjustment (note 2)	(59,121)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>76,192,744</u>	<u>14,875,698</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>8,668,345</u>	<u>8,148,697</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Scotia Private Client Units	(1,644,437)	(769,582)
From realized gain		
Scotia Private Client Units	<u>(2,235,280)</u>	<u>(62,136)</u>
	<u>(3,879,717)</u>	<u>(831,718)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Scotia Private Client Units	51,343,292	67,089,058
Reinvested distributions		
Scotia Private Client Units	3,873,380	830,544
Payments on redemption		
Scotia Private Client Units	<u>(22,950,644)</u>	<u>(13,860,414)</u>
	<u>32,266,028</u>	<u>54,059,188</u>
INCREASE (DECREASE) IN NET ASSETS		
Scotia Private Client Units	<u>37,054,656</u>	<u>61,376,167</u>
TOTAL NET ASSETS – END OF PERIOD		
Scotia Private Client Units	<u>\$113,247,400</u>	<u>\$ 76,251,865</u>

Scotia Cassels North American Equity Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares/ Number of Contracts/	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 98.6%							
CANADIAN EQUITIES – 67.0%							
Energy – 10.8%							
185,870	Canadian Natural Resources Ltd.	11,170,294	13,483,010				
155,500	EnCana Corporation	8,553,589	10,496,250				
329,500	Petro-Canada	14,966,910	17,545,875				
222,200	Talisman Energy Inc.	4,434,172	4,079,592				
		<u>39,124,965</u>	<u>45,604,727</u>				
Materials – 10.0%							
147,900	Agrium Inc.	7,971,209	10,599,993				
125,900	Cameco Corporation	4,079,257	4,981,863				
956,500	Equinox Minerals Ltd.	3,879,560	5,222,490				
176,800	Goldcorp Inc.	5,351,297	5,967,000				
263,000	Sherritt International Corporation	4,382,671	3,471,600				
342,600	Teck Cominco Ltd. Class B	13,366,198	12,138,318				
		<u>39,030,192</u>	<u>42,381,264</u>				
Industrials – 3.2%							
288,400	Canadian National Railway Company	12,845,871	13,453,860				
Consumer Discretionary – 5.5%							
356,400	Rogers Communications Inc. Class B	14,428,321	16,034,436				
183,100	Thomson Corporation	8,200,125	7,375,268				
		<u>22,628,446</u>	<u>23,409,704</u>				
Consumer Staples – 1.7%							
275,000	Metro Inc. Class A	9,248,484	7,232,500				
(700)	Metro Inc. Class A Written Call Options \$30.00 Jan. 2008	(35,000)	(10,500)				
		<u>9,213,484</u>	<u>7,222,000</u>				
Financials – 24.0%							
675,000	Manulife Financial Corporation	22,152,603	27,303,750				
349,200	Power Financial Corporation	12,072,470	14,236,884				
555,900	Royal Bank of Canada	23,385,663	28,178,571				
(400)	Royal Bank of Canada Written Call Options \$56.00 Jan. 8, 2008	(26,564)	(6,000)				
463,200	Toronto-Dominion Bank	27,807,916	32,169,241				
(500)	Toronto-Dominion Bank Written Call Options \$74.00 Jan. 18, 2008	(62,750)	(10,000)				
(600)	Toronto-Dominion Bank Written Call Options \$76.00 Jan. 8, 2008	(66,099)	(9,000)				
		<u>85,263,239</u>	<u>101,863,446</u>				
Information Technology – 2.8%							
105,500	Research in Motion Ltd.	8,385,416	11,875,080				
Telecommunication Services – 2.3%							
198,900	Telus Corporation	11,732,418	9,831,627				
Utilities – 2.5%							
259,100	TransCanada Corporation	8,784,779	10,496,141				
Income Trust Units – 4.2%							
219,200	Canadian Oil Sands Trust	6,944,168	8,485,232				
436,900	RioCan Real Estate Investment Trust	9,223,071	9,502,575				
		<u>16,167,239</u>	<u>17,987,807</u>				
	TOTAL CANADIAN EQUITIES	<u>253,176,049</u>	<u>284,125,656</u>				
FOREIGN EQUITIES – 31.6%							
United States – 31.6%							
96,030	3M Company	7,867,207	8,003,607	96,000	JPMorgan Chase & Company	4,155,876	4,132,419
217,700	AT&T Inc.	8,259,866	8,927,950	96,500	MetLife Inc.	6,201,867	5,864,725
83,000	Boeing Company	7,751,980	7,165,326	645,000	Micron Technology Inc.	6,222,423	4,595,579
429,300	Cisco Systems Inc.	13,488,855	11,483,989	173,300	Nike Inc. Class B	10,045,807	10,987,734
128,200	Colgate-Palmolive Company	9,648,406	9,880,347	110,400	PepsiCo Inc.	7,442,238	8,264,126
(400)	Colgate-Palmolive Company Call Options \$80.00 Jan. 18, 2008	(60,866)	(15,811)	84,880	Praxair Inc.	5,827,196	7,424,924
145,290	ConocoPhillips	11,167,548	12,670,556	128,300	UnitedHealth Group Inc.	7,587,485	7,377,687
(400)	ConocoPhillips Written Call Options \$90.00 Jan. 18, 2008	(31,365)	(55,735)				
210,900	CVS Caremark Corporation	8,171,370	8,267,687		TOTAL FOREIGN EQUITIES	<u>133,868,372</u>	<u>134,242,658</u>
102,500	Exelon Corporation	8,147,109	8,255,183		TOTAL EQUITIES	<u>387,044,421</u>	<u>418,368,314</u>
167,300	Johnson & Johnson	11,975,370	11,012,365				
					SHORT-TERM NOTES – 1.2%		
				4,065,000	Government of Canada Treasury Bills 3.63% to 3.90% due from Jan. 10, 2008 to Apr. 3, 2008	4,048,516	4,052,093
				300,000	Business Development Bank Commercial Paper (US) 3.94% due Jan. 15, 2008	300,821	296,007
				650,000	Canadian Wheat Board Commercial Paper (US) 3.89% to 3.92% due Jan. 15, 2008	660,872	641,356
					TOTAL SHORT-TERM NOTES	<u>5,010,209</u>	<u>4,989,456</u>
					TOTAL INVESTMENT PORTFOLIO	<u>392,054,630</u>	<u>423,357,770</u>
					OTHER ASSETS, LESS LIABILITIES – 0.2%		785,828
					TOTAL NET ASSETS – 100.0%		<u>424,143,598</u>

Scotia Cassels North American Equity Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$423,357,770	\$327,014,514
Cash	144,087	127,180
Accrued investment income	698,064	219,011
	<u>424,199,921</u>	<u>327,360,705</u>
LIABILITIES		
Distributions payable	937	–
Accrued expenses	55,386	45,262
	<u>56,323</u>	<u>45,262</u>
Net assets	<u>\$424,143,598</u>	<u>\$327,315,443</u>
NET ASSETS PER CLASS		
Scotia Private Client Units	\$424,143,598	\$327,315,443
UNITS OUTSTANDING		
Scotia Private Client Units	<u>37,131,564</u>	<u>28,696,662</u>
NET ASSETS PER UNIT		
Scotia Private Client Units	<u>\$ 11.42</u>	<u>\$ 11.41</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 6,745,184	\$ 5,680,269
Interest	779,987	1,323,564
Securities lending	19,296	33,498
Foreign withholding taxes	(220,245)	(214,628)
	<u>7,324,222</u>	<u>6,822,703</u>
EXPENSES		
Management fees (note 4)	372,396	331,667
Audit fees	25,604	19,636
Directors'/Trustee fees	210	–
Custodian fees	40,128	28,853
Filing fees	14,025	13,734
Legal fees	1,575	4,199
Unitholder reporting	7,312	10,092
Unitholder administration, service fees and GST	59,913	59,577
	<u>521,163</u>	<u>467,758</u>
Absorbed expenses	(1,618)	(11,676)
	<u>519,545</u>	<u>456,082</u>
Net investment income (loss)	<u>6,804,677</u>	<u>6,366,621</u>
Net realized gain (loss) on investments sold	10,069,595	5,955,289
Net realized gain (loss) on foreign exchange	(177,017)	81,974
Capital gains distributions received from investments	4,583	166,340
Transaction costs	(721,190)	–
Change in unrealized appreciation (depreciation) of investments	(9,623,570)	24,637,521
Net gain (loss) on investments and transaction costs	<u>(447,599)</u>	<u>30,841,124</u>
Increase (decrease) in net assets from operations	<u>\$ 6,357,078</u>	<u>\$37,207,745</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>\$ 6,357,078</u>	<u>\$37,207,745</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Scotia Private Client Units	<u>\$ 0.20</u>	<u>\$ 1.21</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Scotia Private Client Units – Pricing net asset value beginning of period	\$327,315,443	\$ 342,707,501
New accounting policy adjustment (note 2)	(581,743)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>326,733,700</u>	<u>342,707,501</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>6,357,078</u>	<u>37,207,745</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Scotia Private Client Units	(6,274,233)	(6,663,171)
From realized gain		
Scotia Private Client Units	(927,784)	–
	<u>(7,202,017)</u>	<u>(6,663,171)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Scotia Private Client Units	165,798,819	124,040,690
Reinvested distributions		
Scotia Private Client Units	7,154,177	6,622,526
Payments on redemption		
Scotia Private Client Units	(74,698,159)	(176,599,848)
	<u>98,254,837</u>	<u>(45,936,632)</u>
INCREASE (DECREASE) IN NET ASSETS		
Scotia Private Client Units	<u>97,409,898</u>	<u>(15,392,058)</u>
TOTAL NET ASSETS – END OF PERIOD		
Scotia Private Client Units	<u>\$424,143,598</u>	<u>\$ 327,315,443</u>

