

GENERAL INFORMATION

DEALING DETAILS:

The Funds trade at Net Asset Value on the next Dealing Day following receipt of the signed application and cleared funds.

Initial minimum investment is US \$5,000 in any portfolio, with **subsequent investments** of US \$1,000.

Initial minimum investment is US\$1,000 in any one Fund where a Pre-Authorized Contribution (min. US \$100 per month) is also established.

Net Asset Value information of the Scotiabank Mutual Funds can be found on Bloomberg, in the equities section, and on the Cayman Islands Stock Exchange (CSX), website www.csx.ky under "Scotiabank".

This report does not constitute an invitation to purchase or sell shares of the Funds.

Information also available directly from:

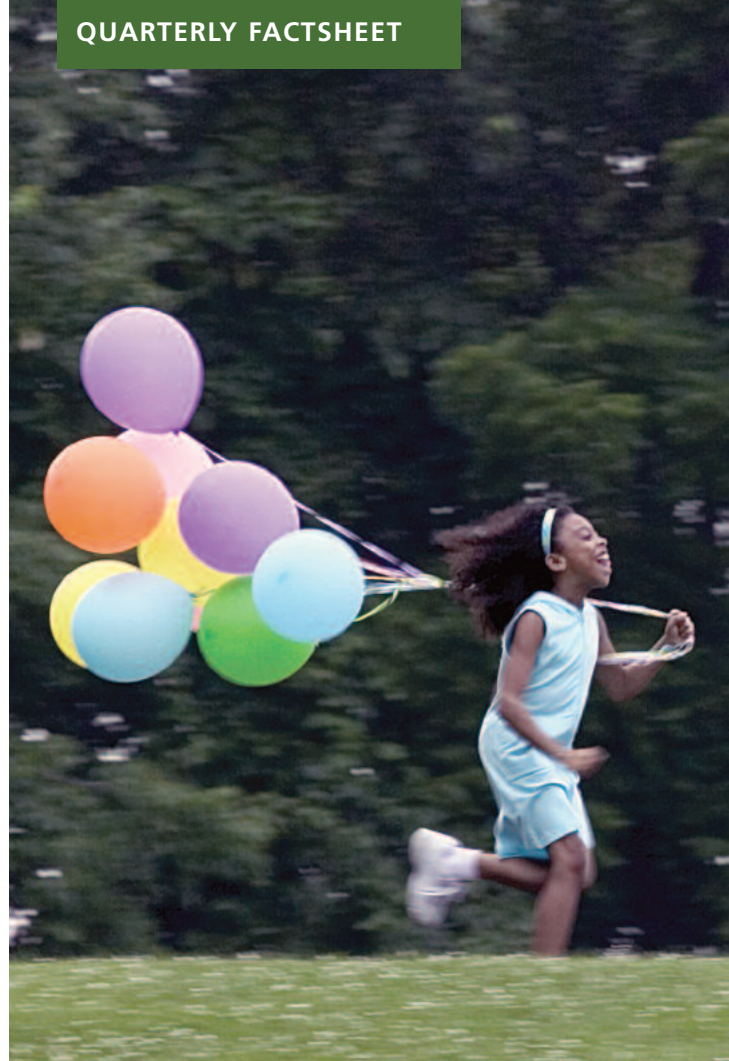
Scotiabank & Trust (Cayman) Ltd.
6 Cardinal Ave, Box 689
Grand Cayman, KY1 1107
(345) 949-7666

Important information about Scotiabank Mutual Funds is contained in the Funds' prospectus. Copies are available from Scotiabank and Scotiatrust branches and should be read carefully before investing. Share values and investment returns for the Funds will fluctuate. Past performance is not indicative of future performance. Scotiabank Mutual Funds are not insured by, nor guaranteed by, The Bank of Nova Scotia.

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(04/08)



Scotiabank Mutual Funds

March 31, 2008



Life. Money. Balance both.*

Scotiabank Money Market Fund

FUND DESCRIPTION

This Fund is designed to provide safety of capital and liquidity. It invests in high-quality, short-term securities and obligations issued by governments, corporations, banks and trust companies. These securities are not subject to withholding taxes.

Investment objective: The objective of this Fund is to earn interest income and provide liquidity, with a high level of safety.

Inception date: November 1999.

FUND ADVISOR

Scotia Cassels Investment Counsel Limited ("Scotia Cassels") is a Toronto-based professional investment and portfolio management firm which actively manages private and corporate investment portfolios, pension funds and other segregated fund on a fully discretionary basis. Scotia Cassels is one of the largest investment managers in Canada, with more than US \$26 billion of client funds under management.

SALES CHARGES

There is no sales charge applicable to this Fund.

