

## GENERAL INFORMATION

### DEALING DETAILS:

The Scotiabank Mutual Funds that are distributed trade daily at Net Asset Value (each respective trading day being the Dealing Day). A duly signed Purchase Confirmation with cleared funds must be received by the designated cut-off time on the relevant Dealing Day. Cleared funds received prior to daily valuation will be held without interest until the next Dealing Day.

**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](http://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

† Scotiabank Mutual Funds is the brand name under which the Scotiabank group of companies, including Scotiabank & Trust (Cayman) Ltd. and Scotia DBG Fund Managers Limited markets and distributes mutual funds. Scotiabank & Trust (Cayman) Ltd., is a corporate entity separate from, although wholly owned by, The Bank of Nova Scotia and distributes the Funds noted within this publication. Rates of return longer than one year are annualized. Figures do not reflect the effect of any applicable sales charges or redemption fees, which would lower these returns. Asset Management Service portfolio returns are the historical annual compounded total return assuming the investment strategy recommended by the asset allocation model used. In calculating portfolio return, weights for each of the included funds are assumed to be as indicated in the portfolio breakdown. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the prospectus for the Scotiabank Mutual Funds which are used to create each asset allocation model before selecting the Asset Management Service. Important information about Scotiabank Mutual Funds is contained in the Funds' prospectus. Prospectus copies are available from your local Investment Advisor, the Bank of Nova Scotia and affiliates' branches. Share values and investment returns for the Funds will fluctuate. Past performance is no guarantee of future performance and may not be repeated. Mutual Funds are not covered by your local Deposit Insurance Corporation or other government deposit insurer. Scotiabank Mutual Funds are not insured by, nor guaranteed by, The Bank of Nova Scotia or its affiliates.

© Standard and 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.

\* Trademark of The Bank of Nova Scotia, used under licence.

(04/10)



# Scotiabank Mutual Funds

March 31, 2010



# 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 Asset Management is manager for mutual fund trust, private client, fee based and institutional mandates with assets that exceed \$39 billion.

## SALES CHARGES

There is no sales charge applicable to this Fund.

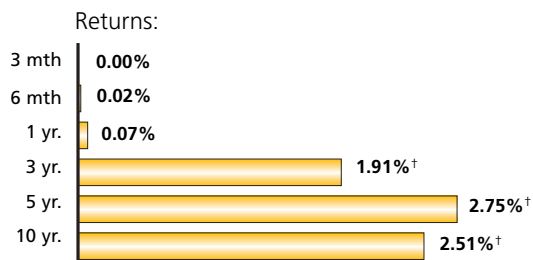
## ASSET CLASS

Cash and Cash Equivalents.

## FUND PERFORMANCE

Net Asset Value: US \$13.0439 (as of March 31, 2010).

The Fund's yield was 0.00% for the quarter compared to the benchmark's, 3-month US Treasury Bills, yield of 0.01%.



Since Inception (Nov. '99): 2.60%<sup>†</sup>

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

## MARKET COMMENTARY

The Scotiabank Money Market Fund returned 0.00% for the first quarter of 2010 relative to a return of 0.01% for its benchmark, the Merrill Lynch 0-3 Month US T-bill Index. The Fund's yield was 0.01% as at March 30, 2010.

The Fund increased its exposure to 1-month T-bills over the quarter to benefit from an increase in yields and a flattening of the yield curve. The Fund's performance also benefited from its investment in floating rate notes as the 1 and 3-month LIBOR rates increased. The average term of the portfolio was lowered from 60 to 50 days as T-bill rates are expected to increase over the course of the year.

The US Federal Reserve (Fed) and the Bank of Canada (BOC) continued their low interest rate policy in the first quarter of 2010 to maintain a high level of liquidity and to stimulate economic growth. The Fed increased its discount rate from 0.50% to 0.75% in February to remove some excess liquidity given the improvement in the US economy. The BOC maintained its overnight lending rate at 0.25% at its policy meeting in January. Inflation in Canada and the US remained well within the targeted range.