Scotia Cassels U.S. Equity Fund (continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$52,487,447	\$29,595,067
Cash	100,248	112,831
Accrued investment income	60,637	18,615
Receivable for securities sold	5,839,639	55,258
Subscriptions receivable	207,500	36,161
	<u>58,695,471</u>	<u>29,817,932</u>
LIABILITIES		
Payable for securities purchased	6,885,528	120,618
Distributions payable	37	–
Redemptions payable	12,859	10,237
Accrued expenses	15,545	10,971
	<u>6,913,969</u>	<u>141,826</u>
Net assets	<u>\$51,781,502</u>	<u>\$29,676,106</u>
NET ASSETS PER CLASS		
Scotia Private Client Units	<u>\$51,781,502</u>	<u>\$29,676,106</u>
UNITS OUTSTANDING		
Scotia Private Client Units	<u>4,992,840</u>	<u>2,679,423</u>
NET ASSETS PER UNIT		
Scotia Private Client Units	<u>\$ 10.37</u>	<u>\$ 11.08</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 632,267	\$ 405,864
Interest	98,333	50,513
Securities lending	127	84
Foreign withholding taxes	(92,812)	(58,746)
	<u>637,915</u>	<u>397,715</u>
EXPENSES		
Management fees (note 4)	39,181	24,078
Audit fees	15,396	12,627
Directors'/Trustee fees	210	–
Custodian fees	11,301	16,109
Filing fees	13,610	13,593
Legal fees	1,575	3,162
Unitholder reporting	7,312	10,092
Unitholder administration, service fees and GST	37,577	38,136
	<u>126,162</u>	<u>117,797</u>
Absorbed expenses	(1,149)	(5,245)
	<u>125,013</u>	<u>112,552</u>
Net investment income (loss)	<u>512,902</u>	<u>285,163</u>
Net realized gain (loss) on investments sold	(1,599,877)	(522,876)
Net realized gain (loss) on foreign exchange	(224,759)	(2,891)
Transaction costs	(91,684)	–
Change in unrealized appreciation (depreciation) of investments	(992,065)	3,096,290
Net gain (loss) on investments and transaction costs	<u>(2,908,385)</u>	<u>2,570,523</u>
Increase (decrease) in net assets from operations	<u>\$(2,395,483)</u>	<u>\$2,855,686</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>\$(2,395,483)</u>	<u>\$2,855,686</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Scotia Private Client Units	<u>\$ (0.66)</u>	<u>\$ 1.20</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Scotia Private Client Units – Pricing net asset value beginning of period	\$29,676,106	\$13,893,839
New accounting policy adjustment (note 2)	(134,414)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>29,541,692</u>	<u>13,893,839</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>(2,395,483)</u>	<u>2,855,686</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Scotia Private Client Units	<u>(466,531)</u>	<u>(269,773)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Scotia Private Client Units	31,236,823	22,802,176
Reinvested distributions		
Scotia Private Client Units	464,632	269,605
Payments on redemption		
Scotia Private Client Units	(6,599,631)	(9,875,427)
	<u>25,101,824</u>	<u>13,196,354</u>
INCREASE (DECREASE) IN NET ASSETS		
Scotia Private Client Units	<u>22,239,810</u>	<u>15,782,267</u>
TOTAL NET ASSETS – END OF PERIOD		
Scotia Private Client Units	<u>\$51,781,502</u>	<u>\$29,676,106</u>

Scotia Cassels International Equity Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES – 97.8%				FOREIGN EQUITIES (cont'd)			
Australia – 4.1%				Germany (cont'd)			
69,100	BHP Billiton Ltd.	1,834,521	2,392,970	20,250	Muenchener Rueckver AG	3,455,215	3,863,604
43,866	CSL Ltd.	1,175,602	1,376,711	1,664	Porsche AG Pref.	3,271,301	3,309,644
258,034	Macquarie Airports	779,522	902,804	23,780	RWE AG	2,705,749	3,288,907
64,199	Macquarie Group Ltd.	4,739,852	4,201,983	42,447	Siemens AG	6,132,210	6,576,999
249,854	Macquarie Infrastructure Group	789,156	653,766			<u>46,227,514</u>	<u>54,226,249</u>
224,600	Metcash Ltd.	1,049,370	844,627	Greece – 0.0%			
61,021	National Australia Bank Ltd.	2,137,914	1,987,943	4,380	Public Power Corporation SA	132,775	226,867
178,893	QBE Insurance Group Ltd.	4,098,970	5,147,719	Hong Kong – 1.2%			
48,000	Suncorp-Metway Ltd.	853,517	701,747	2,194,000	China Construction Bank Class H	1,481,589	1,818,169
119,100	Zinifex Ltd.	1,844,793	1,268,182	182,000	China Netcom Group Corporation	373,446	536,246
		<u>19,303,217</u>	<u>19,478,452</u>	231,500	Esprit Holdings Ltd.	2,663,380	3,361,649
Austria – 0.3%				India – 0.1%			
17,900	Voest Alpine AG	634,815	1,264,869	4,480	State Bank of India GDR	250,410	540,111
Belgium – 0.5%				Ireland – 0.0%			
96,900	Fortis	3,903,677	2,495,622	799	Anglo Irish Bank Corporation PLC	18,212	12,568
Brazil – 2.4%				Israel – 0.6%			
20,100	Banco do Brasil SA	174,795	334,848	59,500	Teva Pharmaceutical Industries Ltd. ADR	2,584,150	2,728,225
122,000	Companhia Vale do Rio Doce SA ADR	2,110,913	3,943,534	Italy – 2.4%			
22,550	Gerdau SA ADR	306,490	647,125	38,395	Assicurazione Generali SpA	1,735,365	1,698,789
38,800	Petroleo Brasileiro SA ADR	3,055,946	4,425,456	35,000	Banco Popolare SpA	1,015,442	759,325
8,400	Petroleo Brasileiro SA ADR Non-Voting	282,373	799,541	17,700	Buzzi Unicem SpA	348,896	479,434
4,700	Unibanco de Bancos Brasileiros SA GDR	396,685	649,307	109,600	Eni SpA	3,917,063	3,941,481
7,350	Usinas Siderurgicas de Minas Gerais SA Pref. A	185,670	328,340	119,835	Fiat SpA	3,390,360	3,039,878
		<u>6,512,872</u>	<u>11,128,151</u>	14,900	Fondiarria-Sai SpA	711,006	607,273
China – 1.0%				Japan – 16.7%			
870,000	China Petroleum & Chemical Corporation	790,983	1,278,510	39,400	Aisin Seiki Co. Ltd.	1,562,107	1,620,930
582,000	China Shenhua Energy Co. Ltd. Class H	1,438,500	3,410,284	31,500	Alps Electric Co. Ltd.	602,836	403,144
302,000	China Telecom Corporation Ltd. Class H	113,848	232,927	14,550	Canon Inc.	835,311	657,792
		<u>2,343,331</u>	<u>4,921,721</u>	219,000	Dainippon Ink and Chemicals Inc.	1,012,681	1,082,703
Denmark – 0.2%				Denso Corporation			
7,300	Carlsberg A/S Series B	557,015	866,891	57,500	Edion Corporation	2,530,264	2,312,265
Finland – 2.6%				18,800			
275,454	Nokia Oyj	7,773,089	10,468,168	319,000	Fujitsu Ltd.	446,493	202,170
132,400	Stora Enso Oyj Class R	2,389,432	1,918,660	58,000	Honda Motor Co. Ltd.	2,271,538	2,112,243
		<u>10,162,521</u>	<u>12,386,828</u>	286,000	Isuzu Motors Ltd.	2,308,027	1,897,364
France – 10.2%				104,000			
25,500	Air France	1,211,593	877,599	71,300	Itochu Corporation	1,407,871	1,265,471
32,960	BNP Paribas SA	3,746,697	3,496,923	80,300	JFE Holdings Inc.	1,213,299	999,928
16,600	Compagnie Generale des Etablissements Michelin Class B	1,575,232	1,878,323	73,000	Komatsu Ltd.	3,332,469	3,555,010
80,373	Credit Agricole SA	3,367,375	2,661,082	62,000	Konica Minolta Holdings Inc.	2,521,513	2,148,285
54,318	Essilor International SA	3,399,071	3,411,894	3,600	Leopalace21 Corporation	1,216,506	1,271,335
46,900	France Telecom SA	1,355,738	1,661,189	285,000	Mitsubishi Chemical Holdings	2,052,847	1,511,774
22,719	L'Oreal SA	2,913,650	3,200,933	125,400	Mitsubishi Corporation	140,094	95,535
27,100	Lagardere S.C.A.	2,412,038	1,994,409	396,500	Mitsubishi UFJ Financial Group Inc.	2,508,043	2,161,495
31,100	Renault SA	3,834,349	4,306,952	457,000	Mitsui & Co. Ltd.	3,814,153	3,379,803
42,300	Sanofi-Aventis SA	4,261,244	3,815,922	80,000	Mitsui Chemicals Inc.	4,419,518	3,651,678
19,800	Societe Generale	3,395,912	2,792,888	93,000	Mitsui O.S.K. Lines Ltd.	8,469,242	9,593,611
54,877	Suez SA	3,668,912	3,671,434	63,300	Namco Bandai Holdings Inc.	628,575	518,126
27,431	Technip-Coflexip SA	2,388,667	2,141,292	122,000	NGK Insulators Ltd.	815,434	1,168,928
110,730	Total SA	8,946,532	9,069,842	5,100	Nintendo Co. Ltd.	1,154,578	991,925
36,269	Veolia Environment	3,099,317	3,251,040	202,000	Nippon Mining Holdings Inc.	2,371,352	3,257,107
		<u>49,576,327</u>	<u>48,231,722</u>	462,000	Nippon Steel Corporation	2,950,593	3,063,839
Germany – 11.5%				558			
22,000	Allianz AG Holdings	5,108,846	4,644,354	234,000	Nippon Yusen Kabushiki Kaisha	1,717,359	1,283,977
37,100	BASF AG	4,317,904	5,411,617	313,400	Nissan Motor Co. Ltd.	2,831,761	2,815,137
81,767	Bayer AG	5,361,145	7,358,043	280,000	Ok Electric Industry Co. Ltd.	3,073,035	2,732,432
25,500	Deutsche Bank AG	3,840,038	3,255,511	13,190	Orix Corporation	2,201,054	1,843,479
40,507	Deutsche Boerse AG	5,339,147	7,847,655	30,266	Rengo Co. Ltd.	3,764,072	3,357,543
40,800	Deutsche Lufthansa AG	827,473	1,066,381	131,000	Sharp Corporation	793,461	432,608
117,300	Deutsche Telekom AG	2,356,798	2,532,122			3,868,260	2,182,476
24,200	E.ON AG	3,511,688	5,071,412			30,266	25,792