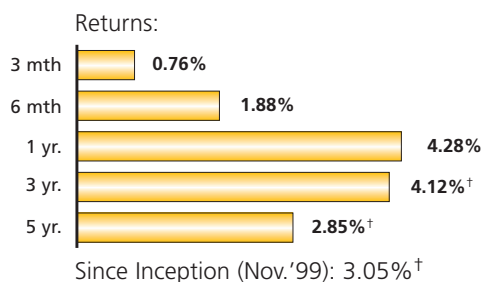
ASSET CLASS

Cash and Cash Equivalents.

FUND PERFORMANCE

Net Asset Value: US \$12.8529 (as of March 31, 2008)

The Fund yield was 0.76% for the quarter compared to the benchmark's, 3-month US Treasury Bills, yield of 1.31%.



Net Asset Values and performance figures are net of all Fund expenses.

† Average annual compound rate of return.

MARKET COMMENTARY

The fund returned 0.76% for the first quarter of 2008. The Federal Reserve Bank (Fed) cut its target overnight lending rate by 75 basis points (BPS) to 2.25% on March 18th. An extraordinary total of 300 BPS has been cut from the overnight rate since the credit debacle started last summer. More cuts in interest rates are expected in the second quarter as economic growth slowed down to 0.6% in the fourth quarter of 2007 versus 4.9% in the third quarter. As in December 2007, liquidity shortfalls led the Fed and other central banks to announce measures to address the liquidity pressures in funding markets on March 11th.

Three month U.S. T-bills rallied to a new historical low not observed since the summer of 2003. Their yield declined from 3.18% to 0.53% on March 20th and ended the quarter at 1.31%. Similarly, the yield on the six month T-bill also declined by almost half of their starting value, from 3.30% to 1.46%, while volatile one month yields backed up for the third time.

The fund has been reinvesting in maturities between the three and seven month area. The fund's average term to maturity of 60 days has been maintained. The fund is well positioned to benefit from stable or lower interest rates going forward.

PORTFOLIO BREAKDOWN

	%
US Treasury	10.0
US Corporate Issues	90.0
Total	100.0

10 LARGEST HOLDINGS:

		Fund %
FEDERAL HOME LN BK	4/28/2008	10.31
FEDERAL NATL MTG ASSN		6.46
PFIZER INC	6/5/2008	4.20
ROYAL BANK OF CDA USD BDN	5/21/2008	4.12
NATIONAL BANK OF CDA USD BDN	4/24/2008	3.85
BANK OF MONTREAL USD CP	5/5/2008	3.84
GE CAPITAL CDA FUNDING COMP USD CP	6/30/2008	3.70
NESTLE CAP CORP	5/12/2008	3.65
NORDEA NORTH AMER. I	5/12/2008	3.65
PROCTER + GAMBLE INTL FDG		3.01

Scotiabank US Dollar Bond Fund

FUND DESCRIPTION

This Fund is designed as a mid-term, broad market investment grade US Dollar denominated bond fund. It invests primarily in US Dollar denominated securities and obligations issued or guaranteed by foreign governments and/or agencies, and corporations.

Investment objective: The objective of this Fund is to earn income and provide some potential for capital gains.

Inception date: January 1993.

FUND ADVISOR

Scotia Cassels Investment Counsel Limited (“Scotia Cassels”) is a Toronto-based professional investment and portfolio management firm which actively manages private and corporate investment portfolios, pension funds and other segregated funds on a fully discretionary basis. Scotia Cassels is one of the largest investment managers in Canada, with more than US \$26 billion of client funds under management.

SALES CHARGES

A front-end load may apply.

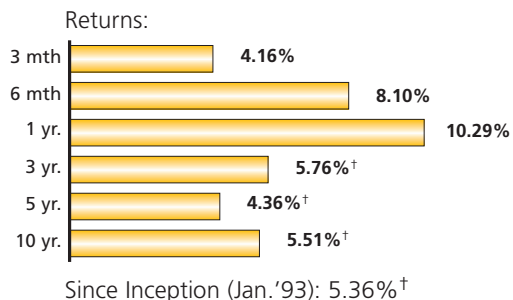
ASSET CLASS

Income.

FUND PERFORMANCE

Net Asset Value: US \$2.2181 (as of March 31, 2008)

The total return for the Fund was 4.16% for the quarter, compared to Merrill Lynch Corporate % Government Bond Index, which returned 2.50%.



Net Asset Values and performance figures are net of all Fund expenses.

[†] Average annual compound rate of return.

MARKET COMMENTARY

The total return for the Fund was 4.16% for the first quarter of 2008 compared to the Merrill Lynch Corporate & Government Bond Index, which returned 2.50%

The fund continued to benefit from both an underweight in U.S. credit exposure. The yields on the 10-Year US T-Bills declined 61 basis points (bps) over the quarter while the 2-year note gapped down 146 bps to close the quarter at 1.59%. While credit spreads recovered somewhat from the highs set in mid-march, the underlying tone remains negative.

