

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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(07/08)



Scotiabank Mutual Funds

June 30, 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 19, 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.

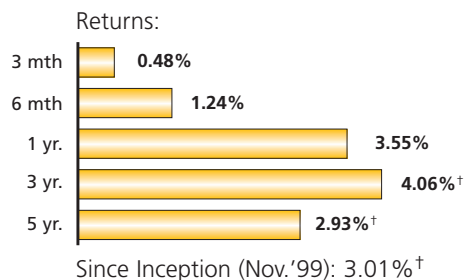
ASSET CLASS

Cash and Cash Equivalents.

FUND PERFORMANCE

Net Asset Value: US \$12.9148 (as of June 30, 2008)

The Fund's annualized yield was 1.96% for the quarter compared to the benchmark's, 3-month US Treasury Bills, yield of 1.87%.



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

[†] Average annual compound rate of return.

MARKET COMMENTARY

The Scotiabank Money Market Fund has returned 1.24% over the last two quarters. The Federal Reserve (Fed) continued to cut the Federal Funds rate and has cut 325 basis points since September 2007. The tax rebate stimulus package that congress aproved has helped to increase consumer spending in the short term with the last cheques being mailed out by mid July. But the persistent housing downturn and credit crunch follies have led to a 16 year low in the Conference Board's consumer confidence index. The CPI index grew to 4.2% for the month of May while the core inflation remained at 2.1% for the third consecutive month. This is a major concern because it is higher than the Fed's preferred comfort zone of 1.5% to 2.0%. The three month T-bill rate has declined from 3.18% to bounce off the low of 0.53% on March 20th and managed to stay at current levels under the 2% mark. The portfolio manager took advantage of the wide historical spreads by investing in the six to seven month area until the spreads narrowed at the end of May. Throughout the first half of 2008, the portfolio manager kept the average term to maturity at neutral to its benchmark, at 60 days. The fund will benefit from the current stance of the Fed to stay at these levels for a while.

PORTFOLIO BREAKDOWN

	%
US Treasury	10.0
US Corporate Issues	90.0
Total	100.0

10 LARGEST HOLDINGS:

	Fund %
FANNIE MAE 2.31%	Sept 12/2008 17.01
BANK OF MONTREAL BDN 2.30%	Aug 18/2008 4.92
CITIGROUP FINANCIAL CORP 2.70%	Jul 8/2008 4.79
NATIONAL BANK OF CANADA USD BDN 2.80%	Aug 19/2008 4.52
CANADIAN IMPERIAL HOLDINGS 2.80%	Jul 3/2008 4.48
ROYAL BANK OF CANADA USD BDN 2.60%	Sept 2/2008 4.43
NORDEA NORTH AMERICA INC. 2.67%	Sept 25/2008 4.39
GE CAPITAL CANADA FUNDING COMP USD CP 2.45%	Aug 18/2008 4.24
TD BDN 2.54%	Sept 25/2008 4.22
PFIZER INC 2.60%	Aug 7/2008 3.76

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 1, 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.

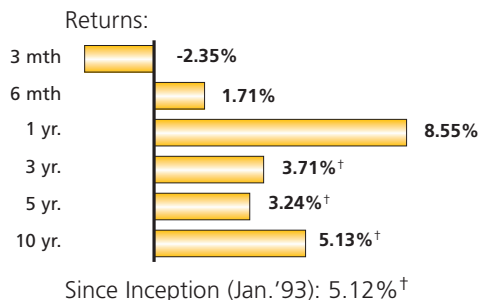
ASSET CLASS

Income.

FUND PERFORMANCE

Net Asset Value: US \$2.1660 (as of June 30, 2008)

The total return for the Fund was -2.35% for the quarter, compared to Merrill Lynch Corporate & Government Bond Index, which returned -1.48%.



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

[†] Average annual compound rate of return.