For equities, all common shares unless otherwise noted

The accompanying notes are an integral part of the financial statements

Scotia Cassels International Equity Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Japan (cont'd)				Spain (cont'd)			
9,000	Sony Corporation	457,160	483,268	57,100	Repsol YPF SA	2,018,878	2,009,546
444	Sumitomo Mitsui Financial Group Inc.	4,728,024	3,269,059	218,974	Telefonica SA	5,876,123	6,984,529
99,200	Tokyo Electric Power Co. Ltd.	3,162,106	2,542,587			15,354,560	16,310,640
333,000	Toshiba Corporation	2,555,893	2,457,016				
74,300	Toyota Motor Corporation	4,447,518	3,957,084				
		<u>86,862,197</u>	<u>78,627,075</u>				
Luxembourg - 0.2%				Sweden - 1.2%			
251,738	Merrill Lynch International & Company Call on Innolux Display Corporation	971,061	843,852	49,000	Electrolux AB Series B	942,102	807,390
				45,800	Nordea Bank AB	787,275	751,286
				97,800	Svenska Cellulosa AB Class B	1,836,666	1,700,689
				239,663	TeliaSonera AB	2,345,770	2,204,009
						<u>5,911,813</u>	<u>5,463,374</u>
Mexico - 0.3%				Switzerland - 7.5%			
20,400	America Movil SA de CV Series L ADR	930,711	1,238,386	260,184	ABB Ltd.	4,700,918	7,407,847
Netherlands - 5.2%				17,700	Alcon Inc.	2,483,854	2,513,829
47,775	ArcelorMittal	2,198,776	3,613,649	93,376	Credit Suisse Group	6,668,766	5,544,280
128,000	ING Groep NV	5,440,495	4,931,145	75,530	Julius Baer Holding AG	6,100,704	6,062,617
159,060	Koninklijke Ahold NV	2,255,759	2,179,827	17,611	Nestle SA	7,120,525	7,968,737
33,000	Koninklijke BAM Groep NV	781,549	766,548	60,990	Novartis AG	3,461,554	3,281,098
26,700	Koninklijke KPN NV	284,980	476,596	15,699	Roche Holdings AG	3,011,869	2,670,374
282,411	Royal Dutch Shell PLC Class A	11,609,039	11,718,607			<u>33,548,190</u>	<u>35,448,782</u>
28,981	Wolters Kluwer NV	859,842	934,531				
		<u>23,430,440</u>	<u>24,620,903</u>	Taiwan - 0.6%			
Norway - 0.6%				20,064	AU Optronics Corporation ADR	327,460	380,683
26,241	Renewable Energy Corporation AS	989,345	1,295,589	19,678	China Steel Corporation GDR	441,227	517,842
52,200	Statoil ASA	1,552,325	1,594,011	16,381	Compal Electronics Inc. GDR	82,153	89,032
		<u>2,541,670</u>	<u>2,889,600</u>	59,439	Hon Hai Precision Industry Co. Ltd. GDR	841,801	728,347
Philippines - 0.1%				25,382	Quanta Computer Inc. GDR	234,349	178,095
6,900	Philippine Long Distance Telephone Co.	335,518	522,365	34,874	Siliconware Precision Industries Co. ADR	244,083	306,027
Russia - 0.8%				22,047	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	221,779	216,997
6,500	Lukoil Oil Company ADR	520,780	553,689	173,760	United Microelectronics Corporation ADR	822,114	594,116
61,125	OAO Gazprom ADR	3,094,195	3,418,854			<u>3,214,966</u>	<u>3,011,139</u>
		<u>3,614,975</u>	<u>3,972,543</u>	Thailand - 0.1%			
Singapore - 0.2%				56,800	PTT Public Company Ltd. Foreign Shares	419,802	716,431
18,600	Flextronics International Ltd.	293,888	220,566	United Kingdom - 22.7%			
215,000	Neptune Orient Lines Ltd.	525,168	572,558	139,414	3i Group PLC	3,631,347	2,729,703
		<u>819,056</u>	<u>793,124</u>	35,259	Anglo American PLC	2,293,400	2,105,198
South Africa - 0.1%				111,700	Associated British Foods PLC	1,973,859	1,959,314
151,010	Sanlam Ltd.	416,266	496,906	47,700	Astrazeneca PLC	3,071,525	2,019,255
13,900	Standard Bank Group Ltd.	166,407	202,128	114,600	Aviva PLC	1,749,890	1,499,602
		<u>582,673</u>	<u>699,034</u>	642,109	BAE Systems PLC	6,168,892	6,195,489
South Korea - 0.9%				289,000	Barclays PLC	4,127,857	2,884,098
16,300	Hana Financial Group Inc.	838,761	871,998	122,228	Billiton PLC	3,614,081	3,709,123
2,100	Honam Petrochemical Corporation	118,797	229,907	183,200	BP PLC	2,322,207	2,207,291
23,700	Hynix Semiconductor Inc.	740,340	641,392	131,843	British American Tobacco PLC	4,630,683	5,114,720
5,960	Hyundai Mobis Co.	591,717	547,130	108,500	British Energy PLC	1,216,945	1,160,203
4,200	Hyundai Motor Company Ltd. 2nd Pref.	227,744	151,206	77,091	Capita Group PLC	1,202,713	1,062,025
4,790	Industrial Bank of Korea	93,738	89,766	185,100	GlaxoSmithKline PLC	5,251,025	4,627,711
6,500	Industrial Bank of Korea GDR	125,722	120,758	229,250	HBOS PLC	4,894,376	3,275,070
4,100	Kookmin Bank	417,657	297,814	187,200	Home Retail Group PLC	1,883,093	1,185,492
1,600	Kookmin Bank ADR	109,757	115,928	295,712	International Power PLC	2,587,318	2,615,225
3,100	POSCO ADR	186,863	461,290	811,860	ITV PLC	1,808,146	1,352,100
260	Samsung Electronics Co.	205,218	152,347	38,400	Kazakhmys PLC	1,055,515	1,021,793
500	Samsung Electronics Co. Ltd. GDR	177,436	144,648	576,448	Man Group PLC	6,322,943	6,532,453
700	Samsung Electronics Co. Ltd. GDR Pref.	219,208	156,506	71,200	Marston's PLC	596,252	459,625
300	Samsung Electronics Co. Ltd. Pref.	183,657	134,451	34,414	Mitchells & Butlers PLC	319,558	284,017
3,000	Shinhan Financial Group Ltd.	164,051	170,109	19,970	Punch Taverns PLC	330,334	297,812
		<u>4,400,666</u>	<u>4,285,250</u>	71,479	Reckitt Benkiser PLC	4,102,596	4,068,132
Spain - 3.5%				101,683	Rio Tinto PLC	7,060,506	10,495,373
123,476	Banco Santander Central Hispano SA	2,454,586	2,632,885	99,229	Royal & Sun Alliance Insurance Group PLC	205,466	286,473
182,956	Iberdrola Renovables	1,438,499	1,491,654	490,433	Royal Bank of Scotland Group PLC	6,179,904	4,343,784
53,191	Industria de Diseno Textil SA	3,566,474	3,192,026	125,991	Standard Chartered PLC	4,136,209	4,507,842
				276,050	Tesco PLC	2,578,289	2,568,065

For equities, all common shares unless otherwise noted
The accompanying notes are an integral part of the financial statements

Scotia Cassels International Equity Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
FOREIGN EQUITIES (cont'd)			
United Kingdom (cont'd)			
130,845	Unilever PLC	4,766,412	4,834,288
3,734,522	Vodafone Group PLC	12,632,458	13,712,553
118,940	Xstrata PLC	5,990,673	8,251,330
		<u>108,704,472</u>	<u>107,365,159</u>
	TOTAL INVESTMENT PORTFOLIO	<u>450,249,184</u>	<u>462,187,746</u>
	OTHER ASSETS, LESS LIABILITIES - 2.2%		<u>10,274,923</u>
	TOTAL NET ASSETS - 100.0%		<u><u>472,462,669</u></u>

COMMITMENTS - FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be delivered	Contractual Amount	Canadian Value as at December 31, 2007 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar 17, 2008	Canadian Dollar	2,891,331	Hong Kong Dollar	22,363,000	2,816,914	74,417
Mar 17, 2008	Canadian Dollar	9,762,709	Swiss Franc	10,985,000	9,516,425	246,284
					<u>12,333,339</u>	<u>320,701</u>

The currency forward contracts outstanding at December 31, 2007 are placed with a financial institution with a credit rating of A1 by Standard & Poor's.

Scotia Cassels International Equity Fund (Continued)

STATEMENT OF NET ASSETS

As at December 31

	2007	2006
ASSETS		
Investments at fair value	\$462,187,746	\$296,151,537
Cash	11,021,830	13,401,145
Accrued investment income	449,850	217,585
Receivable for securities sold	1,143,149	827,020
Subscriptions receivable	451,990	856,322
Receivable from currency forward contracts	320,701	128,947
	<u>475,575,266</u>	<u>311,582,556</u>
LIABILITIES		
Payable for securities purchased	2,781,549	993,436
Distributions payable	225	–
Redemptions payable	140,932	62,581
Accrued expenses	189,891	83,488
	<u>3,112,597</u>	<u>1,139,505</u>
Net assets	<u>\$472,462,669</u>	<u>\$310,443,051</u>
NET ASSETS PER CLASS		
Scotia Private Client Units	<u>\$472,462,669</u>	<u>\$310,443,051</u>
UNITS OUTSTANDING		
Scotia Private Client Units	<u>38,580,339</u>	<u>23,843,588</u>
NET ASSETS PER UNIT		
Scotia Private Client Units	<u>\$ 12.25</u>	<u>\$ 13.02</u>

STATEMENT OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
NET ASSETS – BEGINNING OF PERIOD		
Scotia Private Client Units – Pricing net asset value beginning of period	\$310,443,051	\$ 89,624,624
New accounting policy adjustment (note 2)	(113,039)	–
Scotia Private Client Units – GAAP net assets beginning of period	<u>310,330,012</u>	<u>89,624,624</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>(24,187,963)</u>	<u>38,253,173</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Scotia Private Client Units	<u>(7,781,127)</u>	<u>(2,354,536)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Scotia Private Client Units	244,866,290	206,190,830
Reinvested distributions		
Scotia Private Client Units	7,763,689	2,351,355
Payments on redemption		
Scotia Private Client Units	<u>(58,528,232)</u>	<u>(23,622,395)</u>
	<u>194,101,747</u>	<u>184,919,790</u>
INCREASE (DECREASE) IN NET ASSETS		
Scotia Private Client Units	<u>162,132,657</u>	<u>220,818,427</u>
TOTAL NET ASSETS – END OF PERIOD		
Scotia Private Client Units	<u>\$472,462,669</u>	<u>\$310,443,051</u>