## PORTFOLIO BREAKDOWN<sup>^</sup>

	%
Government Issues	35.0
Corporate Issues	65.0
Cash	0.0
<b>Total</b>	<b>100.0</b>

## 10 LARGEST HOLDINGS:

		Fund %
Quebec Govt	Mar 23/10	6.1
Province of Ontario	Apr 27/10	5.7
Province of Ontario 11/12 Flt	Nov 19/12	5.4
Bank du Montreal	Mar 18/10	5.0
Province of Ontario 05/12 Var	May 22/12	5.0
Royal Bk of Canada BBA Libor USD 1 Mth	Dec 09/10	4.9
Bank of Nova Scotia	Apr 12/10	4.8
Pfizer Inc 03/11FLTG	Mar 15/11	4.6
Province of Ontario	Mar 17/10	3.8
Citigroup FDG Inc Tranche SR 00001	Jul 30/10	3.4

<sup>†</sup>Average annual compound rate of return.

<sup>^</sup> As of February 28, 2010

# 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 Asset Management is manager for mutual fund trust, private client, fee based and institutional mandates with assets that exceed \$39 billion.

## SALES CHARGES

A front-end load may apply.

## ASSET CLASS

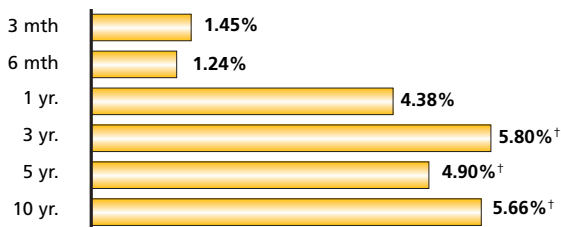
Income.

## FUND PERFORMANCE

Net Asset Value: US \$2.3817 (as of March 31, 2010).

The Fund returned 1.45% for the quarter, compared to Merrill Lynch Corporate & Government Bond Index, which returned 1.72%.

Returns:



Since Inception (Jan. '93): 5.16%<sup>†</sup>

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

## MARKET COMMENTARY

The Scotiabank US Dollar Bond Fund returned 1.45% over the past 3 months and 4.38% over the past 12 months relative to a return of 1.72% and 7.92%, respectively, for its benchmark, the Merrill Lynch US Corporate & Government Master Total Return Index.

The Fund remains overweight in high quality securities. An overweight position in corporate bonds contributed to the portfolio's performance over the quarter. Credit exposure will be added opportunistically to increase the portfolio's yield.

The US Federal Reserve (Fed) and the Bank of Canada (BOC) continued their low interest rate policy in the first quarter of 2010 to maintain a high level of liquidity and to stimulate economic growth. The Fed increased its discount rate from 0.50% to 0.75% in February to remove some excess liquidity given the slight improvement in the US economy. The BOC maintained its overnight lending rate at 0.25% at its policy meeting in January. Inflation in Canada and the US remained well within the targeted range. Corporate credit spreads continued to tighten over the quarter as the demand for yield more than offset an increase in corporate bond issuance.

PORTFOLIO BREAKDOWN <sup>^</sup>	Fund %	Index/ Benchmark %
US Treasuries and Agencies	40.4	60.7
Other Governments and Supranationals	20.0	8.0
Corporates	39.6	31.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## 10 LARGEST HOLDINGS:

	Fund %
US Treasury NTS 03/11 Fixed .875 Mar 31/11	9.4
Kreditanstalt fur Wiederaufbau Jul 16/18	4.9
Nova Scotia Prov CDA DEB Jul 01/19	4.1
Intl BK for Recon + DEV Jan 19/23	4.1
Inter Amern Dev Bk Global Tranche Mar 15/13	4.1
Export Development Canada Sep 24/12	3.9
US Treasury BDS 4 1/2 Feb 15/36	3.9
US Treasury BDS 6 1/4 Aug 15/23	3.8
US Treasury N/B 05/19 Fixed 3.125 May 15/19	3.8
New Brunswick Prov CDA Feb 15/13	3.6

<sup>^</sup> As of February 28, 2010

<sup>†</sup> Average annual compound rate of return.

# 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.

**Inception date:** August 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.

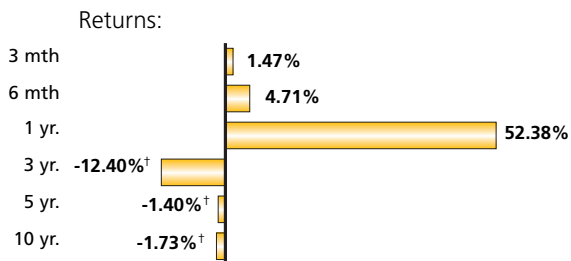
## ASSET CLASS

Growth.