MARKET COMMENTARY

The US bond market remained in a state of flux in the second quarter as the yield curve shifted higher with 10-year Treasuries trading in an 86 basis point range and closing near 4.0%. Expectations shifted from easing monetary policy to tighten on heightened inflation concerns, translating into a negative return of 1.5% for the broad market index over the quarter. The Federal Reserve (Fed) lowered the benchmark Fed Funds rate to a cycle low of 2% (-25 basis points) in late April in an attempt to offset flagging economic growth. However, market expectations tightened as the Fed's focus shifted to balancing growth concerns with rising price pressures. Stability in the corporate market proved only temporary with corporate bonds again significantly underperforming comparable Treasuries. Tightening credit conditions coupled with deleveraging continue to pressure credit yield spreads. A persistent sharp deterioration in the US housing market coupled with flagging consumer confidence metrics continues to drive economic growth expectations lower.

Only now monetary authorities have to deal with resurgence in inflation – at best a serious conundrum.

PORTFOLIO BREAKDOWN	Fund %	Index/ Benchmark %
US Treasuries and Agencies	31.0	56.7
Other Governments and Supranationals	44.8	6.3
Corporates	24.2	37.0
Total	100.0	100.0

10 LARGEST HOLDINGS:		Fund %
US Treasury 4.25%	Aug 15/2013	13.9
US Treasury 6.25%	Aug 15/2023	5.1
Province of New Brunswick 7.6%	Feb 15/2013	4.9
Province of Manitoba 7.5%	Feb 22/2010	4.6
FNMA 5.125%	Apr 15/2011	4.5
Province of Ontario 4.75%	Jan 19/2016	4.3
KFW 4.5%	Jul 16/2018	4.3
Province of Saskatchewan 7.375%	Jul 15/2013	4.1
Province of Nova Scotia 8.875%	Jul 1/2019	3.8
US Treasury 4.125%	May 15/2015	3.7

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 31, 1994.

FUND ADVISOR

AllianceBernstein 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, AllianceBernstein'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.

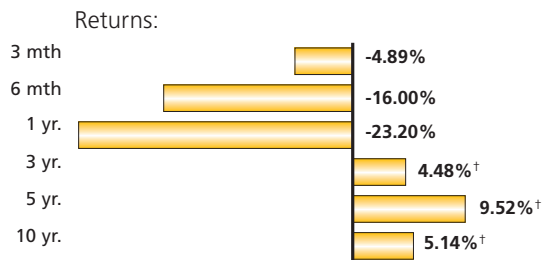
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$2.3809 (as of June 30, 2008)

The total return for the Fund was -4.89% for the quarter compared to MSCI World Index which returned -1.7%.



Since Inception (Aug. '94): 6.47%[†]

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

[†] Average annual compound rate of return.

