

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 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 are Distributed by Scotiabank & Trust (Cayman) Ltd., a corporate entity separate from, although wholly owned by, The Bank of Nova Scotia. 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. Portfolio returns are hypothetical and historical, calculated based on the returns of the included funds. In calculating portfolio return, weights of each of the included funds are assumed to be as indicated in the portfolio breakdown. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Important information about Scotiabank Mutual Funds is contained in the Funds' prospectus. Copies are available from your local investment advisor, the Bank of Nova Scotia and affiliates' branches and should be read carefully before investing. Share values and investment returns for the Funds will fluctuate. Past performance is no guarantee of future performance and may not be repeated. Scotiabank Mutual Funds are not insured by, nor guaranteed by, The Bank of Nova Scotia.

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Scotiabank Mutual Funds

March 31, 2009



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.

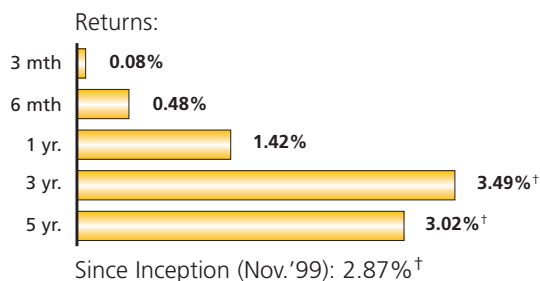
ASSET CLASS

Cash and Cash Equivalents.

FUND PERFORMANCE

Net Asset Value: US \$13.0350 (as of March 31, 2009)

The Fund's yield was 0.08% for the quarter compared to the benchmark's, 3-month US Treasury Bills, yield of 0.21%.



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

MARKET COMMENTARY

The Fund returned 0.08%, trailing the 3 months US Treasury Bills, which returned 0.21%, during the first quarter.

Overall, the economy continued to decline as indicated by the final Q4 GDP decrease of 6.3%. US job losses continued to escalate with the unemployment rate rising from 7.2% in December to 8.1% in February, which is the highest since December 1983. The Federal funds rate has been held at its lowest possible point in the range of 0% to 0.25% since early December and by mid March, the Federal Reserve formally announced it would like to purchase approximately \$300 billion of longer-term treasuries over the next six months, another \$750 billion in purchases of agency mortgage-backed securities and a further \$100 billion in agency debt as part of its increased efforts to stabilize the financial sector.

For the quarter, the Fund was weighted more heavily to government debt, at 57%, versus corporate debt, at 43%. During the quarter the fund's average term to maturity remained neutral to the benchmark at 60 days, and it maintained liquidity and exposure to high-quality issues.

PORTFOLIO BREAKDOWN

	%
Government Issues	57.30
Corporate Issues	42.70
Cash	0.00
Total	100.00

10 LARGEST HOLDINGS:[^]

		Fund %
Prov. British Columbia	Apr 16/09	8.28
Export Development Canada	Dec 23/09	6.05
Her Majesty RGT CANA	May 4/09	5.33
Quebec Govt	Mar 24/09	5.29
GE Capital	Mar 27/09	3.81
Bank du Montreal	Mar 23/09	3.66
Her Majesty RGT CANA	May 20/09	3.58
Royal Bank du Canada	Mar 26/09	3.51
Her Majesty RGT CANA	Apr 20/09	3.47
Canadian Wheat Board	Mar 25/09	3.27

[†] Average annual compound rate of return.

[^] As of February 28, 2009

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.

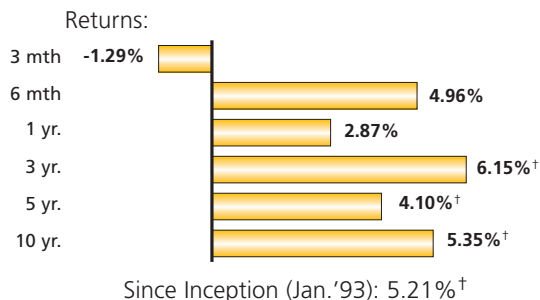
ASSET CLASS

Income.