STATEMENT OF OPERATIONS

For the periods ended December 31

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 11,237,482	\$ 3,748,897
Interest	619,710	198,382
Securities lending	44	393
Foreign withholding taxes	(1,942,677)	(611,090)
	<u>9,914,559</u>	<u>3,336,582</u>
EXPENSES		
Management fees (note 4)	1,327,034	486,782
Audit fees	23,081	19,148
Directors'/Trustee fees	210	–
Custodian fees	309,636	238,688
Filing fees	14,127	13,732
Legal fees	1,971	3,162
Unitholder reporting	7,312	10,092
Unitholder administration, service fees and GST	133,235	82,684
	<u>1,816,606</u>	<u>854,288</u>
Absorbed expenses	<u>(17,386)</u>	<u>(2,415)</u>
	<u>1,799,220</u>	<u>851,873</u>
Net investment income (loss)	<u>8,115,339</u>	<u>2,484,709</u>
Net realized gain (loss) on investments sold	(3,525,035)	3,056,139
Net realized gain (loss) on foreign exchange	(1,102,439)	(582,298)
Transaction costs	(566,360)	–
Change in unrealized appreciation (depreciation) of investments	(27,301,222)	33,085,849
Change in unrealized appreciation (depreciation) of currency forward	191,754	208,774
Net gain (loss) on investments and transaction costs	<u>(32,303,302)</u>	<u>35,768,464</u>
Increase (decrease) in net assets from operations	<u>\$(24,187,963)</u>	<u>\$38,253,173</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Scotia Private Client Units	<u>\$(24,187,963)</u>	<u>\$38,253,173</u>
INCREASE (DECREASE) FROM OPERATIONS PER UNIT		
Scotia Private Client Units	<u>\$ (0.71)</u>	<u>\$ 2.73</u>

Notes to Financial Statements

December 31, 2007

1. The funds (“Funds”) are open-ended mutual fund trusts established under the laws of the Province of Ontario pursuant to a master declaration of trust (“Declaration of Trust”) dated as at February 14, 2005, as amended and/or restated from time to time. The inception date for each Fund is as follows:

Scotia T-Bill Fund	October 3, 1991
Scotia Premium T-Bill Fund	July 10, 1992
Scotia Money Market Fund	August 30, 1990
Scotia U.S. \$ Money Market Fund	September 3, 1996
Scotia Canadian Bond Index Fund	September 20, 1999
Scotia Mortgage Income Fund	September 22, 1992
Scotia Canadian Income Fund	November 1957
Scotia Cassels Canadian Corporate Bond Fund	October 30, 2003
Scotia U.S. \$ Bond Fund	November 27, 1991
Scotia Global Bond Fund	July 4, 1994
Scotia Diversified Monthly Income Fund	June 10, 2005
Scotia Canadian Balanced Fund	May 7, 1990
Scotia Canadian Tactical Asset Allocation Fund	April 18, 1989
Scotia Selected Income & Modest Growth Portfolio	April 22, 2003
Scotia Selected Balanced Income & Growth Portfolio	April 22, 2003
Scotia Selected Moderate Growth Portfolio	April 22, 2003
Scotia Selected Aggressive Growth Portfolio	April 22, 2003
Scotia Partners Income & Modest Growth Portfolio	November 29, 2002
Scotia Partners Balanced Income & Growth Portfolio	November 29, 2002
Scotia Partners Moderate Growth Portfolio	November 29, 2002
Scotia Partners Aggressive Growth Portfolio	November 29, 2002
Scotia Vision Conservative 2010 Portfolio	June 10, 2005
Scotia Vision Aggressive 2010 Portfolio	June 10, 2005
Scotia Vision Conservative 2015 Portfolio	June 10, 2005
Scotia Vision Aggressive 2015 Portfolio	June 10, 2005
Scotia Vision Conservative 2020 Portfolio	June 10, 2005
Scotia Vision Aggressive 2020 Portfolio	June 10, 2005
Scotia Vision Conservative 2030 Portfolio	June 10, 2005
Scotia Vision Aggressive 2030 Portfolio	June 10, 2005
Scotia Canadian Index Fund	December 13, 1996
Scotia Canadian Dividend Fund	October 28, 1992
Scotia Canadian Blue Chip Fund	December 31, 1986
Scotia Canadian Growth Fund	February 20, 1961
Scotia Cassels Canadian Equity Fund	June 10, 2005
Scotia Canadian Small Cap Fund	October 28, 1992
Scotia Resource Fund	July 6, 1993
Scotia Cassels North American Equity Fund	June 10, 2005
Scotia U.S. Index Fund	December 13, 1996
Scotia U.S. Growth Fund	December 31, 1986
Scotia Cassels U.S. Equity Fund	June 10, 2005
Scotia CanAm Index Fund	July 9, 1993
Scotia Nasdaq Index Fund	November 30, 2000
Scotia International Index Fund	September 20, 1999
Scotia Global Growth Fund	February 20, 1961
Scotia Cassels International Equity Fund	June 10, 2005
Scotia European Fund	September 3, 1996
Scotia Pacific Rim Fund	August 18, 1994
Scotia Latin American Fund	August 18, 1994
Scotia U.S. Value Fund	November 30, 2000
Scotia International Value Fund	November 30, 2000

Scotia Global Opportunities Fund	November 30, 2000
Scotia Global Small Cap Fund	November 30, 2000
Scotia Cassels Short-Mid Government Bond Fund	September 30, 2007
Scotia Cassels Advantaged Income Fund	September 30, 2007

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying GAAP, Scotia Securities Inc. (the “Manager”) may make estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from such estimates. The significant accounting policies of the Funds are as follows:

(a) Valuation of Investments

Effective October 1, 2006, Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, “Financial Instruments – Recognition and Measurement” (“Section 3855”), requires measurement of actively traded securities to be based on the bid price for the security. Prior to that, fair value for GAAP was based on the last traded price for the day. Accordingly, investments are recorded at a market value established by the bid price for a security on the recognized exchange on which it is principally traded. Securities with no available bid, or a quoted value determined by the Manager to be inaccurate or unreliable, are valued at their closing price. The impact of the initial adoption of this accounting policy change has been disclosed in the Statement of Changes in Net Assets for the period ended December 31, 2007. The value used to determine the daily price of the Fund’s units for purchase and redemption by investors (“Pricing NAV”) is not affected by this accounting policy change.

In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed and are included in “Transaction costs” in the Statement of Operations. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchase or proceeds from sale of investments. The investment cost of a security represents the amount paid, and is determined on an average cost basis excluding transaction costs. Prior to the adoption of Section 3855, transaction costs were included in the determination of cost of investments.

Short-term debt instruments are carried at fair value.

Mortgages are valued at their market value using the prevailing rate of return on new mortgages of similar type and term.

In accordance with the relief granted by the Canadian Securities Administrators, a reconciliation between the Pricing NAV and the net asset calculated in accordance with Section 3855 (“GAAP Net Assets”) of an investment

fund is required in the notes to the financial statements. The following table displays the impact of Section 3855 by Fund class as at December 31, 2007:

Fund	Pricing NAV (\$)	Section 3855 Adjustment (\$)	GAAP Net Assets (\$)	Pricing NAV Per Unit (\$)	Section 3855 Per Unit Adjustment (\$)	GAAP Net Assets Per Unit (\$)
Scotia Canadian Bond Index Fund						
Class A Units	74,705,313	(86,721)	74,618,592	10.63	(0.02)	10.61
Class F Units	1,156,056	(1,342)	1,154,714	10.65	(0.01)	10.64
Class I Units	34,739,078	(40,323)	34,698,755	10.62	(0.01)	10.61
Total Net Asset Value	110,600,447	(128,386)	110,472,061			
Scotia Canadian Income Fund						
Class A Units	685,106,121	(816,424)	684,289,697	12.72	(0.02)	12.70
Class F Units	279,704	(334)	279,370	12.71	(0.02)	12.69
Class I Units	1,417,268,860	(1,688,718)	1,415,580,142	12.72	(0.02)	12.70
Scotia Private Client Units	402,505,686	(479,601)	402,026,085	12.72	(0.02)	12.70
Total Net Asset Value	2,505,160,371	(2,985,077)	2,502,175,294			
Scotia Cassels Canadian Corporate Bond Fund						
Scotia Private Client Units	1,262,013,772	(2,498,709)	1,259,515,063	9.80	(0.02)	9.78
Scotia U.S. \$ Bond Fund						
Class A Units	15,043,628	(141,019)	14,902,609	10.63	(0.10)	10.53
Class F Units	13,371	(125)	13,246	10.62	(0.10)	10.52
Total Net Asset Value	15,056,999	(141,144)	14,915,855			
Scotia Global Bond Fund						
Class A Units	18,577,298	(96,380)	18,480,918	7.54	(0.04)	7.50
Class I Units	25,053,018	(129,958)	24,923,060	7.55	(0.04)	7.51
Total Net Asset Value	43,630,316	(226,338)	43,403,978			
Scotia Diversified Monthly Income Fund						
Class A Units	454,306,811	(685,902)	453,620,909	10.45	(0.02)	10.43
Class F Units	7,194	(11)	7,183	10.53	(0.02)	10.51
Total Net Asset Value	454,314,005	(685,913)	453,628,092			
Scotia Canadian Balanced Fund						
Class A Units	2,050,932,320	(1,835,659)	2,049,096,661	21.89	(0.02)	21.87
Class F Units	62,297	(55)	62,242	21.52	(0.02)	21.50
Total Net Asset Value	2,050,994,617	(1,835,714)	2,049,158,903			
Scotia Canadian Tactical Asset Allocation Fund						
Class A Units	456,283,501	(563,455)	455,720,046	17.85	(0.03)	17.82
Class F Units	21,169	(27)	21,142	18.10	(0.02)	18.08
Total Net Asset Value	456,304,670	(563,482)	455,741,188			
Scotia Canadian Index Fund						
Class A Units	202,684,748	(326,806)	202,357,942	23.31	(0.04)	23.27
Class I Units	25,622,308	(41,310)	25,580,998	23.03	(0.04)	22.99
Total Net Asset Value	228,307,056	(368,116)	227,938,940			
Scotia Canadian Dividend Fund						
Class A Units	2,110,885,335	(3,260,737)	2,107,624,598	40.17	(0.06)	40.11
Class F Units	8,235,218	(12,721)	8,222,497	40.07	(0.06)	40.01
Class I Units	314,761,170	(486,154)	314,275,016	40.27	(0.07)	40.20
Scotia Private Client Units	95,839,455	(148,028)	95,691,427	39.99	(0.06)	39.93
Total Net Asset Value	2,529,721,178	(3,907,640)	2,525,813,538			
Scotia Canadian Blue Chip Fund						
Class A Units	406,419,355	(425,900)	405,993,455	28.84	(0.03)	28.81
Class F Units	30,218	(32)	30,186	29.16	(0.03)	29.13
Class I Units	23,174,151	(24,280)	23,149,871	30.36	(0.04)	30.32
Total Net Asset Value	429,623,724	(450,212)	429,173,512			
Scotia Canadian Growth Fund						
Class A Units	591,541,075	(936,147)	590,604,928	64.66	(0.10)	64.56
Class F Units	58,029	(92)	57,937	66.02	(0.11)	65.91
Class I Units	219,641,435	(347,534)	219,293,901	71.07	(0.12)	70.95
Total Net Asset Value	811,240,539	(1,283,773)	809,956,766			
Scotia Cassels Canadian Equity Fund						
Scotia Private Client Units	113,369,993	(122,593)	113,247,400	12.51	(0.01)	12.50