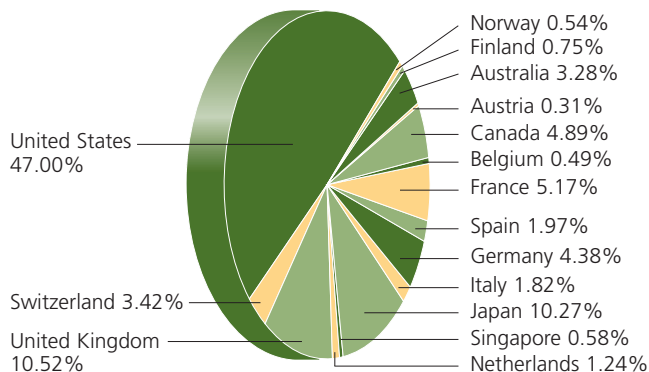
MARKET COMMENTARY

During the second quarter, the MSCI World index fell 1.7%, in US dollar terms, as inflation concerns and further difficulties within the housing market and financial sector more than offset positive economic and corporate reports early in the quarter. Initially, stocks recovered in April and enjoyed their best monthly performance in six months, following better-than-anticipated macroeconomic and corporate earnings reports. In late April, the US economy showed stronger-than-expected growth, while the US Federal Reserve (Fed) lowered its target on the federal funds rate to 2.0%. Markets later pulled back as crude oil prices surpassed \$130 a barrel. Economic reports in Europe, Japan and the US indicated weaker consumer and investor confidence amid rapidly rising commodity prices. In June, markets retreated due to worries of higher inflation, record oil prices, credit downgrades, further potential asset writedowns, as well as company restructuring and management changes in the financial sector. Sector performance was mixed during the quarter, with the energy and industrial commodities sectors the biggest gainers, while the financials and construction and housing sectors underperformed.

PORTFOLIO BREAKDOWN

LARGEST HOLDINGS:

CONOCOPHILLIPS, ARCELORMITTAL NPV, BASF SE NPV (EUR), CHEVRON CORP, MCKESSON CORP



SECTORS:

	Fund %	Index/ Benchmark %
Financials	23.72	20.08
Energy	15.57	13.53
Materials	13.08	8.70
Consumer Discretionary	10.57	8.73
Industrials	8.34	11.12
Health Care	7.77	8.83
Information Technology	6.49	10.69
Consumer Staples	6.43	8.85
Telecommunication Services	5.76	4.39
Utilities	2.27	5.08
Total	100.0	100.0

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 19, 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.

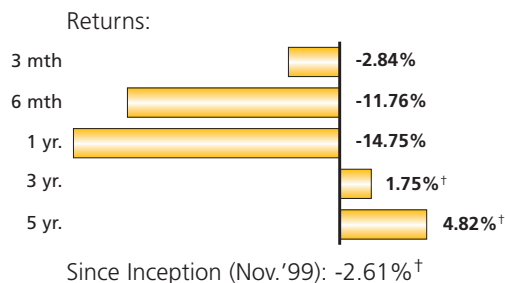
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$7.9641 (as of June 30, 2008)

The Fund returned -2.84% in the quarter compared to the S&P 500 Index of -2.73 %.



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

† Average annual compound rate of return.

MARKET COMMENTARY

The second quarter opened on a hopeful note, with official liquidity facilities providing succor to financial institutions and credit markets stabilizing in the wake of the Bear Stearns merger into JP Morgan. But the upward march of crude oil prices, which saw double-digit gains in both April and May, exacerbated inflation concerns as summer approached. The S&P 500® benchmark, held above its worst levels from mid-March, but it endured an 8.4% decline during the month of June. Luckily, its strength earlier in the second quarter limited the three-month damage for the S&P to 2.7%, but the first quarter was rough as well, and the index shows an ugly 11.9% decline over the entire first half of 2008. For the whole of the second quarter, utilities, materials, and information technology managed to join energy on the gainers list. The biggest story for 2008, however, remains the ongoing decline in the financial sector. The financial sector plunged 18.4% on the month and 18.3% for the second quarter, extending its year-to-date loss to 29.7%. The industrial sector retreated by 12.2% on the month to finish the quarter with a loss of 10.1%. As well, retailing and gaming have been tough businesses - the perennially unstoppable American consumer seems finally to be running out of fresh ways to find money.

PORTFOLIO BREAKDOWN

Fund %

10 LARGEST HOLDINGS:

Exxon Mobil , a global integrated energy company, benefiting from high crude oil prices.	4.17
General Electric , a global industrial firm, with good exposure to later cycle end-markets.	2.38
Microsoft Corp. , a leading applications software developer.	1.97
Chevron Corp. , a global integrated energy company.	1.84
AT&T Inc. , a leading communication services provider.	1.79
Procter & Gamble , a global provider of customer products.	1.66
Johnson & Johnson , a leading provider of health care products and services.	1.62
IBM , a world leader in advanced information technologies and networking systems	1.46
Apple Inc. , a leading manufacturer of computers and personal media devices	1.32
ConocoPhillips , a global leader in the production of oil and natural gas	1.30

SECTORS:

	%
Information Technology	16.44
Energy	16.22
Financials	14.25
Health Care	11.92
Industrials	11.12
Consumer Staples	10.79
Consumer Discretionary	8.12
Utilities	3.99
Materials	3.83
Telecommunication Services	3.32
Total	100.00

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 31, 1994.