FUND PERFORMANCE

Net Asset Value: US \$2.2817 (as of March 31, 2009)

The Fund returned -1.29% for the quarter, compared to Merrill Lynch Corporate & Government Bond Index, which returned -1.19%.



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

[†]Average annual compound rate of return.

[^] As of February 28, 2009

MARKET COMMENTARY

The Fund declined 1.29% for the quarter, in line with the Merrill Lynch Corporate & Government Bond Index, which declined 1.19%.

By the end of the quarter the fund was weighted more heavily to Treasuries and government backed bonds, at 71.5%, versus corporate bonds, at 28.5%. During the quarter, a continued underweight to U.S. credit exposure added to performance.

The Federal Reserve surprised the market in March by announcing plans to purchase \$300 billion in U.S. Treasury debt, which in turn caused mid-term interest rates to decrease by 0.50%. The policy has the dual purpose of pushing consumer lending rates lower and expanding the money supply to counter deflationary pressure. The mood of the markets remains forward-looking as unprecedented fiscal expenditure by the government has stoked the embers of inflation concerns, leading to a weakening in prices of longer-term securities.

PORTFOLIO BREAKDOWN

	Fund %	Index/ Benchmark %
US Treasuries and Agencies	24.50	61.90
Other Governments and Supranationals	47.00	6.90
Corporates	28.50	31.20
Total	100.00	100.00

10 LARGEST HOLDINGS:[^]

	Fund %
New Brunswick Prov CDA	Feb 15/13 5.88
Federal Home LN BKS	Nov 15/12 5.49
Manitoba Prov CDA Global Deb Ser EM	Feb 22/10 5.39
Kreditanstalt fur Wiederaufbau NT	July 16/18 5.28
Saskatchewan Prov CDA	July 15/13 5.02
Nova Scotia Prov CDA DEB	July 1/19 4.73
Intl BK for Recon + DEV	Jan 19/23 4.51
Federal Natl MTG ASSN	Jul 12/13 4.49
Inter Amern Dev BK Global Tranche No TR 00019	Mar 15/13 4.37
US Treasury BDS	Aug 15/23 4.25

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.

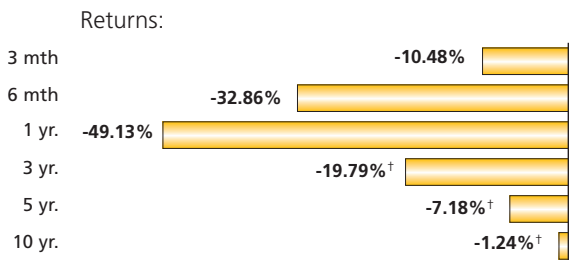
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$1.2733 (as of March 31, 2009)

The Fund returned -10.48% for the quarter, compared to MSCI World Index, which returned -12.50%.



Since Inception (Aug.'94): 1.67%[†]

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

[†]Average annual compound rate of return.

[^]As of February 28, 2009

MARKET COMMENTARY

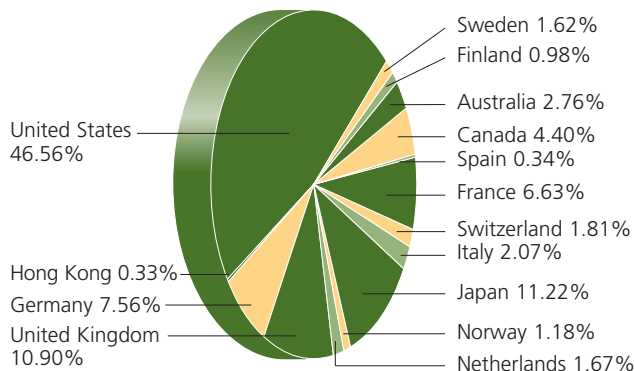
The Fund declined 10.48% for the quarter, beating the MSCI World Index, which declined 12.50%. Stock selection during the quarter detracted from performance with stock picking in the Financials and Consumer cyclical sectors detracting the most. Positive performance from pharmaceutical companies Schering-Plough and Wyeth, Japan-based electronics company Sharp, and Canadian based energy company Petro-Canada added to overall performance. Negative performance from financial companies including Fifth Third Bancorp, Aviva and MetLife and media company CBS detracted from performance.