The negative economic and financial market sentiment and results seemed to hit a peak in the first quarter. As a result, the U.S. Federal Reserve (Fed) lower administered rates by an unprecedented 200 basis points resulting in a Fed Funds Rate of just 2.25%. In addition, the Fed moved to provide over 1 trillion dollars to help smooth liquidity problems in financial markets as the credit crisis continued to weigh on the system. The Fed continued its reactionary policy when it used a play last put in action in the 1930's to stave the demise of Bear Sterns - the fifth largest money center institution. With the bias of evidence supporting a recessionary scenario, the Fed has been very clear that it will continue to provide monetary stimulus to support flagging economic momentum.

The U.S. interest rate outlook remains difficult. On a relative basis, U.S. Treasury yields are quickly losing their appeal versus most other developed markets. Persistent inflationary pressure remains a concern, as does the rapidly expanding U.S. fiscal deficit. Against this background, short interest rates will remain anchored by stimulus monetary policy while the direction of longer interest rates remains questionable.

PORTFOLIO BREAKDOWN

	Fund %	Index/ Benchmark %
US Treasuries and Agencies	30.5	58.8
Other Governments and Supranationals	46.9	5.8
Corporates	22.6	35.4
Total	100.0	100.0

10 LARGEST HOLDINGS:

		Fund %
US Treasury 4.25%	Aug 15/2013	13.8
US Treasury 4.125%	May 15/2015	8.2
US Treasury 6.25%	Aug 15/2023	4.7
Province of New Brunswick 7.625%	Feb 15/2013	4.5
Province of Manitoba 7.5%	Feb 22/2010	4.2
FNMA 5.125%	Apr 15/2011	4.0
Italy 4.75%	Jan 25/2016	4.0
Province of Ontario 4.75%	Jan 19/2016	4.0
Province of Saskatchewan 7.375%	Jul 01/2013	3.8
Intl Bk for Recon + Dev 7.625%	Jan 19/2023	3.4

Scotiabank Global Growth Fund

FUND DESCRIPTION

This Fund invests in high-quality global securities, providing investors with an opportunity to achieve long-term capital growth. Investments may include equities, preferred stocks and derivatives.

Investment objective: The objective of this Fund is long-term capital growth.

Inception date: August 1994.

FUND ADVISOR

Alliance Bernstein brings together more than three decades of Alliance Capital Management's expertise in growth investing and Bernstein's excellence in value management. With over US \$740 billion in assets under management, Alliance Bernstein's clients include private and public pension plans, foundations and endowments, insurance companies and governments in more than 45 countries. Over 265 analysts operating in 12 countries provide expert global market research.

SALES CHARGES

A front-end load may apply.

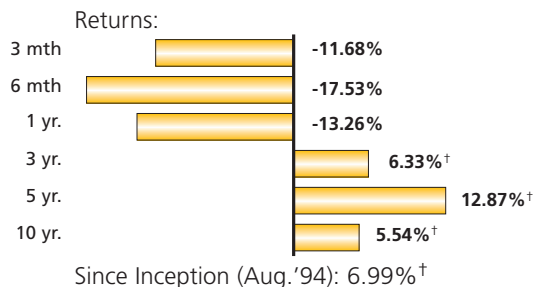
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$2.5032 (as of March 31, 2008)

The total return for the Fund was -11.68% for the quarter, compared to Merrill Lynch Corporate & Government Bond Index, which returned -9.1%.



Net Asset Values and performance figures are net of all Fund expenses.

[†] Average annual compound rate of return.

MARKET COMMENTARY

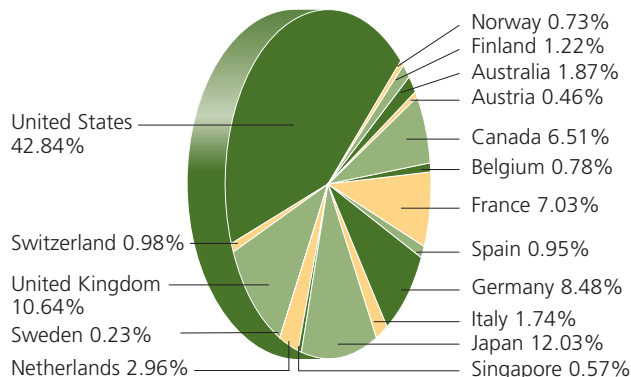
The MSCI World fell 9.1%, in US dollar terms, during the first quarter, due to investor worries of slowing global economic growth and repercussions from the subprime mortgage crisis, including a liquidity crunch within the financial sector. Mixed corporate earnings reports and weak global economic data dragged down markets across the world. All sectors declined, with the telecommunications sector the worst performing. Transportation shares, on the other hand, held up best. The US dollar depreciated against most major currencies, but it was flat relative to the sterling.