FUND ADVISOR

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SALES CHARGES

A front-end load may apply.

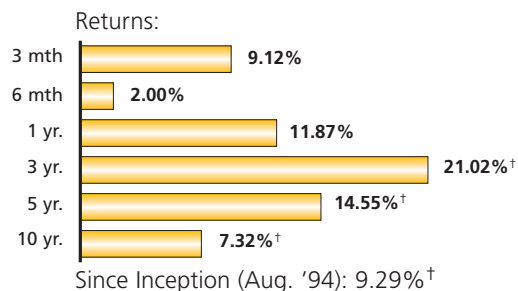
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$3.4183 (as of June 30, 2008)

The Fund returned 9.12% in the quarter compared to the S&P TSX Index of 9.09%.



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 positive returns for the second quarter of 2008. Performance in the quarter was very positive in April and May and negative in June with overall continued strength in the Energy (+22.9) and Materials sector (+17.6) was the source of this performance. The increase of the gold price to over \$1000/oz (US\$) in the first quarter, followed by a pullback and rebound in the second quarter sparked a move in gold stocks. Increasing worldwide demand for grains resulted in a significant return from agricultural stocks such as Potash Corp. Energy also performed well as the price of oil increased to over \$140/barrel. Positive action from the US Federal Reserve (declines in the Fed funds rate) to stabilize financial markets, as well as the fiscal stimulus package invoked 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 (-3.3%) relative to the TSX in the second quarter, consumer sensitive stocks also underperformed.

PORTFOLIO BREAKDOWN

	Fund %
10 LARGEST HOLDINGS:	
Encana: Canada's largest energy company.	5.5
Royal Bank: Canada's largest bank.	5.4
TD Bank: Continues its strategy to expand in US.	4.9
Potash Corp.: The world's leading producer of potash, nitrogen fertilizers and phosphates.	4.8
Suncor: Dominant presence in the Alberta Oil Sands.	4.2
Manulife Financial: Canada's largest global insurer.	4.1
Can. Natural Resources: independent producer of oil and natural gas in Western Canada and North Sea	4.0
Research in Motion: Leader in mobile & wireless products.	3.7
Barrick Corp.: The world's largest gold producer.	3.4
Canadian Oil Sands: COS.UN is a trust which owns 37% working interest in the Syncrude Oil Sands project in Alberta. This project is the world's largest producer of light, sweet synthetic oil.	2.8

SECTORS:	Fund %	Index/ Benchmark %
Financials	31.2	32.8
Energy	25.8	24.9
Materials	18.3	20.4
Industrials	6.1	5.0
Telecom	5.4	4.6
Information Technology	5.1	4.7
Consumer Discretionary	4.8	3.5
Consumer Staples	2.6	2.2
Utilities	0.7	1.5
Health Care	0.0	0.4
Total	100.0	100.0

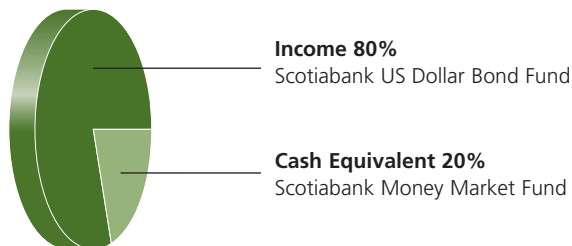
Scotiabank Preservation of Capital Portfolio

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.