During the quarter, Global equity markets remained highly volatile, plunging to fresh lows before recovering in March as investors took heart from renewed government efforts to stabilize the banking system. Sentiment was also boosted by hints that the downturn in world economic growth may be approaching a trough. However, with the outlook for growth and corporate profits clouded in uncertainty, investor confidence remained very fragile. The portfolio manager continues to take advantage of the lengthy period of compression and investor overreaction to economic and industrial stresses by using their deep research capabilities to look for investment opportunities arising from the current market volatility.

PORTFOLIO BREAKDOWN

LARGEST HOLDINGS:[^]

Royal Dutch Shell, Chevron Corp, Wyeth, AT&T Inc, Merck & Co.



SECTORS:

	Fund %	Index/ Benchmark %
Financials	19.36	15.57
Energy	14.79	12.45
Health Care	12.54	12.26
Consumer Discretionary	11.17	9.22
Consumer Staples	10.22	11.60
Information Technology	8.60	11.36
Telecommunication Services	8.02	5.46
Industrials	6.37	10.22
Materials	4.86	6.13
Utilities	4.07	5.73
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.

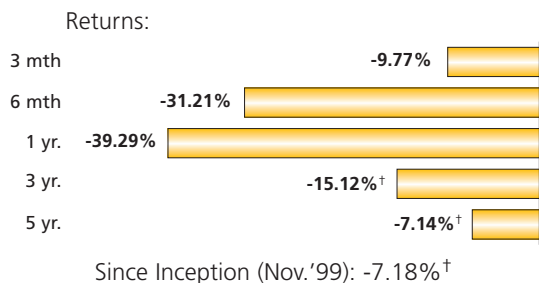
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$4.9765 (as of March 31, 2009)

The Fund returned -9.77% for the quarter compared to the S&P 500 Index, which returned -11.01%.



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

[†]Average annual compound rate of return.

[^]As of February 28, 2009

MARKET COMMENTARY

The Fund declined 9.77% for the quarter, beating the S&P 500® Index, which declined 11.01%. The Financials Sector underperformed for the whole of the first quarter, losing 28.8% for the period. The Materials sector surged 15.3% in March, with a broad range of metals, chemical, and forest products shares rising sharply. Shares of mining giant Freeport-McMoran added more than 25%, benefiting from solid 2009 gains in gold and copper prices.

Equity markets around the world endured a sixth consecutive quarter of disappointment, with many benchmarks falling more than 50% below the peaks they achieved less than 18 months ago. In the US, investors took heart in the enthusiastic January inauguration of President Barack Obama, but in mid-February, plans put forth by the US Treasury to help beleaguered banks repair their balance sheets were met with considerable scepticism.

For March, the S&P 500 gained 8.8%, its best one-month showing since October 2002. Nevertheless, the widely followed benchmark is still down 11.0% since the start of 2009. All ten sectors of the S&P 500 participated in the March rebound, with four posting double-digit gains on the month.