## FUND PERFORMANCE

Net Asset Value: US \$1.9402 (as of March 31, 2010).

The Fund returned 1.47% for the quarter, compared to MSCI World Index, which returned 2.74%.



Since Inception (Aug.'94): 4.34%<sup>†</sup>

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

<sup>†</sup>Average annual compound rate of return.

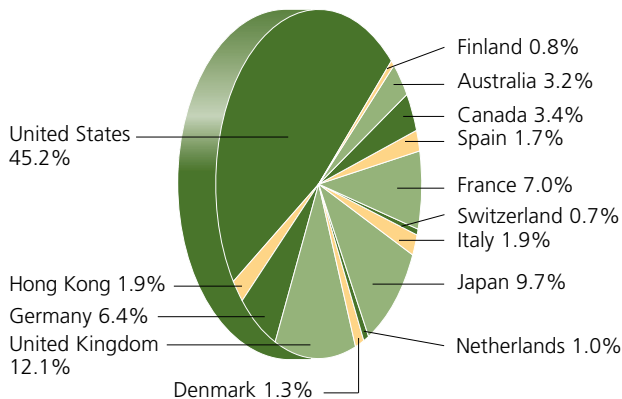
## MARKET COMMENTARY

The Scotiabank Global Growth Fund returned 1.47% over the past 3 months and 52.38% over the past 12 months relative to a return of 2.74% and 49.09%, respectively, for its benchmark, the MSCI World Free Index. The Fund lagged its benchmark due to negative sector and security selection. An overweight position in the Telecommunication sector, as well as stock picking in the Technology and Medical sectors, detracted from performance. Exposure to the Euro and sterling also had a negative affect on performance. Global equities recovered from a steep decline at the start of the year to end the first quarter higher. The global economic recovery gained momentum and quelled concerns about its sustainability given high levels of public debt. Economic growth in Asia (Ex-Japan), Eastern Europe and the Middle East continued to outpace expectations due to rapid growth in domestic demand. The U.S. economy grew 5.6% in the 4th quarter. This was primarily due to a 28% (annualized) increase in exports, which was the largest increase in more than three decades. Economic growth in Europe stagnated in the fourth quarter of 2009 due to reduced corporate spending and the affect of excessive debt in Greece and other Eastern European countries.

## PORTFOLIO BREAKDOWN<sup>^</sup>

### LARGEST HOLDINGS:

News Corp, Shell, Pfizer, Nissan, Vodafone



### SECTORS:

	Fund %	Index/ Benchmark %
Financials	23.4	20.7
Consumer Discretionary	15.9	9.5
Energy	9.6	10.7
Industrials	9.5	10.6
Information Technology	8.9	11.9
Consumer Staples	8.9	10.4
Health Care	7.4	10.3
Telecommunication Services	5.8	4.2
Utilities	3.9	4.5
Materials	3.1	7.3
Other	3.7	0.0
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

<sup>^</sup> As of February 28, 2010

# Scotiabank US Growth Fund

## FUND DESCRIPTION

This Fund invests in securities that comprise that 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.

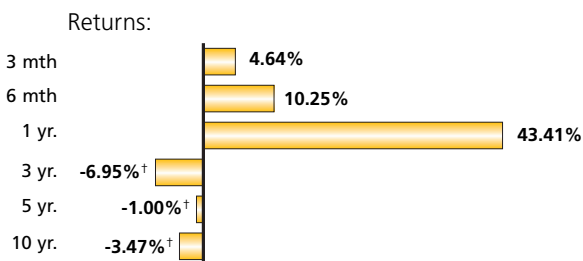
## ASSET CLASS

Growth.

## FUND PERFORMANCE

Net Asset Value: US \$7.1368 (as of March 31, 2010)

The Fund returned 4.64% for the quarter compared to the S&P 500 Index, which returned 5.39%.



Since Inception (Nov.'99): -3.20%<sup>†</sup>

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

<sup>†</sup>Average annual compound rate of return.