Fund	Pricing NAV (\$)	Section 3855 Adjustment (\$)	GAAP Net Assets (\$)	Pricing NAV Per Unit (\$)	Section 3855 Per Unit Adjustment (\$)	GAAP Net Assets Per Unit (\$)
Scotia Canadian Small Cap Fund						
Class A Units	71,875,301	(384,495)	71,490,806	22.27	(0.12)	22.15
Class I Units	108,144,305	(578,401)	107,565,904	24.48	(0.13)	24.35
Scotia Private Client Units	27,460,917	(146,874)	27,314,043	24.44	(0.13)	24.31
Total Net Asset Value	207,480,523	(1,109,770)	206,370,753			
Scotia Resource Fund						
Class A Units	128,571,597	(512,448)	128,059,149	23.22	(0.09)	23.13
Class F Units	10,586	(42)	10,544	24.02	(0.10)	23.92
Total Net Asset Value	128,582,183	(512,490)	128,069,693			
Scotia Cassels North American Equity Fund						
Scotia Private Client Units	424,555,441	(411,843)	424,143,598	11.43	(0.01)	11.42
Scotia U.S. Index Fund						
Class A Units	48,111,756	(67,884)	48,043,872	13.25	(0.02)	13.23
Class I Units	15,612,151	(22,027)	15,590,124	13.31	(0.02)	13.29
Total Net Asset Value	63,723,907	(89,911)	63,633,996			
Scotia U.S. Growth Fund						
Class A Units	50,485,263	(57,140)	50,428,123	8.98	(0.01)	8.97
Class F Units	10,182	(11)	10,171	9.02	(0.01)	9.01
Total Net Asset Value	50,495,445	(57,151)	50,438,294			
Scotia Cassels U.S. Equity Fund						
Scotia Private Client Units	51,842,073	(60,571)	51,781,502	10.38	(0.01)	10.37
Scotia Nasdaq Index Fund						
Class A Units	11,343,131	(6,742)	11,336,389	4.70	–	4.70
Class F Units	3,844	(2)	3,842	4.88	(0.01)	4.87
Total Net Asset Value	11,346,975	(6,744)	11,340,231			
Scotia International Index Fund						
Class A Units	34,489,845	(62,138)	34,427,707	8.66	(0.02)	8.64
Class F Units	8,222	(15)	8,207	8.61	(0.02)	8.59
Class I Units	18,290,537	(32,950)	18,257,587	8.95	(0.02)	8.93
Total Net Asset Value	52,788,604	(95,103)	52,693,501			
Scotia Global Growth Fund						
Class A Units	104,748,044	(60,585)	104,687,459	32.99	(0.02)	32.97
Class I Units	184,320,095	(106,588)	184,213,507	33.56	(0.02)	33.54
Total Net Asset Value	289,068,139	(167,173)	288,900,966			
Scotia Cassels International Equity Fund						
Scotia Private Client Units	472,280,645	182,024	472,462,669	12.24	0.01	12.25
Scotia European Fund						
Class A Units	37,958,551	16,566	37,975,117	12.70	0.01	12.71
Class E Units	5,564,961	2,429	5,567,390	12.70	–	12.70
Total Net Asset Value	43,523,512	18,995	43,542,507			
Scotia Pacific Rim Fund						
Class A Units	33,228,175	(34)	33,228,141	14.38	–	14.38
Class I Units	899,415	(1)	899,414	15.25	–	15.25
Total Net Asset Value	34,127,590	(35)	34,127,555			
Scotia Latin American Fund						
Class A Units	90,620,814	10,963	90,631,777	35.34	0.01	35.35
Class F Units	142,818	17	142,835	35.41	0.01	35.42
Class I Units	3,431,869	415	3,432,284	35.36	–	35.36
Total Net Asset Value	94,195,501	11,395	94,206,896			
Scotia U.S. Value Fund						
Class A Units	23,627,413	(32,586)	23,594,827	7.82	(0.01)	7.81
Class I Units	77,111,506	(106,328)	77,005,178	7.95	(0.01)	7.94
Total Net Asset Value	100,738,919	(138,914)	100,600,005			
Scotia International Value Fund						
Class A Units	19,487,397	(2,579)	19,484,818	7.54	(0.01)	7.53
Class F Units	19,230	(2)	19,228	8.07	–	8.07
Class I Units	89,186,406	(11,802)	89,174,604	7.67	–	7.67
Total Net Asset Value	108,693,033	(14,383)	108,678,650			
Scotia Global Opportunities Fund						
Class A Units	4,569,405	(3,218)	4,566,187	9.45	(0.01)	9.44
Class F Units	7,929	(6)	7,923	9.67	(0.01)	9.66
Class I Units	60,730,611	(42,766)	60,687,845	9.61	(0.01)	9.60
Total Net Asset Value	65,307,945	(45,990)	65,261,955			

Fund	Pricing NAV (\$)	Section 3855 Adjustment (\$)	GAAP Net Assets (\$)	Pricing NAV Per Unit (\$)	Section 3855 Per Unit Adjustment (\$)	GAAP Net Assets Per Unit (\$)
Scotia Global Small Cap Fund						
Class A Units	3,467,670	(4,462)	3,463,208	9.24	(0.01)	9.23
Class I Units	92,504,568	(118,993)	92,385,575	9.33	(0.01)	9.32
Total Net Asset Value	95,972,238	(123,455)	95,848,783			
Scotia Cassels Short-Mid Government Bond Fund						
Scotia Private Client Units	186,514,889	(70,346)	186,444,543	10.08	(0.01)	10.07

(b) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis.

Dividend income is recognized on the ex-dividend date and interest is recognized on an accrual basis.

Realized gains and losses on the sale of short-term debt instruments are recorded as an adjustment to interest income.

Income, realized gains (losses) and unrealized gains (losses) are allocated among the classes on a pro rata basis.

(c) Foreign currency conversion

Amounts denominated in foreign currencies are converted into Canadian dollars as follows:

- (i) market value of investments and other assets and liabilities at the rates of exchange prevailing at the valuation date, and
- (ii) purchase and sale of investments and investment income at the rates of exchange prevailing on the respective dates of such transactions.

This does not apply to Scotia U.S. \$ Money Market Fund and Scotia U.S. \$ Bond Fund which are denominated in U.S. dollars.

(d) Foreign exchange

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in net realized gain (loss) on foreign exchange in the Statement of Operations.

This does not apply to Scotia U.S. \$ Money Market Fund and Scotia U.S. \$ Bond Fund which are denominated in U.S. dollars.

(e) Futures, forward and option contracts

Futures, forward and option contracts are valued on each business day according to the gain or loss that would be realized if the contracts were closed out, unless daily limits are in effect in which case they are valued based on the current market value of the underlying interest. Any payments made to satisfy the initial and the variation margin are reflected as a

receivable balance. Margin consisting of assets other than cash is noted in the Statement of Investment Portfolio. Futures, forwards and option contracts may be held as hedges for capital investments.

(f) Securities Lending

Some of the Funds may enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to return the same securities on a future date. The income earned from these securities lending transactions is recorded in the Statement of Operations. The market value of the securities lent and collateral held is determined on a daily basis. The securities lending arrangement can be terminated by the borrower, the agent or Fund at any time.

3. Unitholders' Equity

Each of the Funds may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Declaration of Trust, ranks pari passu with all other units of the Fund, and entitles the unitholder to a proportionate undivided interest in the net assets of the Fund.

The units of each of the Funds are issued and redeemed at their Pricing NAV per unit which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The Pricing NAV per unit is calculated by dividing the net assets of the Fund by the total number of units outstanding.

Fund	2007		2006	
	Units issued	Units redeemed	Units issued	Units redeemed
Scotia T-Bill Fund				
Class A Units	8,668,446	10,701,432	9,444,822	14,383,215
Scotia Premium T-Bill Fund				
Class A Units	116,009,339	125,936,653	110,393,954	143,043,739
Scotia Money Market Fund				
Class A Units	109,635,927	115,705,285	110,042,769	128,829,341
Class I Units	640,986	388,967	567,336	61,049
Scotia Private Client Units	158,619,064	152,368,938	170,206,855	170,648,294
Scotia U.S. \$ Money Market Fund				
Class A Units	16,355,791	13,385,148	11,986,547	12,974,425
Scotia Canadian Bond Index Fund				
Class A Units	1,948,876	2,276,445	2,431,071	2,188,207
Class F Units	21,247	47,671	31,959	40,001
Class I Units	1,322,235	658,127	1,054,554	130,494
Scotia Mortgage Income Fund				
Class A Units	1,303,833	5,456,335	1,718,648	6,752,059
Class F Units	381	29	14	901
Class I Units	9,328,408	6,525,673	7,762,750	233,634