During the quarter sector and security selection were both negative. Our overweight in finance and stock picking in energy detracted from returns. The portfolio benefited from its position in diversified miner Teck Cominco as industrial commodities holdings performed strongly due to robust commodity prices amid strong emerging market demand. Our research and experience as value managers has taught us to keep portfolio risk proportionate with the value opportunity we identify. After a lengthy period of compression, valuation spreads have widened. If this trend continues, we may see increased opportunities to raise the portfolios' concentration in undervalued industries and companies.

PORTFOLIO BREAKDOWN

LARGEST HOLDINGS:

PHILIP MORRIS, DEUTSCHE LUFTHANSA, NORTHROP GRUMMAN, PARKER HANNIFIN, BASF



SECTORS:

	Fund %	Index/ Benchmark %
Financials	26.15	22.05
Energy	13.19	11.12
Materials	11.39	7.78
Consumer Discretionary	11.08	9.68
Industrials	10.49	11.82
Health Care	7.51	8.82
Information Technology	5.87	10.43
Consumer Staples	5.74	8.96
Telecommunication Services	5.25	4.59
Utilities	3.33	4.75
Total	00.0	00.0

Scotiabank US Growth Fund

FUND DESCRIPTION

This Fund invests in securities that comprise the Standard & Poor's 500® Index. These investments are weighted in such a manner that investment returns will closely match the S&P 500 Total Return Index.

Investment objective: The objective of this Fund is long-term capital growth.

Inception date: November 1999.

FUND ADVISOR

State Street Global Advisors (SSGA) is the investment management arm of State Street Corporation. It is an industry leader with \$1 trillion in assets under management, whose focus is on delivering investment strategies and integrated solutions to institutional and individual investors worldwide. As one of the world's largest investment managers, SSGA has established a global presence with 33 offices and 9 investment centers.

SALES CHARGES

A front-end load may apply.

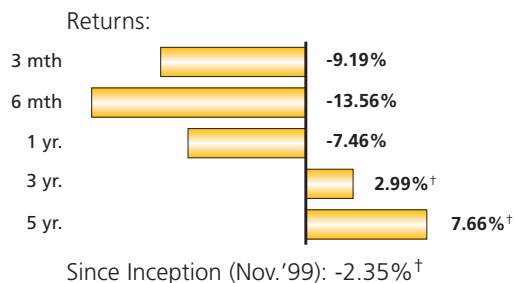
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$8.1967 (as of March 31, 2008)

The Fund returned -9.19% in the quarter compared to the S&P 500 Index of -9.5 %.



Net Asset Values and performance figures are net of all Fund expenses.

[†] Average annual compound rate of return.

MARKET COMMENTARY

The S&P 500 Index had a 9.5% loss for the first quarter, a period when seasonal factors often support equity prices. Despite heightened risk aversion during the first quarter, smaller stocks managed to hold their own on a relative basis, in part due to the sheer size of the stunning declines among the more troubled larger firms.

In the most recent month, with the S&P 500 stabilizing as a whole, there was still ample variability among sectors. Five of ten added value, and five retreated. The winners during March were telecommunications services, with a 5.0% gain; consumer staples, which climbed 3.4%; and industrials, with a 3.2% return. All ten sectors lost ground over the first three months of 2008, but staples lost the least, 2.2%. The materials sector, which slipped 1.1% in March, was the second best performer in the last three months, limiting its loss to 3.0%. The industrials sector also resisted the gloomy outlook, holding its decline to 3.9% on the quarter.

Healthcare led the March losers, off 4.9%; financials, which lost 2.7%; and energy, which slipped 2.6%. Four of ten S&P sectors suffered double-digit declines for the quarter. Information technology, despite a 1.0% March rebound, was the weakest first-quarter performer of all, with a 15.2% loss. Financials did not fare much better, with a 14.0% first-quarter decline. Insurers were weak, led lower by the monolines and brokers were soft, as business prospects dimmed and Bear Stearns lost nearly 90% of its market value.

Equities linked to real estate, including those represented in the S&P 500, turned in one of the more remarkable performances during the first quarter of 2008.