## MARKET COMMENTARY

The Scotiabank US Equity Fund returned 4.64% over the past 3 months and 43.41% over the past 12 months relative to a return of 5.39% and 49.77%, respectively, for its benchmark, the S&P 500 TR Index. The S&P 500's return for the first quarter was driven by the performance of the following sectors: Industrials 13.1%, Financials 11.2%, Consumer Discretionary 10.4% and Consumer Staples 5.8%. The six remaining sectors underperformed the S&P 500. The Utilities and Telecom Services sectors had negative quarterly returns of -3.53% and -4.32%, respectively. US equities performed well in the first quarter after their rebound in February. This was primarily due to a 28% annualized increase in exports, which was the largest increase in more than three decades. The US Federal Reserve (Fed) maintained a low interest rate policy in the first quarter of 2010 to maintain a high level of liquidity and to stimulate economic growth. The Fed increased its discount rate from 0.50% to 0.75% in February to remove some excess liquidity given the improvement in the US economy, which grew at an annual rate of 5.6% in the 4th quarter. Inflation increased slightly over the quarter and was well within the targeted range.

## PORTFOLIO BREAKDOWN<sup>^</sup>

Fund %

### 10 LARGEST HOLDINGS:

<b>Exxon Mobil Corp:</b> A global integrated energy company	3.1
<b>Microsoft Corp:</b> A leading software applications developer	2.2
<b>Apple Inc:</b> A world leader in digital music, mobile communications and personal computers	1.9
<b>Procter &amp; Gamble:</b> A global provider of consumer products	1.9
<b>Johnson &amp; Johnson:</b> A leading provider of healthcare products and services	1.7
<b>General Electric Co:</b> A global industrial firm	1.7
<b>IBM:</b> A world leader in information technologies and networking systems	1.7
<b>Bank of America Corp:</b> A bank and financial holding company	1.7
<b>JP Morgan Chase &amp; Co:</b> A financial holding company	1.7
<b>AT&amp;T:</b> A leading communication services provider	1.5

### SECTORS:

	%
Information Technology	18.8
Financials	16.0
Health Care	12.7
Consumer Staples	11.6
Energy	11.2
Industrials	10.2
Consumer Discretionary	9.9
Utilities	3.5
Materials	3.4
Telecommunication Services	2.8
<b>Total</b>	<b>100.0</b>

<sup>^</sup> As of February 28, 2010

# 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 Asset Management is manager for mutual fund trust, private client, fee based and institutional mandates with assets that exceed \$39 billion.

## SALES CHARGES

A front-end load may apply.

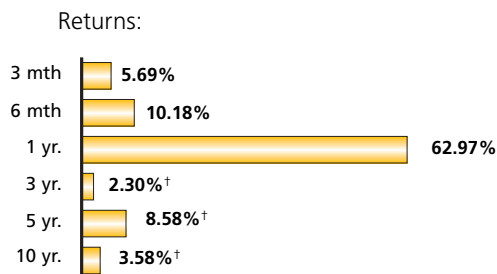
## ASSET CLASS

Growth.

## FUND PERFORMANCE

Net Asset Value: US \$2.8711 (as of March 31, 2010)

The Fund returned 5.69% for the quarter compared to the S&P TSX Index, which returned 6.29%.



Since Inception (Aug. '94): 7.00%<sup>†</sup>

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

## MARKET COMMENTARY

The Scotiabank Canadian Growth Fund returned 5.69% over the past 3 months and 62.97% over the past 12 months relative to a return of 6.29% and 76.38%, respectively, for its benchmark, the S&P/TSX Composite TR Index. The Fund underperformed the benchmark for the quarter primarily due to negative security selection. This was partially offset by positive security selection in the Industrial and Consumer Discretionary sectors. An overweight position in the Industrial sector contributed positively to the Fund's return as the sector gained 9.1% over the quarter. An underweight position in Financials detracted from the Fund's performance as the sector gained 11.4% over the same period. Canadian equities continued to outperform most other equity markets in the first quarter. This was primarily due to strong performance in the Financial sector and improved economic growth. Real GDP increased 5.0% in the fourth quarter of 2009 to mark the largest quarterly gain since the third quarter of 2000. The Bank of Canada (BOC) kept its overnight lending rate unchanged at 0.25% at its policy meeting in January to maintain a high level of liquidity and to stimulate economic growth. Inflation in Canada increased slightly over the quarter and remained within the BOC's targeted range.