PORTFOLIO BREAKDOWN

Fund %

10 LARGEST HOLDINGS:^{*}

Exxon Mobil Corp: A global integrated energy company	3.9
Oracle Corp: An enterprise software company	3.3
Gamestop Corp A: A retailer of video game products and personal computer entertainment software	3.0
Colgate-Palmolive Company: A consumer products developer company	2.9
Chevron Corp: A global integrated energy company	2.7
Schering-Plough Corp: A global science-centered healthcare company	2.6
Gilead Sciences, Inc: A biopharmaceutical company	2.5
JP Morgan Chase & Co: A financial holding company	2.5
Wells Fargo Company: A financial holding company	2.4
Transocean, Inc: An international provider of offshore drilling contract services for oil and gas wells	2.3

SECTORS:

	%
Consumer Staples	15.8
Information Technology	15.3
Health Care	15.3
Energy	13.1
Financials	11.1
Industrials	11.1
Consumer Discretionary	8.7
Telecommunication Services	3.5
Materials	3.1
Utilities	3.0
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.

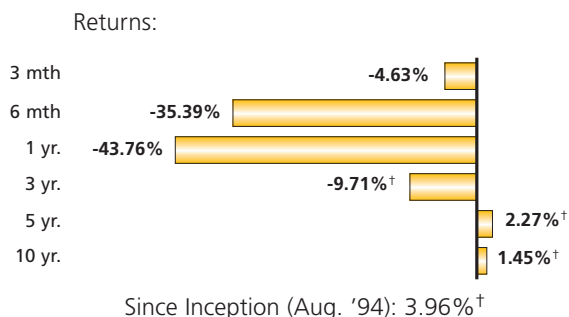
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$1.7618 (as of March 31, 2009)

The Fund returned -4.63% for the quarter compared to the S&P TSX Index, which returned -2.00%.



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

[†]Average annual compound rate of return.

[^] As of February 28, 2009

MARKET COMMENTARY

The Fund declined 4.63% for the quarter, trailing the S&P/TSX Composite Index, which declined 2.0%. Gains by the Information Technology and Materials sectors contributed to performance. Weakness in the Utilities and Industrials sectors detracted from performance for the quarter. Following a very poor year in equity markets, the first quarter of 2009 started negatively, but improved with equities posting their best performance in March.

The unprecedented volatility in world markets continued in the first quarter, reflecting the seriousness of the financial problems being experienced. The U.S. Federal Reserve has been pulling out all stops to restore order and provide liquidity and stimulus to the economy. In the meantime, earnings expectations have been reduced and there are some areas where valuations now look attractive.

The portfolio manager continues to look for opportunities to add to equity positions over the coming months. The long-term prospects for equities relative to other asset classes are expected to be recognized as the business cycle reaccelerates. A global recovery and the resulting demand for commodities should benefit Energy, Materials, Industrials and Technology stocks going forward.

PORTFOLIO BREAKDOWN

	Fund %
10 LARGEST HOLDINGS:[^]	
Encana: Canada's largest energy company by market capitalization	5.9
Royal Bank: Canada's largest listed company	5.5
TD Bank: A core Canadian bank that has limited exposure to the sub-prime	5.0
Potash Corp: The world's leading producer of potash, with approx. 22% of world capacity	4.5
Barrick Corp: The world's largest gold producer, with operations and projects in 10 countries	3.8
Suncor: An oil and gas company with a dominant presence in the Alberta Oil Sands	3.6
CIBC: The fourth largest bank in Canada by market capitalization.	3.5
Canadian Natural Resources: A large-cap independent producer of oil and natural gas	3.3
Research in Motion: A world leader in mobile messaging solutions	3.2
Goldcorp: Major gold producer, with operation in US, Canada, Mexico, Brazil and Argentina	2.9

SECTORS:	Fund %	Index/ Benchmark %
Financials	29.6	27.8
Energy	28.3	27.7
Materials	15.9	19.9
Industrials	6.9	5.6
Telecom	6.1	5.6
Consumer Discretionary	4.7	4.4
Consumer Staples	3.8	3.2
Information Technology	3.3	3.6
Utilities	1.4	1.7
Health Care	0.0	0.5
Total	100.0	100.0

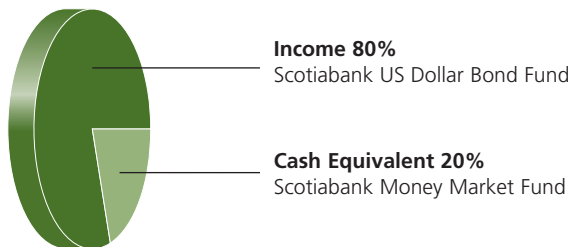
Scotiabank Preservation of Capital Portfolio

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.