PORTFOLIO BREAKDOWN

Fund %

10 LARGEST HOLDINGS:

Exxon Mobil , a global integrated energy company, benefiting from high crude oil prices.	3.93
General Electric , a global industrial firm, with good exposure to later cycle end-markets.	3.21
AT&T Inc. , a leading communication services provider.	2.01
Microsoft Corp. , a leading applications software developer.	1.97
Procter & Gamble , a global provider of customer products.	1.87
Johnson & Johnson , a leading provider of health care products and services.	1.6
Chevron Corp. , a global integrated energy company.	1.54
Bank of America Corp. , a diversified financial services provider, offering an attractive dividend yield.	1.46
IBM , a leading manufacturer in its sector.	1.38
JPMorgan Chase & Co. , a leader in investment banking.	1.27

SECTORS:

%

Financials	16.8
Information Technology	15.7
Energy	13.25
Industrials	12.18
Health Care	11.73
Consumer Staples	11.07
Consumer Discretionary	8.65
Utilities	3.61
Materials	3.57
Telecommunication Services	3.44
Total	100.0

Scotiabank Canadian Growth Fund

FUND DESCRIPTION

This Fund invests in growth-oriented, high-quality equity securities listed on Canadian stock exchanges. Some high-quality Canadian Dollar denominated corporate paper may also be purchased.

Investment objective: The objective of this Fund is long-term capital growth.

Inception date: August 1994.

FUND ADVISOR

Scotia Cassels Investment Counsel Limited ("Scotia Cassels") is a Toronto-based professional investment and portfolio management firm which actively manages private and corporate investment portfolios, pension funds and other segregated funds on a fully discretionary basis. Scotia Cassels is one of the largest investment managers in Canada, with more than US \$26 billion of client funds under management.

SALES CHARGES

A front-end load may apply.

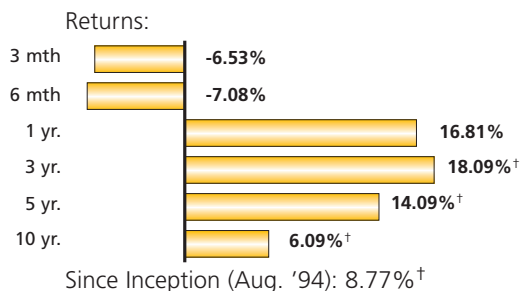
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$3.1325 (as of March 31, 2008)

The Fund returned -6.53% in the quarter compared to the S&P TSX Index of -2.7%.



Net Asset Values and performance figures are net of all Fund expenses.

[†] Average annual compound rate of return.

MARKET COMMENTARY

The S&P/TSX Index posted a negative returns for the first quarter of 2008, ending the quarter with a return of 2.7%.

Performance in the quarter was from the continued strength in the Materials sector (+7.3%), on the performance of gold and agricultural stocks. The increase of the price of gold to over \$1000/oz (US\$) sparked a move in gold stocks. Increasing worldwide demand for grains resulted in a significant return from agricultural stocks such as Potash Corp. The Energy sector also performed well, up 1.2%, as the price of oil increased to over \$100/barrel.

A further decline in the FED funds rate of 1.0% in the quarter has helped stabilize markets somewhat in the face of turbulence caused by the sub-prime lending debacle. Positive action from the US Federal Reserve to stabilize financial markets will take firm hold as the year progresses. Canadian interest rates have also declined as a result of the reduction in US rates. The sub-prime problems in the US and declining housing markets translated into an underperformance of TSX Financials sector, down 8.6%, relative to the TSX in the quarter. Consumer sensitive stocks also underperformed amid continued fears that falling house prices and rising gasoline prices would crimp the spending power of consumers.

PORTFOLIO BREAKDOWN

	Fund %
10 LARGEST HOLDINGS:	
Royal Bank: Canada's largest listed company and largest bank.	6.0
Manulife Financial: Canada's largest global insurer.	5.5
Encana: Canada's largest energy company.	5.1
TD Bank: Continues its strategy to expand in US.	4.9
Suncor: Dominant presence in the Alberta Oil Sands.	4.5
Research in Motion: Leader in mobile & wireless products.	4.2
Potash Corp.: The world's leading producer of potash, nitrogen fertilizers and phosphates.	3.7
Barrick Corp.: The world's largest gold producer.	3.2
Can. Natural Resources: independent producer of oil and natural gas in Western Canada and North Sea	3.2
Can. National Railways: North America most efficient railway	3.0

SECTORS:	Fund %	Index/ Benchmark %
Financials	29.2	28.4
Energy	28.8	28.9
Materials	15.6	18.9
Industrials	7.5	5.3
Consumer Discretionary	5.6	4.4
Telecom	4.9	4.9
Information Technology	4.6	4.8
Consumer Staples	3.1	2.4
Utilities	0.7	1.6
Health Care	0	0.4
Total	100.0	100.0

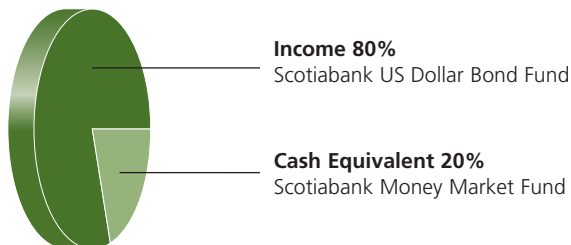
Scotiabank Preservation of Capital Portfolio

PORTFOLIO DESCRIPTION

Preservation of Capital

Your primary objective is to protect your principal. You can only accept minimal risk that your investments might decline in value even in the short term. You are willing to accept potentially the lowest return in exchange for the highest security.