Fund	2007		2006	
	Units issued	Units redeemed	Units issued	Units redeemed
Scotia Canadian Income Fund				
Class A Units	7,708,145	14,182,045	11,554,579	17,371,065
Class F Units	5,919	11,842	16,909	23,712
Class I Units	45,900,835	5,374,115	22,879,672	1,108,892
Scotia Private Client Units	24,535,728	40,161,555	20,059,832	26,000,697
Scotia Cassels Canadian Corporate Bond Fund				
Scotia Private Client Units	87,853,727	23,399,230	22,252,161	10,987,111
Scotia U.S.\$ Bond Fund				
Class A Units	233,306	347,017	188,934	509,845
Class F Units	56	-	1,277	1,223
Scotia Global Bond Fund				
Class A Units	227,485	684,936	308,884	1,284,196
Class F Units	-	-	-	-
Class I Units	2,832,007	13,098,430	5,095,166	239,832
Scotia Diversified Monthly Income Fund				
Class A Units	30,970,621	6,259,093	15,374,292	2,213,762
Class F Units	622	-	346	497
Scotia Canadian Balanced Fund				
Class A Units	24,639,029	13,111,065	20,823,879	12,440,384
Class F Units	128	-	172	2,851
Scotia Private Client Units	-	-	-	-
Scotia Canadian Tactical Asset Allocation Fund				
Class A Units	4,303,080	4,003,159	3,352,791	4,672,431
Class F Units	55	20	23	-
Scotia Selected Income & Modest Growth Portfolio				
Class A Units	7,422,639	3,982,045	5,734,163	3,106,586
Scotia Selected Balanced Income & Growth Portfolio				
Class A Units	24,411,578	5,921,851	15,265,261	4,329,733
Scotia Selected Moderate Growth Portfolio				
Class A Units	14,763,655	3,157,216	10,060,905	2,261,694
Scotia Selected Aggressive Growth Portfolio				
Class A Units	3,237,780	789,168	2,315,177	506,418
Scotia Partners Income & Modest Growth Portfolio				
Class A Units	10,474,460	6,717,774	9,153,784	5,150,715
Class F Units	26	-	11	1,610
Scotia Partners Balanced Income & Growth Portfolio				
Class A Units	38,472,195	12,040,793	27,806,939	9,066,645
Class F Units	6,885	13,973	1,444	18,101
Scotia Partners Moderate Growth Portfolio				
Class A Units	41,363,036	9,774,916	28,079,144	6,759,077
Class F Units	40,242	14,143	16,647	2,955
Scotia Partners Aggressive Growth Portfolio				
Class A Units	10,761,139	2,763,795	7,627,503	2,104,894
Class F Units	10,651	585	-	-
Scotia Vision Conservative 2010 Portfolio				
Class A Units	965,361	697,361	1,061,909	551,076
Scotia Vision Aggressive 2010 Portfolio				
Class A Units	153,126	156,676	216,946	122,160
Scotia Vision Conservative 2015 Portfolio				
Class A Units	1,781,168	667,725	1,877,843	411,951
Scotia Vision Aggressive 2015 Portfolio				
Class A Units	661,939	278,827	620,801	181,947
Scotia Vision Conservative 2020 Portfolio				
Class A Units	2,082,702	592,915	1,986,782	470,489
Scotia Vision Aggressive 2020 Portfolio				
Class A Units	933,102	315,946	1,002,029	219,677
Scotia Vision Conservative 2030 Portfolio				
Class A Units	1,169,128	338,460	1,041,770	223,290
Scotia Vision Aggressive 2030 Portfolio				
Class A Units	664,845	219,161	722,304	157,413
Scotia Canadian Index Fund				
Class A Units	1,361,700	1,986,444	1,369,068	3,330,010
Class F Units	-	-	-	-
Class I Units	351,520	519,839	340,043	142,840
Scotia Canadian Dividend Fund				
Class A Units	12,132,613	6,455,608	10,173,089	8,315,733
Class F Units	120,765	79,135	183,411	36,547
Class I Units	4,571,172	2,181,438	1,885,168	254,633
Scotia Private Client Units	1,642,052	553,693	543,894	804,364
Scotia Canadian Blue Chip Fund				
Class A Units	734,235	2,100,719	928,048	3,494,804
Class F Units	641	671	1,067	810
Class I Units	273,997	393,020	249,684	221,681
Scotia Private Client Units	-	-	1,293	1,082,667

Fund	2007		2006	
	Units issued	Units redeemed	Units issued	Units redeemed
Scotia Canadian Growth Fund				
Class A Units	1,518,394	1,341,187	825,516	1,918,515
Class F Units	453	260	271	126
Class I Units	1,187,817	583,339	721,737	163,348
Scotia Cassels Canadian Equity Fund				
Scotia Private Client Units	4,406,418	1,835,446	6,291,868	1,266,819
Scotia Canadian Small Cap Fund				
Class A Units	336,980	795,337	1,131,399	1,317,046
Class F Units	366	366	-	-
Class I Units	3,142,208	806,045	1,113,826	241,413
Scotia Private Client Units	360,360	417,337	574,890	1,213,389
Scotia Resource Fund				
Class A Units	1,098,649	1,179,266	2,310,547	2,041,810
Class F Units	-	740	143	1,523
Scotia Cassels North American Equity Fund				
Scotia Private Client Units	14,818,512	6,383,610	12,040,404	16,359,486
Scotia U.S. Index Fund				
Class A Units	531,501	791,593	535,964	1,406,619
Class I Units	411,450	196,872	419,677	77,312
Scotia U.S. Growth Fund				
Class A Units	250,642	1,416,852	538,391	2,784,748
Class F Units	1,128	-	-	-
Class I Units	629,952	4,886,809	1,217,021	30,086
Scotia Private Client Units	-	-	4,882	1,619,879
Scotia Cassels U.S. Equity Fund				
Scotia Private Client Units	2,938,589	625,173	2,286,485	988,772
Scotia CanAm Index Fund				
Class A Units	264,743	2,933,208	716,108	5,757,785
Class F Units	1,160	-	-	-
Scotia Nasdaq Index Fund				
Class A Units	452,280	789,360	684,425	1,336,762
Class F Units	-	-	-	-
Scotia International Index Fund				
Class A Units	1,185,367	788,561	739,119	1,071,377
Class F Units	955	-	-	-
Class I Units	724,692	607,524	531,334	170,206
Scotia Global Growth Fund				
Class A Units	723,180	794,881	291,126	781,179
Class I Units	5,557,383	65,155	-	-
Scotia Cassels International Equity Fund				
Scotia Private Client Units	19,280,633	4,543,882	17,518,950	2,017,688
Scotia European Fund				
Class A Units	842,303	653,489	426,332	692,440
Class F Units	-	-	-	-
Class E Units	462,427	24,195	-	-
Scotia Pacific Rim Fund				
Class A Units	594,338	542,375	856,494	636,155
Class F Units	-	-	-	-
Class I Units	45,888	17,077	10,571	2,576
Scotia Latin American Fund				
Class A Units	1,068,408	531,573	885,531	757,098
Class F Units	697	2,915	4,970	1,789
Class I Units	85,774	62,205	43,495	79,789
Scotia U.S. Value Fund				
Class A Units	173,920	866,962	337,290	2,523,671
Class F Units	-	600	108	874
Class I Units	11,542,938	1,842,746	-	-
Scotia International Value Fund				
Class A Units	349,119	628,410	573,837	1,480,562
Class F Units	18	1,366	-	1,623
Class I Units	12,404,045	773,316	-	-
Scotia Global Opportunities Fund				
Class A Units	267,293	556,861	45,199	101,471
Class F Units	24	301	-	-
Class I Units	6,764,199	442,963	-	-
Scotia Global Small Cap Fund				
Class A Units	597,664	1,003,342	110,488	56,485
Class F Units	-	2,121	-	-
Class I Units	10,239,670	322,527	-	-
Scotia Cassels Short-Mid Government Bond Fund				
Scotia Private Client Units	18,638,067	128,041	-	-
Scotia Cassels Advantaged Income Fund				
Scotia Private Client Units	15,000	-	-	-

4. Management Fees

The Funds' management fees are calculated daily and payable monthly on the first business day of the following calendar month. The Manager is entitled to a maximum annual management fee, exclusive of GST, as follows:

	% of Net Asset Value		
	Class A Units	Class F Units	Scotia Private Client Units
Scotia T-Bill Fund	1.00	–	–
Scotia Premium T-Bill Fund	0.50	–	–
Scotia Money Market Fund	1.00	–	0.10
Scotia U.S. \$ Money Market Fund	1.00	–	–
Scotia Canadian Bond Index Fund	0.70	0.35	–
Scotia Mortgage Income Fund	1.25	0.625	–
Scotia Canadian Income Fund	1.25	0.625	0.10
Scotia Cassels Canadian Corporate Bond Fund	–	–	0.10
Scotia U.S. \$ Bond Fund	1.50	0.75	–
Scotia Global Bond Fund	1.50	0.75	–
Scotia Diversified Monthly Income Fund	1.25	0.625	–
Scotia Canadian Balanced Fund	1.75	0.875	–
Scotia Canadian Tactical Asset Allocation Fund	1.75	0.875	–
Scotia Selected Income & Modest Growth Portfolio	1.60	0.60	–
Scotia Selected Balanced Income & Growth Portfolio	1.75	0.75	–
Scotia Selected Moderate Growth Portfolio	1.90	0.90	–
Scotia Selected Aggressive Growth Portfolio	2.10	1.10	–
Scotia Partners Income & Modest Growth Portfolio	1.85	0.85	–
Scotia Partners Balanced Income & Growth Portfolio	2.00	1.00	–
Scotia Partners Moderate Growth Portfolio	2.15	1.15	–
Scotia Partners Aggressive Growth Portfolio	2.35	1.35	–
Scotia Vision Conservative 2010 Portfolio	1.60	–	–
Scotia Vision Aggressive 2010 Portfolio	1.65	–	–
Scotia Vision Conservative 2015 Portfolio	1.70	–	–
Scotia Vision Aggressive 2015 Portfolio	1.75	–	–
Scotia Vision Conservative 2020 Portfolio	1.80	–	–
Scotia Vision Aggressive 2020 Portfolio	1.85	–	–
Scotia Vision Conservative 2030 Portfolio	2.00	–	–
Scotia Vision Aggressive 2030 Portfolio	2.05	–	–
Scotia Canadian Index Fund	0.80	0.40	–
Scotia Canadian Dividend Fund	1.50	0.75	0.10
Scotia Canadian Blue Chip Fund	1.85	0.925	–
Scotia Canadian Growth Fund	1.85	0.925	–
Scotia Cassels Canadian Equity Fund	–	–	0.10
Scotia Canadian Small Cap Fund	2.00	1.00	0.10
Scotia Resource Fund	2.00	1.00	–
Scotia Cassels North American Equity Fund	–	–	0.10
Scotia U.S. Index Fund	0.80	0.40	–
Scotia U.S. Growth Fund	2.00	1.00	0.10
Scotia Cassels U.S. Equity Fund	–	–	0.10
Scotia CanAm Index Fund	0.80	0.40	–
Scotia Nasdaq Index Fund	0.80	0.40	–
Scotia International Index Fund	0.80	0.40	–
Scotia Global Growth Fund	2.00	1.00	–
Scotia Cassels International Equity Fund	–	–	0.30
Scotia European Fund	2.00	1.00	–
Scotia Pacific Rim Fund	2.00	1.00	–
Scotia Latin American Fund	2.50	1.25	–
Scotia U.S. Value Fund	2.00	1.00	–
Scotia International Value Fund	2.15	1.15	–

	% of Net Asset Value		
	Class A Units	Class F Units	Scotia Private Client Units
Scotia Global Opportunities Fund	2.20	1.20	–
Scotia Global Small Cap Fund	2.35	1.35	–
Scotia Cassels Short-Mid Government Bond Fund	–	–	0.10
Scotia Cassels Advantaged Income Fund	–	–	0.10
Scotia Cassels Canadian Corporate Bond Fund	–	–	0.10

No management fees are charged on Class I Units. Instead, Class I investors negotiate a separate fee that is paid directly to the Manager.