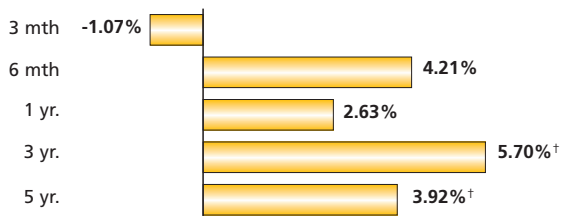
Portfolio Breakdown



Portfolio Commentary

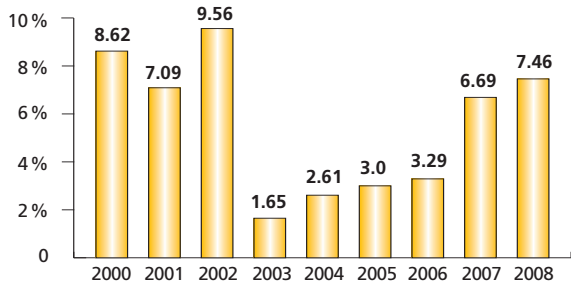
The challenging rate environment in the first three months of 2009 has put uncharacteristic pressure on the Preservation of Capital Portfolio. Yields on money market and short-term debt instruments, staples of this portfolio, are down to all time lows. As rates for these holdings begin to strengthen, the Preservation of Capital Portfolio should stabilize.

Compound Returns:



Year to Date: -1.07%

Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

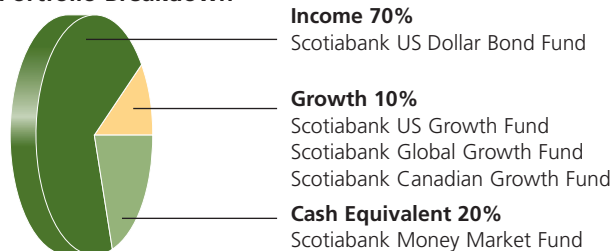
Scotiabank Conservative Income Portfolio

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.

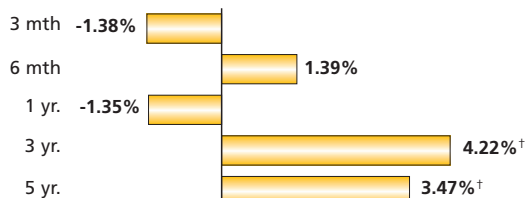
Portfolio Breakdown



Portfolio Commentary

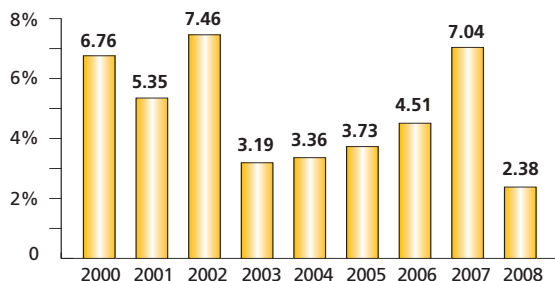
The Conservative Income Portfolio has been challenged by the low rate environment for money market and short-term debt instruments in first quarter 2009. The small equity component did provide some needed lift in March as equity markets had a strong recovery.

Compound Returns:



Year to Date: -1.38%

Calendar Returns:



Performance figures are net of all fund expenses.