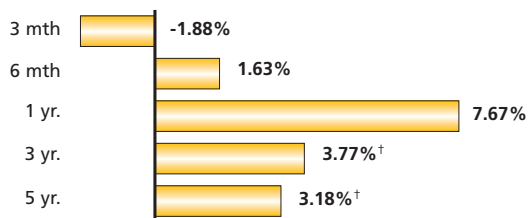
Portfolio Breakdown



Portfolio Commentary

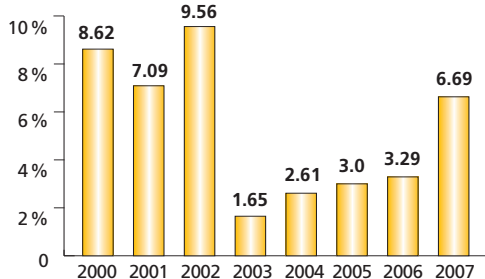
The Preservation of Capital Portfolio has performed exactly as it's designed. Since inception in December 1999 the Portfolio has had a compound return of 5.10% while inflation over the last 7 years in Europe and North America has been in the target range of 2 to 3%. By exceeding inflation, the Portfolio has maintained the purchasing power or preserved capital for its investors.

Compound Returns:



Year to Date: 1.63%

Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

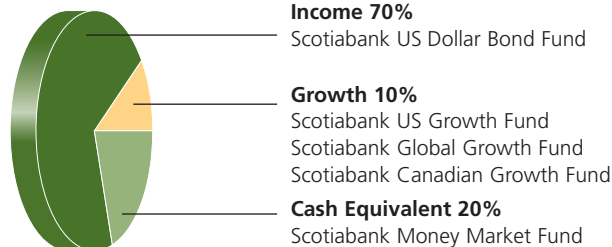
Scotiabank Conservative Income Portfolio

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.

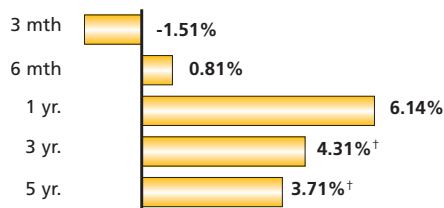
Portfolio Breakdown



Portfolio Commentary

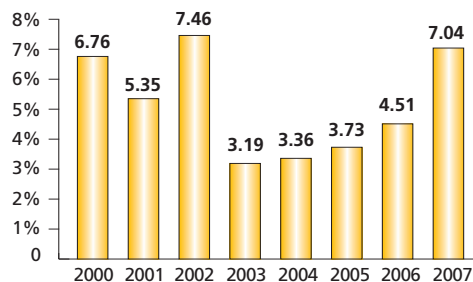
The portfolio has consistently produced a steady stream of income since inception. The small equity component of the portfolio has added a lift to ensure that the portfolio outpaces inflation.

Compound Returns:



Year to Date: 0.81%

Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

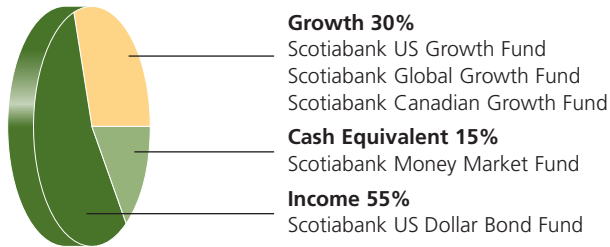
Scotiabank Income & Conservative Growth Portfolio

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.