## PORTFOLIO BREAKDOWN<sup>^</sup>

Fund %

### 10 LARGEST HOLDINGS:

<b>Royal Bank:</b> Canada's largest listed company	7.3
<b>TD Bank:</b> A core Canadian bank that has a large presence in the United States	6.5
<b>Suncor:</b> An oil and gas company with a dominant presence in the Alberta Oil Sands	4.0
<b>Research in Motion:</b> A world leader in mobile messaging solutions	3.9
<b>Barrick Corp:</b> The world's largest gold producer, with operations and projects in 10 countries	3.8
<b>Canadian Natural Resources:</b> A large-cap independent producer of oil and natural gas	3.5
<b>Potash Corp:</b> The world's leading producer of potash, with approx. 22% of world capacity	3.5
<b>Canadian Natl Railway:</b> The largest railway in Canada	3.3
<b>Manulife Financial Corp:</b> Canada's largest global insurer	3.1
<b>Goldcorp Inc:</b> Engaged in the acquisition, exploration, development and operation of precious metal properties	3.1

SECTORS:	Fund %	Index/ Benchmark %
Financials	30.4	30.9
Energy	26.8	26.5
Materials	18.9	19.6
Industrials	7.4	5.6
Telecom	4.2	4.4
Information Technology	4.1	3.7
Consumer Discretionary	4.0	4.4
Consumer Staples	3.2	2.8
Utilities	1.0	1.6
Health Care	0.0	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

<sup>†</sup>Average annual compound rate of return.

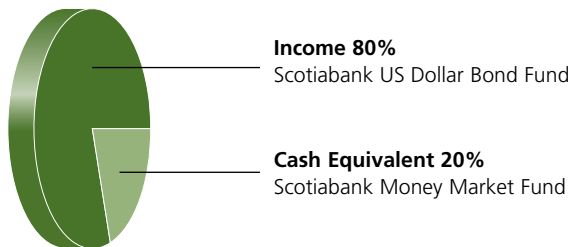
# Scotiabank Preservation of Capital Portfolio

## 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.

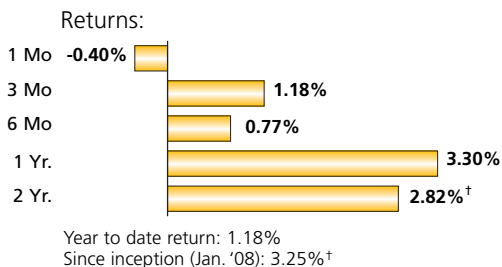
### Portfolio Breakdown



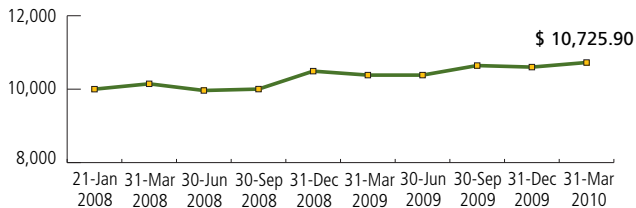
### Portfolio Commentary

With global economic recovery continuing to take shape the Preservation of Capital Portfolio has stabilized considerably in the first quarter of 2010. Despite the continuing low rate environment for money market instruments, performance for the quarter normalized with the large Scotiabank US Dollar Bond Fund weighting.

### Asset Management Service



### Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

<sup>†</sup> Average annual compound rate of return

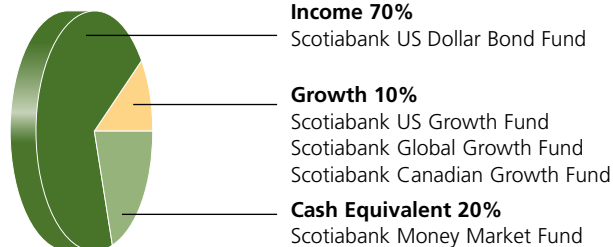
# Scotiabank Conservative Income Portfolio