[†] Average annual compound rate of return

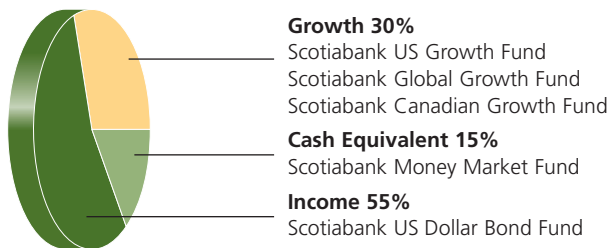
Scotiabank Income & Conservative Growth Portfolio

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.

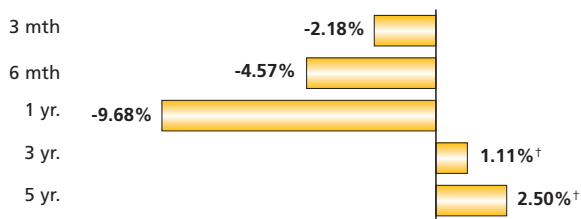
Portfolio Breakdown



Portfolio Commentary

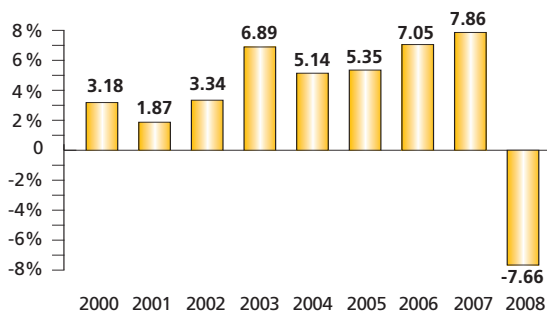
The Income & Conservative Growth Portfolio in first quarter 2009 has been faced with a low rate environment for conservative fixed income investments. Equity markets continue to be volatile in 2009 but did see a strong move forward in the month of March which did benefit overall performance of this portfolio for the quarter.

Compound Returns:



Year to Date: -2.18%

Calendar Returns:



Performance figures are net of all fund expenses.

† Average annual compound rate of return

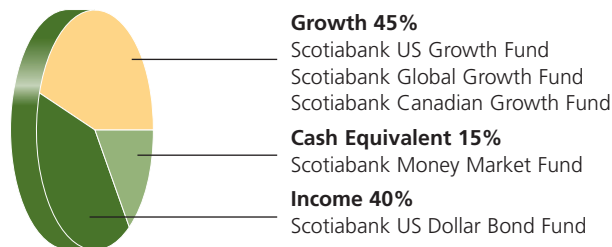
Scotiabank Balanced Income & Growth Portfolio

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.

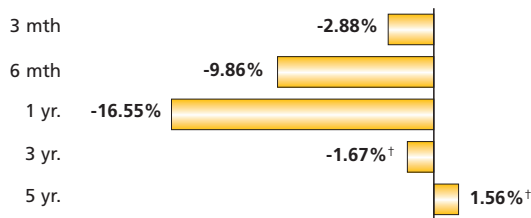
Portfolio Breakdown



Portfolio Commentary

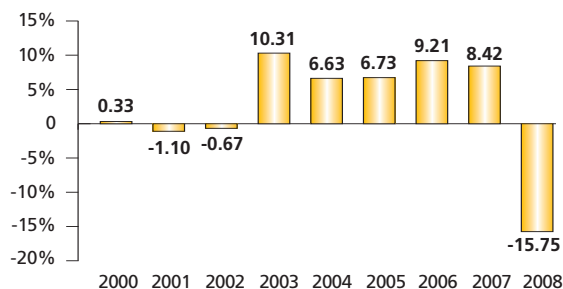
The balance between equity and fixed income continued to be a prudent choice especially during first quarter 2009. All asset classes have seen volatility. However, the balanced approach of this portfolio has helped to mitigate volatility from capital markets.

Compound Returns:



Year to Date: -2.88%

Calendar Returns:



Performance figures are net of all fund expenses.