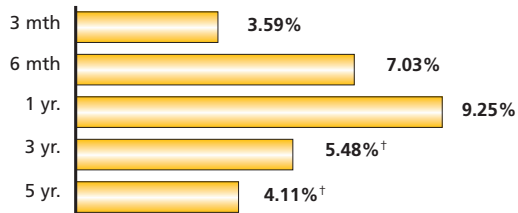
Portfolio Breakdown



Portfolio Commentary

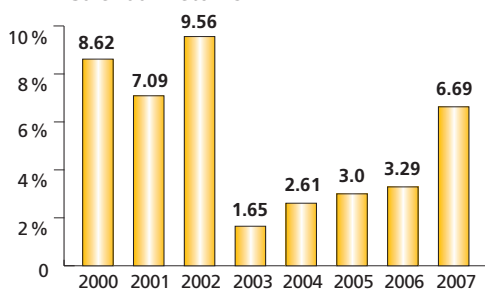
The Preservation of Capital Portfolio has performed exactly as it's designed. Since inception in December 1999 the Portfolio has had a compound return of 6.69% while inflation over the last 7 years has averaged 2.1% in Europe and 2.2% in North America. By exceeding inflation, the Portfolio has maintained the purchasing power or preserved capital for its investors.

Compound Returns:



Year to Date: 3.59%[†]

Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

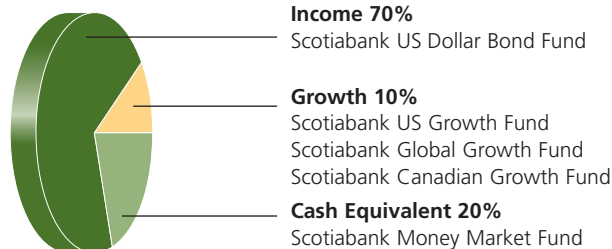
Scotiabank Conservative Income Portfolio

PORTFOLIO DESCRIPTION

Conservative Income

Your primary objective is to earn a modest income while protecting your principal. You are willing to accept modest return in exchange for greater security. You accept that the value of your portfolio will fluctuate modestly from time to time.

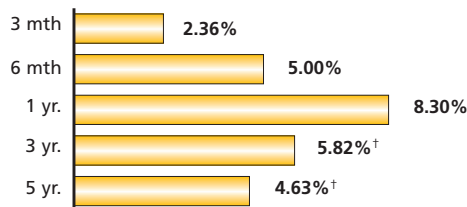
Portfolio Breakdown



Portfolio Commentary

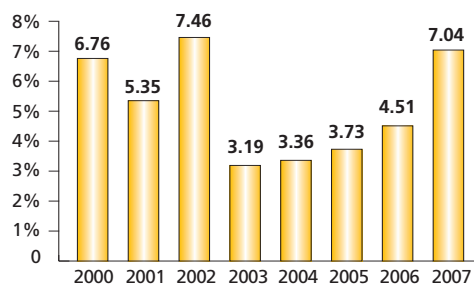
The portfolio has consistently produced a steady stream of income since inception. The small equity component of the portfolio has added a lift to ensure that the portfolio outpaces inflation.

Compound Returns:



Year to Date: 2.36%[†]

Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

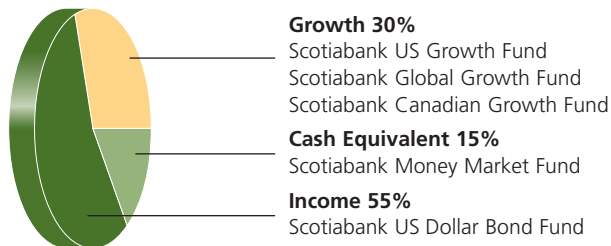
Scotiabank Income & Conservative Growth Portfolio

PORTFOLIO DESCRIPTION

Income & Conservative Growth

Your primary objective is a high level of income with some growth potential. You accept that the value of your portfolio will fluctuate modestly from time to time.