5. Operating Expenses

Each class of a Fund is allocated its own expenses and its proportionate share of the Fund's expenses that are common to all classes. Operating expenses may include legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, brokerage commissions, unitholder communication costs and other administration costs. The absorbed expenses are reflected in the Statement of Operations. The Manager may cease to absorb expenses at any time.

6. Income Taxes

The Funds qualify or expect to qualify as mutual fund trusts under the Income Tax Act (Canada). Each of the Funds distributes sufficient of its taxable net investment income and net realized taxable capital gains, less the amount required to enable each Fund to utilize any available tax credit attributable to redemptions during the period, to its unitholders. Such income is taxable in the hands of the unitholders. Accordingly, no provision for income taxes has been recorded in these financial statements.

(a) There are capital loss carryforwards available in the following Funds as at December 31 of the following years:

	2007	2006
Scotia U.S. \$ Money Market Fund	\$ 55,840,359	\$ 50,606,242
Scotia Canadian Bond Index Fund	675,177	235,806
Scotia Mortgage Income Fund	1,695,129	1,580,550
Scotia Canadian Income Fund	49,732,630	—
Scotia Cassels Canadian Corporate Bond Fund	10,695,351	1,669,735
Scotia U.S. \$ Bond Fund	8,662,557	7,958,137
Scotia Global Bond Fund	26,938,958	17,340,435
Scotia Canadian Balanced Fund	—	4,485,211
Scotia Canadian Tactical Asset Allocation Fund	—	13,440,339
Scotia Canadian Index Fund	10,317,456	11,728,661
Scotia Canadian Dividend Fund	20,198	20,198
Scotia Canadian Blue Chip Fund	—	13,988,421
Scotia Canadian Small Cap Fund	—	16,330
Scotia Resource Fund	11,187,386	36,191,841
Scotia Cassels North American Equity Fund	—	2,049,008
Scotia U.S. Index Fund	22,371,484	21,324,211
Scotia U.S. Growth Fund	117,769,045	118,083,620
Scotia Cassels U.S. Equity Fund	2,089,890	465,927
Scotia CanAm Index Fund	102,277,025	85,405,576
Scotia Nasdaq Index Fund	7,179,107	5,587,051
Scotia International Index Fund	11,626,328	7,552,936
Scotia Global Growth Fund	68,574,129	77,433,547
Scotia Cassels International Equity Fund	2,362,166	—
Scotia European Fund	38,097,281	40,836,609
Scotia Pacific Rim Fund	9,171,952	11,137,288
Scotia U.S. Value Fund	20,486,543	18,562,845
Scotia International Value Fund	—	2,434,658
Scotia Global Opportunities Fund	—	376,290
Scotia Global Small Cap Fund	3,767,833	568,756

The capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

(b) There are non-capital loss carryforwards available in the following Funds as at December 31 of the following years:

	2007	2006
Scotia Canadian Tactical Asset Allocation Fund	\$ 3,857	\$ 3,857
Scotia Selected Aggressive Growth Portfolio	—	193,707
Scotia Partners Moderate Growth Portfolio	373,425	373,425
Scotia Partners Aggressive Growth Portfolio	193,524	1,786,532
Scotia Canadian Growth Fund	—	461,784
Scotia Resource Fund	1,475,814	—
Scotia U.S. Growth Fund	7,684,109	7,396,592
Scotia CanAm Index Fund	108,739,170	113,948,290
Scotia Nasdaq Index Fund	2,039,910	3,579,154
Scotia Global Growth Fund	3,577,825	5,392,454
Scotia Pacific Rim Fund	449,540	281,082
Scotia Latin American Fund	—	1,991
Scotia U.S. Value Fund	8,522,057	9,255,179
Scotia International Value Fund	—	1,874,883
Scotia Global Opportunities Fund	—	416,939
Scotia Global Small Cap Fund	—	741,594

The non-capital losses for income tax purposes may be carried forward for up to twenty years and applied against capital gains realized and net income in future years.

7. Soft Dollars Paid

The ascertainable soft dollar arrangements in connection with investment portfolio transactions for the twelve-month period ended December 31, 2007 and the twelve-month period ended December 31, 2006 are set out below.

	2007	2006
Scotia Canadian Balanced Fund	\$ 2,640	\$ 172
Scotia Canadian Tactical Asset Allocation Fund	27,791	11,054
Scotia Canadian Blue Chip Fund	626	40
Scotia Canadian Growth Fund	948	44
Scotia Global Growth Fund	44,079	—
Scotia Cassels International Equity Fund	12,565	—
Scotia European Fund	221	70
Scotia U.S. Value Fund	17,589	—
Scotia Global Small Cap Fund	70,523	—

Soft dollar commissions are arrangements pursuant to which products or services, other than the execution of portfolio securities transactions, are obtained by an adviser from or through a broker-dealer in exchange for directing client securities transactions to the broker-dealer.

8. Securities Lending

The Funds have entered into a securities lending program with their custodian, The Bank of Nova Scotia (“BNS”). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the net assets of the Fund.

The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral is received in the form of debt obligations of the Government of Canada, Canadian provincial and municipal governments or financial institutions, and is not included in the Statements of Investment Portfolio. The aggregated dollar values of the securities on loan and the collateral received by the Funds as at December 31, 2007 are as follows:

	Market value of securities on loan	Market value of collateral received
Scotia T-Bill Fund	\$ 54,054,918	\$ 57,032,773
Scotia Premium T-Bill Fund	436,619,986	459,053,990
Scotia Canadian Bond Index Fund	10,097,007	10,668,462
Scotia Canadian Income Fund	40,740,501	42,802,547
Scotia Cassels Canadian Corporate Bond Fund	43,257,343	45,664,183
Scotia Global Bond Fund	1,392,397	1,539,989
Scotia Diversified Monthly Income Fund	30,150,305	31,942,976
Scotia Canadian Balanced Fund	92,265,850	97,362,019
Scotia Canadian Tactical Asset Allocation Fund	15,728,894	16,673,649
Scotia Canadian Index Fund	18,843,051	20,431,381
Scotia Canadian Dividend Fund	168,799,872	177,591,334
Scotia Canadian Blue Chip Fund	7,644,006	8,322,679
Scotia Canadian Growth Fund	71,634,147	75,492,845
Scotia Cassels Canadian Equity Fund	570,005	691,995
Scotia Canadian Small Cap Fund	30,091,994	31,898,173
Scotia Resource Fund	16,283,558	17,155,505
Scotia Cassels North American Equity Fund	15,434,608	16,535,005
Scotia U.S. Index Fund	104,578	120,201
Scotia U.S. Growth Fund	2,287,578	2,452,076
Scotia International Index Fund	2,948,010	3,117,023

9. Related Party Transactions

(a) The brokerage fees paid to Scotia Capital Inc., a wholly-owned subsidiary of BNS, and an affiliate of the Manager, during the twelve-month period ended December 31, 2007 and the twelve-month period ended December 31, 2006 are as follows:

	2007	2006
Scotia Diversified Monthly Income Fund	\$ 24,386	\$ 7,305
Scotia Canadian Balanced Fund	127,824	24,427
Scotia Canadian Tactical Asset Allocation Fund	12,813	18,647
Scotia Canadian Index Fund	–	1,594
Scotia Canadian Dividend Fund	95,168	49,732
Scotia Canadian Blue Chip Fund	16,625	15,021
Scotia Canadian Growth Fund	22,860	15,253
Scotia Cassels Canadian Equity Fund	4,378	1,038
Scotia Canadian Small Cap Fund	34,683	14,664
Scotia Resource Fund	8,707	12,770
Scotia Cassels North American Equity Fund	23,728	24,510
Scotia Global Growth Fund	1,325	1,063

- (b) Scotia Mortgage Income Fund purchases/sells mortgages from/to Scotia Mortgage Corporation, a wholly-owned subsidiary of BNS, at an amount which will produce a yield to the Fund of not more than one-quarter of one percent less than the interest rate at which BNS is making similar commitments.

BNS has agreed to repurchase from Scotia Mortgage Income Fund any mortgage purchased from Scotia Mortgage Corporation at such time as the mortgage is in default. The price of the such repurchase is equal to the principal value plus unpaid interest. There are no mortgages in arrears as at December 31, 2007.

Mortgage service fees of \$1,302,859 were paid to Scotia Mortgage Corporation for the year ended December 31, 2007. Mortgage service fees of \$1,296,286 were paid to Scotia Mortgage Corporation for the year ended December 31, 2006.

- (c) The Manager may enter into transactions and service arrangements with wholly-owned subsidiaries of BNS. Scotia Capital Inc. may be involved in the purchase and sale of portfolio securities and forward contracts. Scotia Cassels Investment Counsel Limited and Scotia Capital Inc. are portfolio advisors for certain Funds. BNS acts as custodian of the Funds.
- (d) The Manager, a wholly-owned subsidiary of BNS, is the trustee, manager and principal distributor of the Funds. As at December 31 of each of the following years, the Manager held the following number of units in the following Funds:

	2007	2006
Scotia Global Opportunities Fund	–	478,047
Scotia Global Small Companies Fund	–	542,327
Scotia Cassels Advantaged Income Fund	15,000	–

10. Significant Events

- (a) Effective the close of business on April 20, 2007, the Manager merged certain Funds as set out below:
- Scotia Young Investors Fund merged into Scotia Global Growth Fund; and
 - Capital U.S. Small Companies Fund merged into Capital Global Small Companies Fund

(individually a “Merger” and collectively, the “Mergers”).

As a result of the Mergers, unitholders of Scotia Young Investors Fund and Capital U.S. Small Companies Fund exchanged units of each of their respective Funds for units of Scotia Global Growth Fund and Capital Global Small Companies Fund, respectively, on a class-by-class and dollar-for-dollar basis. The Manager received unitholder and regulatory approval in connection with each Merger.