## 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.

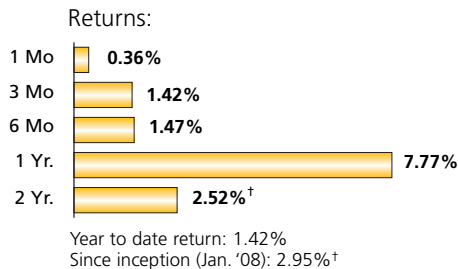
### Portfolio Breakdown



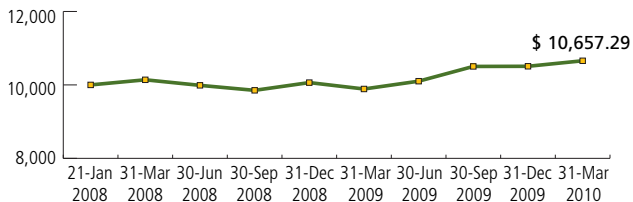
### Portfolio Commentary

Low money market yields continue to challenge the 20% cash component of the Conservative Income Portfolio into the first quarter of 2010. The large 70% weighting of the bonds continues to anchor this portfolio and provided much needed growth in the latter two months of the quarter. The 10% equity component of this portfolio also provided additional support in helping maintain positive momentum throughout the first three months of 2010.

### Asset Management Service



### Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

<sup>†</sup> Average annual compound rate of return

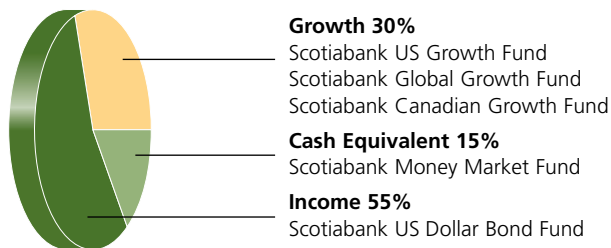
# Scotiabank Income & Conservative Growth Portfolio

## 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.

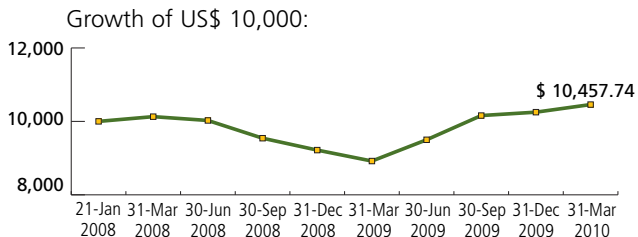
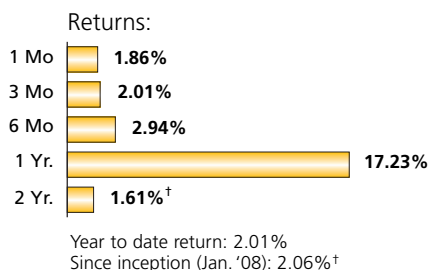
#### Portfolio Breakdown



#### Portfolio Commentary

The Income & Conservative Growth Portfolio maintained its positive course into the first quarter of 2010. The large 55% weighting of the portfolio in the Scotiabank US Dollar Bond Fund remained stable and provided a performance boost in the later part of the quarter. The 30% equity component continues to benefit from the growing economic resurgence of global equity markets and provided additional support to performance.

#### Asset Management Service



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

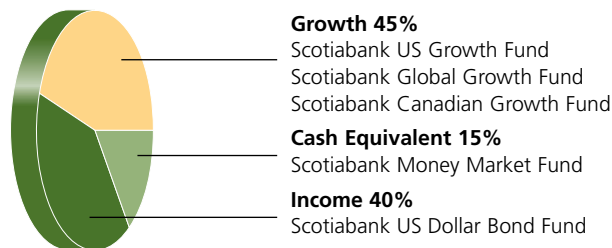
# Scotiabank Balanced Income & Growth Portfolio

## 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.

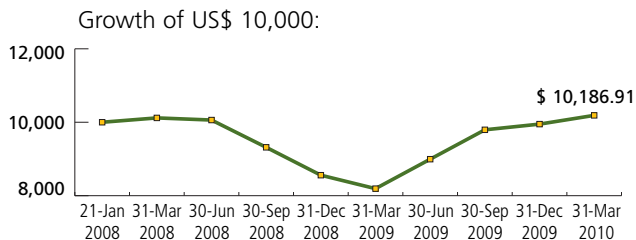
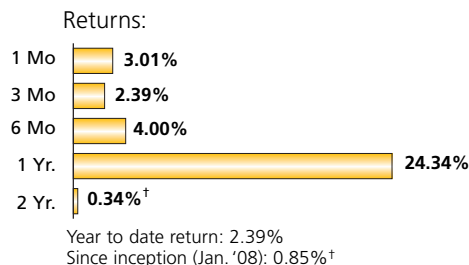
#### Portfolio Breakdown



#### Portfolio Commentary

The first quarter of 2010 saw the Balanced Income & Growth Portfolio in positive territory. All three underlying equity growth funds comprising 45% of the overall portfolio provided positive performance for the quarter with North American equity markets being the largest contributor. The 40% Scotiabank US Dollar Bond weighting continued providing counterbalance to the diverse equity allocation along with positive performance for the quarter.