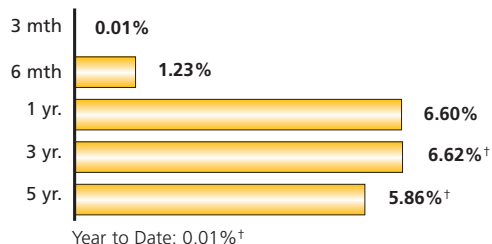
Portfolio Breakdown



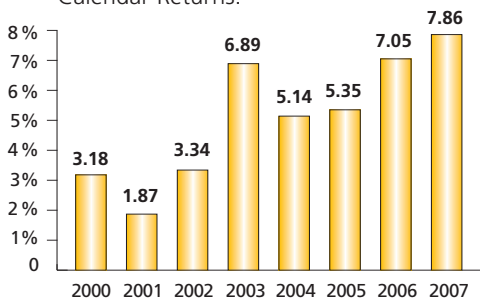
Portfolio Commentary

The Income & Conservative Growth Portfolio has performed as it's designed. While providing a steady stream of income the fluctuation in equity returns are smoothed out over time. As equities declined sharply between 2001 and October 2003, then recovered steadily, the portfolio has benefited from its asset allocation mix.

Compound Returns:



Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

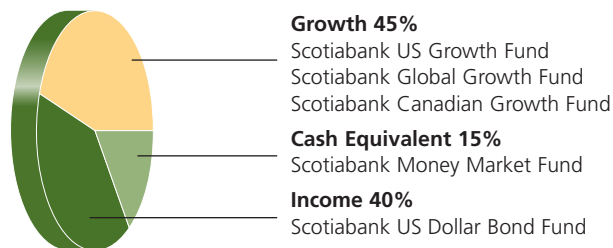
Scotiabank Balanced Income & Growth Portfolio

PORTFOLIO DESCRIPTION

Balanced Income & Growth

Your primary objective is growth with some income and exposure to the three major asset classes. You accept that the value of your portfolio will fluctuate moderately from time to time.

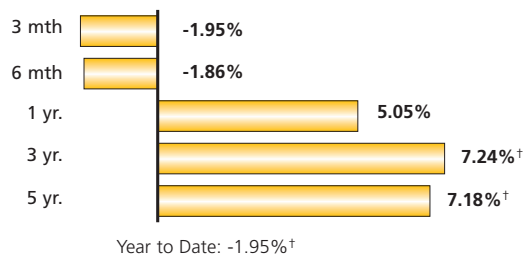
Portfolio Breakdown



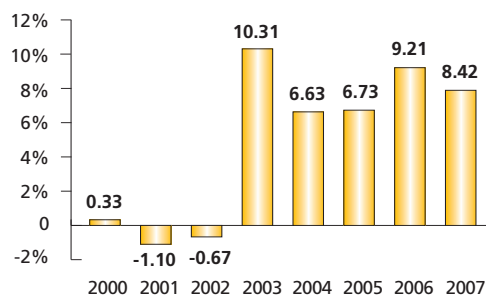
Portfolio Commentary

The Balanced Income & Growth Portfolio has performed as it's designed. Fluctuations in returns are smoothed out over time due to the balance between the equity and fixed income components of the portfolio.

Compound Returns:



Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

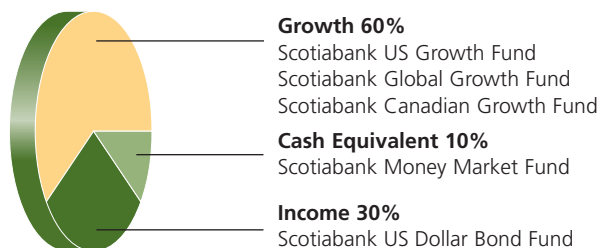
Scotiabank Moderate Growth Portfolio

PORTFOLIO DESCRIPTION

Moderate Growth

Your primary objective is to achieve a high level of growth with some income potential. You accept that the total value of your portfolio will fluctuate considerably from time to time.

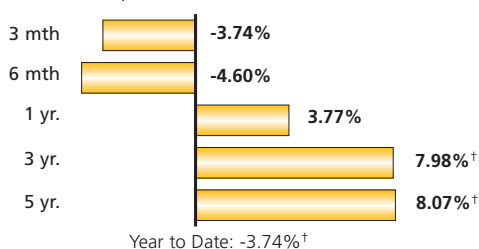
Portfolio Breakdown



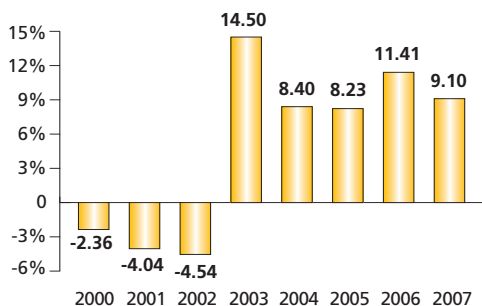
Portfolio Commentary

The Moderate Growth Portfolio has performed exactly as it's designed. The increased volatility of equity investments are offset by the lower volatility of the fixed-income investments. The greater exposure to equities has resulted in higher returns compared to the Balanced Portfolio over the last 5 years as equity markets rebounded.

Compound Returns:



Calendar Returns:



Performance figures are net of all fund expenses.