- (b) The Manager changed the investment objectives of each of Capital U.S. Large Companies Fund, Capital International Large Companies Fund, Capital Global Discovery Fund and Capital Global Small Companies Fund (collectively, the “Capital Funds”) as follows:

Fund	Former Investment Objectives	New Investment Objectives
Capital U.S. Large Companies Fund	To achieve long-term growth of capital through exposure primarily to equity securities of large U.S. issuers and securities whose principal markets are in the U.S. (including ADRs and other U.S. registered foreign securities) by investing its assets in Class I units of Capital International-U.S. Equity.	The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of U.S. companies.
Capital International Large Companies Fund	To achieve long-term growth of capital through exposure to securities of large capitalization issuers located outside North America by investing its assets in Class I units of Capital International-International Equity.	The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of companies located outside of the U.S.
Capital Global Discovery Fund	To achieve long-term growth of capital through exposure to stocks of companies in the services and information area of the global economy by investing its assets in Class I units of Capital International-Global Discovery.	The fund's objective is to achieve long-term capital growth. It invests primarily in a more concentrated portfolio of equity securities of companies located around the world.
Capital Global Small Companies Fund	To achieve long-term growth of capital through exposure to equity securities of companies located around the world with relatively small market capitalizations of approximately \$75 million to \$2.25 billion at the time of investment by investing its assets in Class I units of Capital International-Global Small Cap.	The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of smaller companies located around the world.

The Manager received the approval of the unitholders of each of the Capital Funds with respect to the above changes of investment objectives which took effect after

the close of business on April 20, 2007, at which time each Capital Fund's name was changed as set out below.

Former Name	New Name
Capital U.S. Large Companies Fund	Scotia U.S. Value Fund
Capital International Large Companies Fund	Scotia International Value Fund
Capital Global Discovery Fund	Scotia Global Opportunities Fund
Capital Global Small Companies Fund	Scotia Global Small Cap Fund

(c) The following Funds' names have also been changed.

Former Name	New Name
Scotia Total Return Fund	Scotia Canadian Tactical Asset Allocation Fund
Scotia CanGlobal Income Fund	Scotia Global Bond Fund
Scotia CanAm U.S. \$ Money Market Fund	Scotia U.S. \$ Money Market Fund
Scotia CanAm U.S. \$ Income Fund	Scotia U.S. \$ Bond Fund
Scotia Selected Income & Modest Growth Fund	Scotia Selected Income & Modest Growth Portfolio
Scotia Selected Balanced Income & Growth Fund	Scotia Selected Balanced Income & Growth Portfolio
Scotia Selected Conservative Growth Fund	Scotia Selected Moderate Growth Portfolio
Scotia Selected Aggressive Growth Fund	Scotia Selected Aggressive Growth Portfolio
Scotia Partners Conservative Growth Portfolio	Scotia Partners Moderate Growth Portfolio
Scotia Vision Conservative 2010 Fund	Scotia Vision Conservative 2010 Portfolio
Scotia Vision Aggressive 2010 Fund	Scotia Vision Aggressive 2010 Portfolio
Scotia Vision Conservative 2015 Fund	Scotia Vision Conservative 2015 Portfolio
Scotia Vision Aggressive 2015 Fund	Scotia Vision Aggressive 2015 Portfolio
Scotia Vision Conservative 2020 Fund	Scotia Vision Conservative 2020 Portfolio
Scotia Vision Aggressive 2020 Fund	Scotia Vision Aggressive 2020 Portfolio
Scotia Vision Conservative 2030 Fund	Scotia Vision Conservative 2030 Portfolio
Scotia Vision Aggressive 2030 Fund	Scotia Vision Aggressive 2030 Portfolio
Scotia Canadian Stock Index Fund	Scotia Canadian Index Fund
Scotia American Stock Index Fund	Scotia U.S. Index Fund
Scotia American Growth Fund	Scotia U.S. Growth Fund
Scotia CanAm Stock Index Fund	Scotia CanAm Index Fund
Scotia International Stock Index Fund	Scotia International Index Fund
Scotia European Growth Fund	Scotia European Fund
Scotia Pacific Rim Growth Fund	Scotia Pacific Rim Fund
Scotia Latin American Growth Fund	Scotia Latin American Fund

11. Accounting Guideline Changes

The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Funds.

This standard will impact the Funds' disclosures provided but will not affect the Funds' results or financial position.

The Manager is currently evaluating the impact of these standards on its financial statements disclosure.

Management's Responsibility For Financial Reporting

The accompanying financial statements have been prepared by management of the Funds and approved on behalf of the Board of Directors of Scotia Securities Inc. Management is responsible for the information and representations made in these financial statements.

Scotia Securities Inc. maintains appropriate processes to ensure that accurate, relevant and reliable financial information is produced. The financial statements have been produced in accordance with Canadian generally accepted accounting principles and include certain amounts based on estimates and assumptions made by Scotia Securities Inc. The significant accounting policies which Scotia Securities Inc. believes are appropriate for the Funds are described in Note 2 to the financial statements.

Ernst & Young LLP and Gaviller & Company LLP are the external auditors of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report is set out on page 136.



Walter Pavan
Chief Financial Officer and Treasurer
Scotia Securities Inc.

January 31, 2008

Auditor's Report

To the Unitholders of:

- (1) Scotia T-Bill Fund
- (2) Scotia Premium T-Bill Fund
- (3) Scotia Money Market Fund
- (4) Scotia U.S. \$ Money Market Fund
- (5) Scotia Canadian Bond Index Fund
- (6) Scotia Mortgage Income Fund
- (7) Scotia U.S. \$ Bond Fund
- (8) Scotia Cassels Short-Mid Government Bond Fund
- (9) Scotia Diversified Monthly Income Fund
- (10) Scotia Cassels Advantaged Income Fund
- (11) Scotia Canadian Tactical Asset Allocation Fund
- (12) Scotia Canadian Blue Chip Fund
- (13) Scotia Canadian Growth Fund
- (14) Scotia Resource Fund
- (15) Scotia Cassels Canadian Equity Fund
- (16) Scotia Cassels North American Equity Fund
- (17) Scotia U.S. Growth Fund
- (18) Scotia CanAm Index Fund
- (19) Scotia Nasdaq Index Fund
- (20) Scotia International Index Fund
- (21) Scotia Global Growth Fund
- (22) Scotia European Fund
- (23) Scotia Pacific Rim Fund
- (24) Scotia Latin American Fund
- (25) Scotia Cassels U.S. Equity Fund
- (26) Scotia Cassels International Equity Fund
- (27) Scotia U.S. Value Fund
- (28) Scotia International Value Fund
- (29) Scotia Global Opportunities Fund
- (30) Scotia Global Small Cap Fund
- (31) Scotia Partners Income & Modest Growth Portfolio
- (32) Scotia Partners Balanced Income & Growth Portfolio
- (33) Scotia Partners Moderate Growth Portfolio
- (34) Scotia Partners Aggressive Growth Portfolio
- (35) Scotia Selected Income & Modest Growth Portfolio
- (36) Scotia Selected Balanced Income & Growth Portfolio
- (37) Scotia Selected Moderate Growth Portfolio
- (38) Scotia Selected Aggressive Growth Portfolio
- (39) Scotia Vision Conservative 2010 Portfolio
- (40) Scotia Vision Aggressive 2010 Portfolio
- (41) Scotia Vision Conservative 2015 Portfolio
- (42) Scotia Vision Aggressive 2015 Portfolio
- (43) Scotia Vision Conservative 2020 Portfolio
- (44) Scotia Vision Aggressive 2020 Portfolio
- (45) Scotia Vision Conservative 2030 Portfolio
- (46) Scotia Vision Aggressive 2030 Portfolio
- (47) Scotia Cassels Canadian Corporate Bond Fund
- (48) Scotia Canadian Income Fund
- (49) Scotia Canadian Dividend Fund
- (50) Scotia Canadian Balanced Fund
- (51) Scotia Canadian Index Fund
- (52) Scotia U.S. Index Fund

- (53) Scotia Global Bond Fund
- (54) Scotia Canadian Small Cap Fund

(collectively referred to as "ScotiaFunds".)

We have audited the statements of net assets of the ScotiaFunds as at December 31, 2007 and 2006, the statements of investment portfolio as at December 31, 2007 and the statements of operations and changes in net assets for the periods then ended. These financial statements are the responsibility of ScotiaFunds' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether these financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by ScotiaFunds' management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of ScotiaFunds as at December 31, 2007 and 2006, the investment portfolios as at December 31, 2007 and the results of their operations and the changes in their net assets for the periods then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants
as to Funds (1) to (47)

Gaviller & Company LLP

Gaviller & Company LLP
Chartered Accountants
Licensed Public Accountants
as to Funds (48) to (54)

Toronto, Canada
February 4, 2008

FOR MORE INFORMATION ABOUT

ScotiaFunds™

please call

1 800 268-9269 (English)

1 800 387-5004 (French)

scotiabank.com

or visit any branch of Scotiabank,
Scotiastock or ScotiaMcLeod.



A Member of

THE INVESTMENT
FUNDS INSTITUTE
OF CANADA



The Scotiabank Group cares about preserving our natural environment. This document is printed on paper manufactured from 100% post consumer waste fibre that is 100% process chlorine free. Not one tree was used in the manufacturing process of this paper fibre. This paper is certified Eco-Logo by Terra-Choice Canada and the CFPA and is 100% Canadian made.

© Registered trademark of The Bank of Nova Scotia, used under license.

™ Trademarks of The Bank of Nova Scotia, used under license.

ScotiaFunds are offered by Scotia Securities Inc. Scotia Securities Inc. and Scotia Capital Inc. are corporate entities separate from, although wholly-owned by, The Bank of Nova Scotia. ScotiaMcLeod and ScotiaMcLeod Direct Investing are divisions of Scotia Capital Inc. Member CIPF.

"Standard & Poor's®", "S&P®", and "S&P 500" are trademarks of The McGraw-Hill Companies and have been licensed for use by The Bank of Nova Scotia and its subsidiary companies. "TSX" is a trademark of The Toronto Stock Exchange and has been licensed for use by The Bank of Nova Scotia and its subsidiary companies. The Nasdaq 100 Index is published by the Nasdaq Stock Market, Inc. The Nasdaq Stock Market, Inc. has no connection with Scotia Securities Inc. and has not passed upon the merits of investing in the Scotia Mutual Funds.