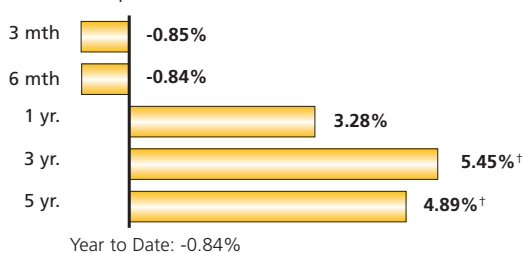
Portfolio Breakdown



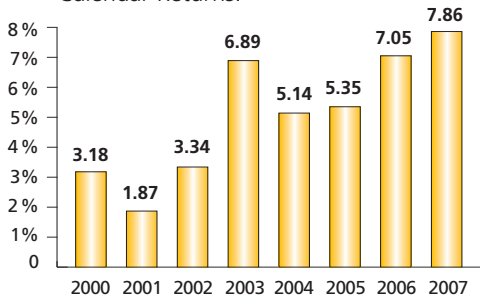
Portfolio Commentary

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

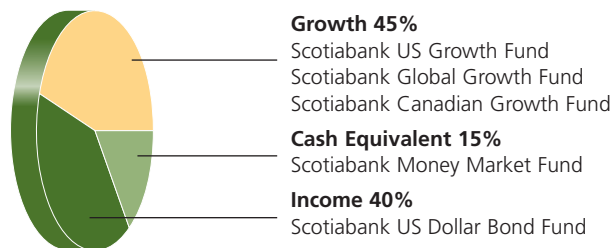
Scotiabank Balanced Income & Growth Portfolio

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.

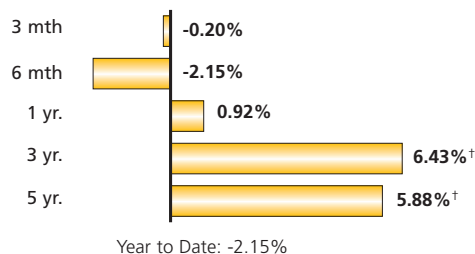
Portfolio Breakdown



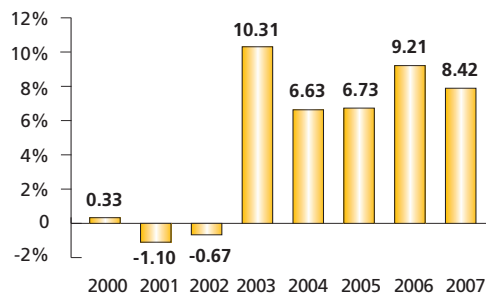
Portfolio Commentary

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

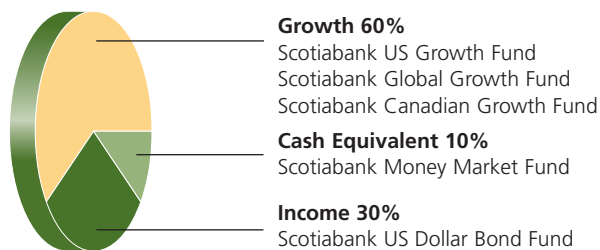
Scotiabank Moderate Growth Portfolio

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.

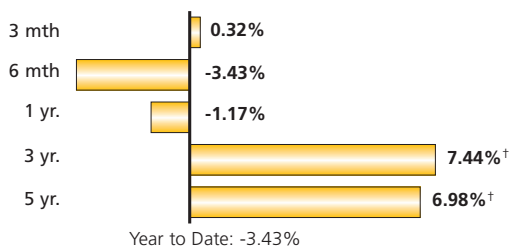
Portfolio Breakdown



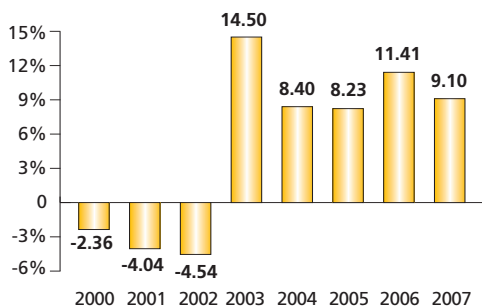
Portfolio Commentary

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

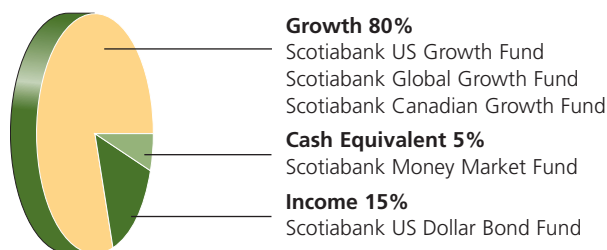
Scotiabank Aggressive Growth Portfolio

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.