#### Asset Management Service



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

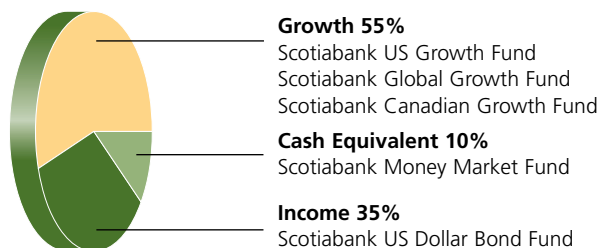
# Scotiabank Moderate Growth Portfolio

## 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

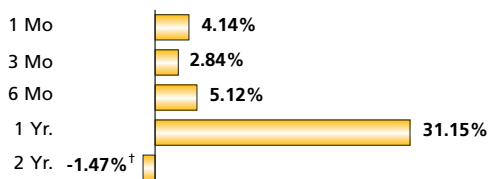


### Portfolio Commentary

Equity markets in the first quarter of 2010 continued to move upwards but at a more tempered pace than in 2009. The Moderate Growth Portfolio benefitted from this movement in all three of its underlying equity funds with Canadian Growth providing the best performance for the quarter. As the global economic recovery continues to gain strength this portfolio should continue to provide reasonable performance for investors.

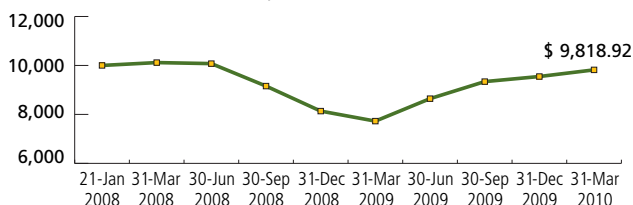
### Asset Management Service

Returns:



Year to date return: 2.84%  
Since inception (Jan. '08): -0.83%<sup>†</sup>

Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

<sup>†</sup> Average annual compound rate of return

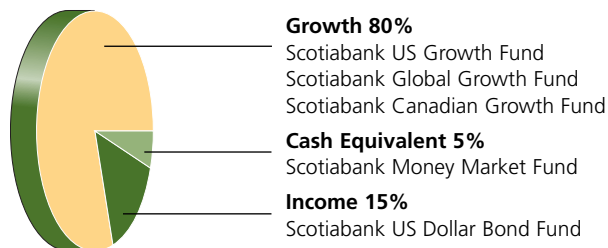
# Scotiabank Aggressive Growth Portfolio

## 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

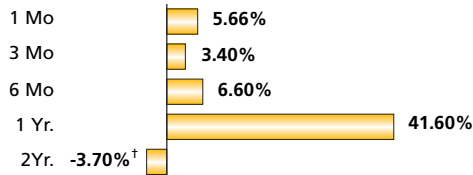


### Portfolio Commentary

The Aggressive Growth Portfolio once again posted the strongest returns of the six AMS Portfolios. Strong equity market performance in North America was a significant contributor to the solid single digit return for the first quarter of 2010. Recent equity market volatility in Europe has affected the underlying Scotiabank Global Growth Fund but the 80% equity weighting within the portfolio remains well diversified to handle any further challenges.

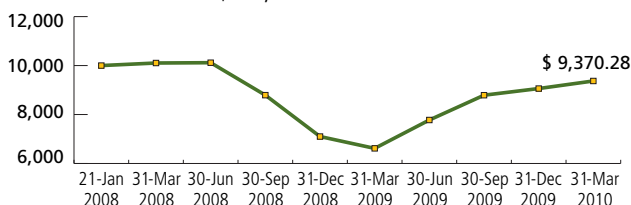
### Asset Management Service

Returns:



Year to date return: 3.40%  
Since inception (Jan. '08): -2.92%<sup>†</sup>

Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

<sup>†</sup> Average annual compound rate of return

# FUND CALENDAR RETURNS

