

Scotiabank US Dollar Bond Fund

July 30, 2010

FUND DESCRIPTION

This Fund is designed to invest primarily in fixed income securities, issued or guaranteed by governments and companies, to achieve modest capital appreciation over the medium to long term.

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 Asset Management manages over \$39 billion in assets for mutual funds, institutional mandates, private clients and fee based accounts.

FUND QUICK FACTS:

Mgmt Fee: 0.75%

NAV: US\$ 2.4951

AUM: US\$ 15,152,902.95

Bench Mark: Merrill Lynch US Corporate & Government Bond Index

Fund Code: SBF 102

Number of Holdings: 34

SALES CHARGES

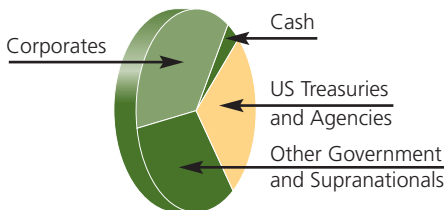
A front-end load may apply.

ASSET CLASS

Income.

PORTFOLIO BREAKDOWN[^]

ASSET CLASS	Fund%	Index/ Benchmark%
US Treasuries and Agencies	27.2	61.7
Other Government and Supranationals	32.7	8.2
Corporates	36.7	30.1
Cash	3.4	0.0
Total	100.0	100.0



MARKET COMMENTARY

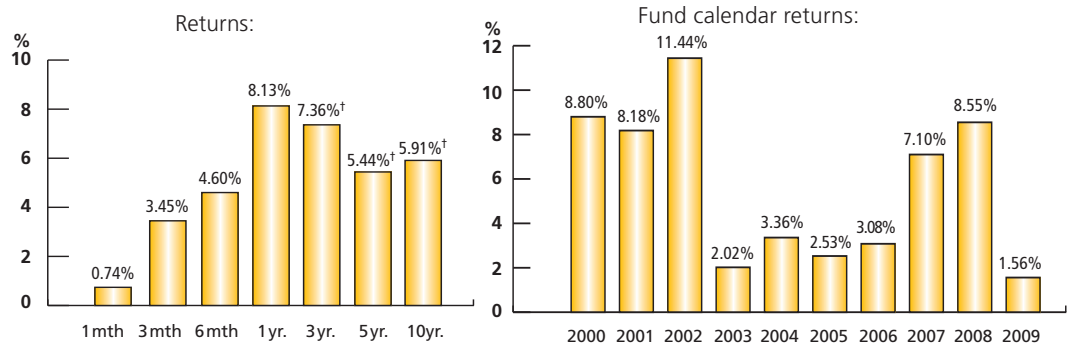
The Scotiabank US Dollar Bond Fund returned 4.00% over the past 3 months and 8.56% over the past 12 months relative to a return of 3.83% and 9.84%, respectively, for its benchmark, the Merrill Lynch US Corporate & Government Master Total Return Index.

The Fund was primarily invested in high quality fixed income securities in the 2nd quarter. This positioning contributed positively to performance as corporate and government bonds with a lower credit quality decreased in value. These lower rated bonds dropped in value due to the concern that a slowdown in global economic growth would result in an increase in default rates.

Most market participants expect the US Federal Reserve and the Bank of Canada to hold rates steady for most of this year and have them remaining at or near their current level. Both the US and Canadian Central Banks have maintained their low interest rate policies as Q1 economic growth was weaker than expected and inflation remained within its targeted range.

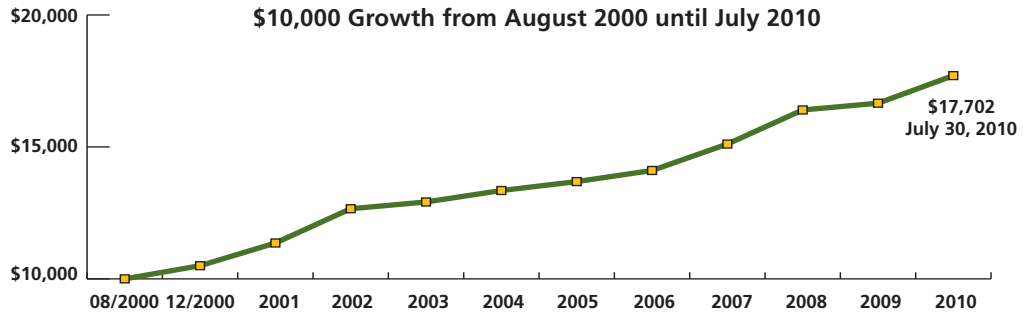
FUND PERFORMANCE

The Fund's return was 0.74% for the month compared to 1.16% for its benchmark.



Since Inception (Jan. '93): 5.34%[†]

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



10 LARGEST HOLDINGS:		Fund %
US Treasury N/B	Mar 31/2011	6.2
US Treasury N/B	May 15/2019	6.1
US Treasury BDS	Feb 15/2036	4.9
Kreditanstalt fur Wiederaufbau NT	Jul 16/2018	4.6
Nova Scotia Prov CDA	Jul 01/2019	4.3
Intl BK for Recon + DEV	Jan 19/2023	4.0
Inter Amern Dev BK Global	Mar 15/2013	3.9
Export Development Canada	Sep 24/2012	3.8
US Treasury BDS	Aug 15/2023	3.6
New Brunswick Prov CDA	Feb 15/2013	3.5

Average weight to maturity (years):

1- 3 years 42.96% 3 - 5 years 10.56% 5 - 10 years 27.38% 10 + 19.10%

Important information about Scotiabank Mutual Funds is contained in the Funds' prospectus. Copies are available from Scotiabank and Scotiastore 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. * 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. † Average annual compound rate of return. ^ As of June 30, 2010. (08/10)