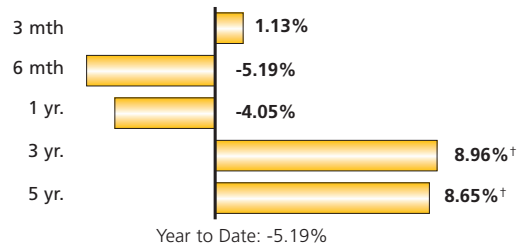
Portfolio Breakdown



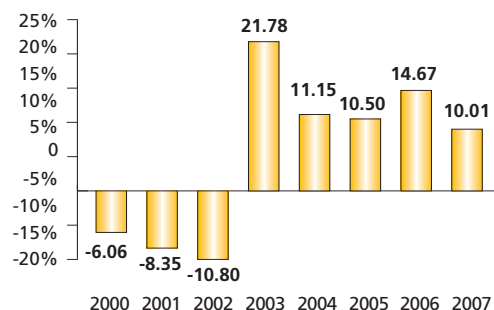
Portfolio Commentary

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:



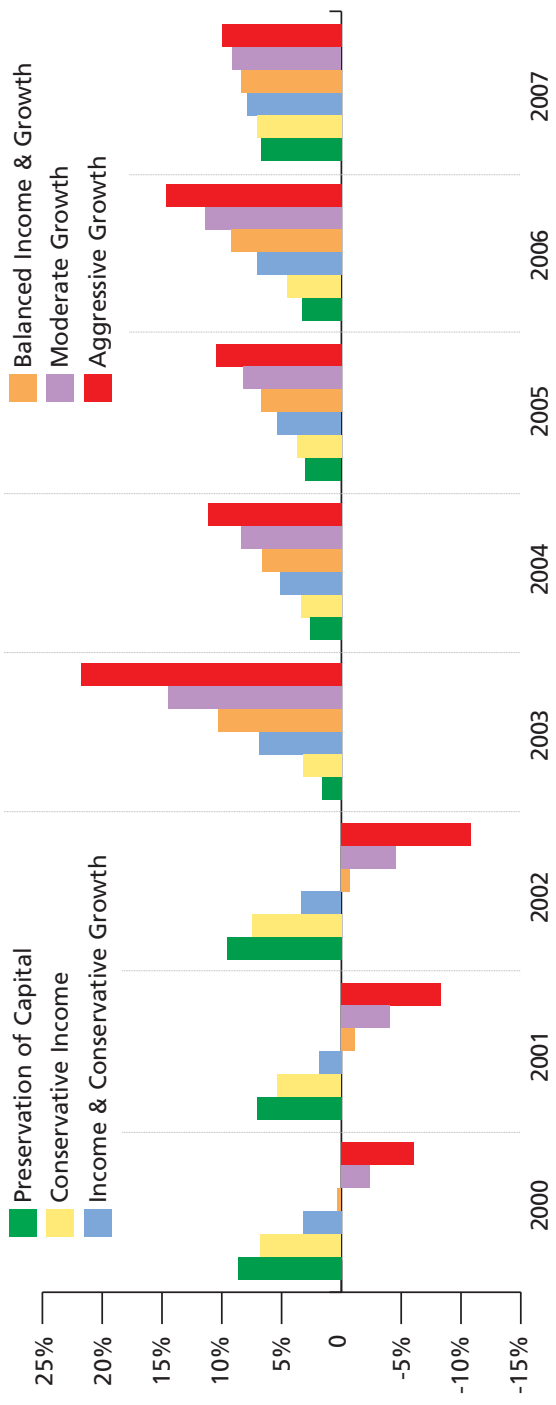
Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

PORTFOLIO CALENDAR RETURNS



FUND CALENDAR RETURNS