† Average annual compound rate of return

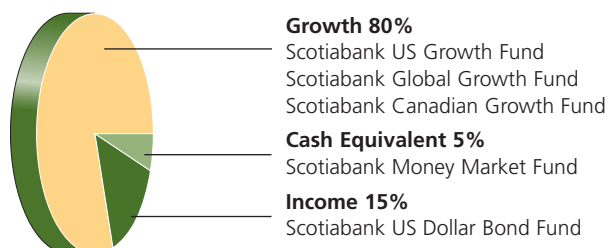
Scotiabank Aggressive Growth Portfolio

PORTFOLIO DESCRIPTION

Aggressive Growth

Your primary objective is to achieve the maximum potential growth over the long-term. You accept that the total value of your portfolio will fluctuate extremely from time to time.

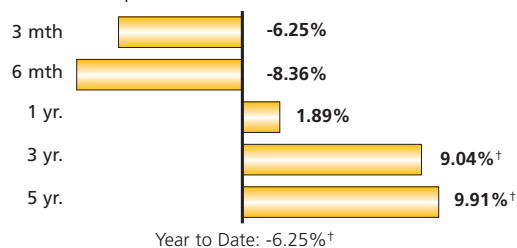
Portfolio Breakdown



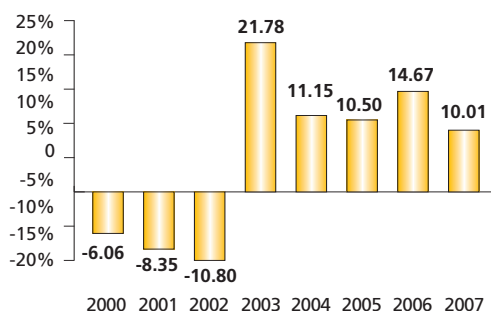
Portfolio Commentary

The Aggressive Growth Portfolio has performed exactly as it's designed. Greater fluctuations in returns represent the increased proportion of equity investments within the Portfolio. Negative returns in the early years, as global equity markets declined significantly, have been off set by the dramatic returns of the last 5 years.

Compound Returns:



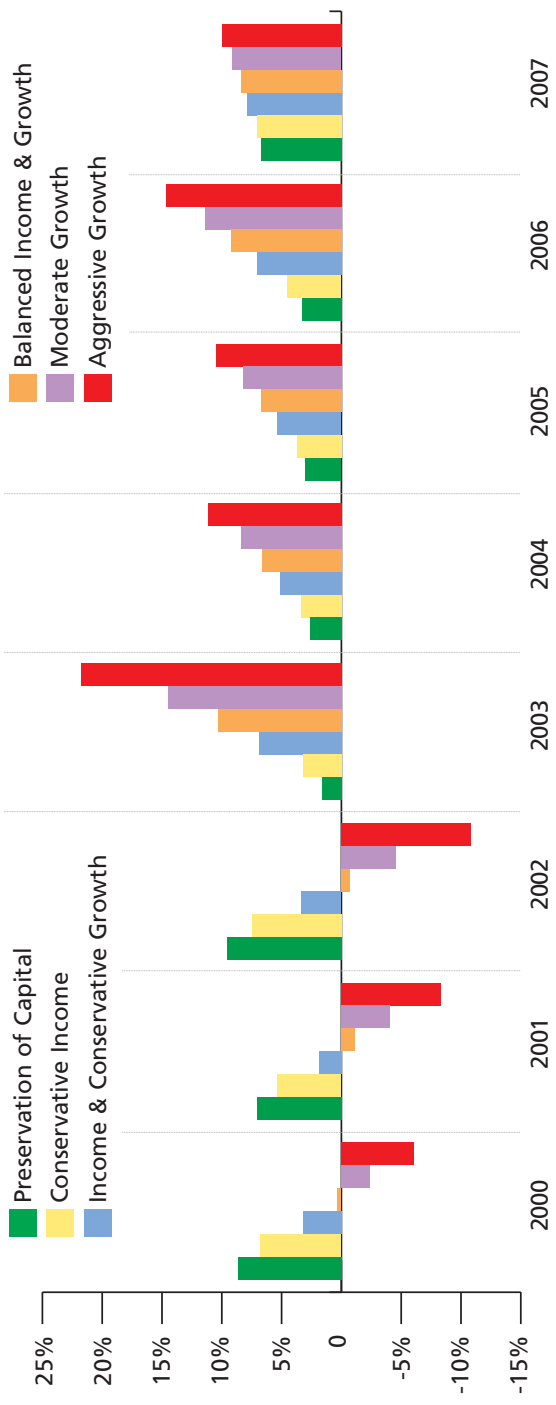
Calendar Returns:



Performance figures are net of all fund expenses.

† Average annual compound rate of return

PORTFOLIO CALENDAR RETURNS



FUND CALENDAR RETURNS