† Average annual compound rate of return

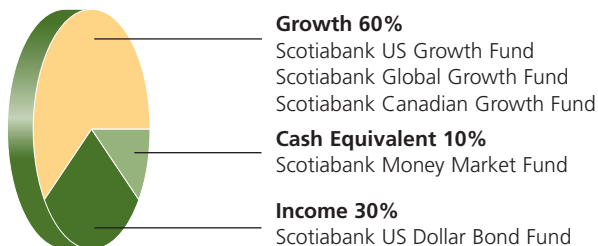
Scotiabank Moderate Growth Portfolio

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.

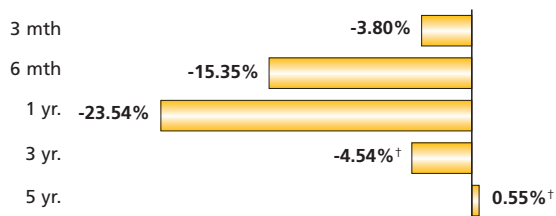
Portfolio Breakdown



Portfolio Commentary

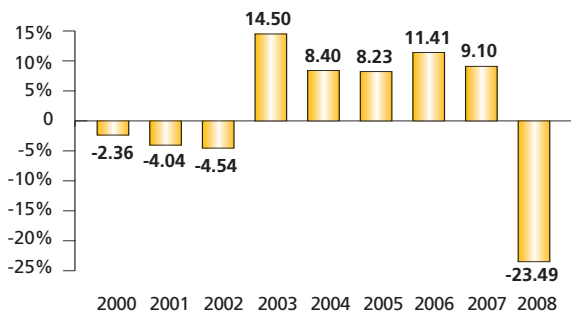
The Moderate Growth Portfolio was affected by equity volatility in first quarter 2009. The months of January and February continued to see equity market weakness carryover from 2008 but the month of March saw a strong rebound that helped offset these losses. The lower volatility fixed-income investments within the portfolio continue to provide benefit in this period of heightened instability.

Compound Returns:



Year to Date: -3.80%

Calendar Returns:



Performance figures are net of all fund expenses.

† Average annual compound rate of return

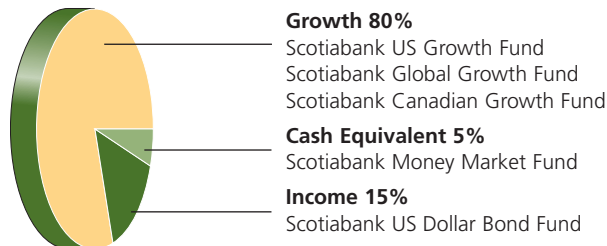
Scotiabank Aggressive Growth Portfolio

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.

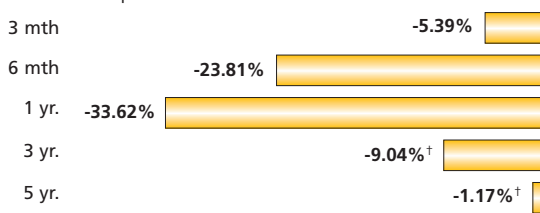
Portfolio Breakdown



Portfolio Commentary

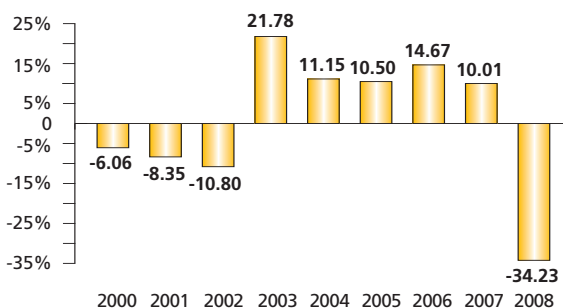
The global economic downturn in equity markets that started in the second half 2008 continued into the first two months of 2009 and hindered performance for the Scotiabank Aggressive Growth Portfolio. The month of March did see a reprieve as equity markets posted strong returns which helped to counteract the earlier negative performance of the quarter.

Compound Returns:



Year to Date: -5.39%

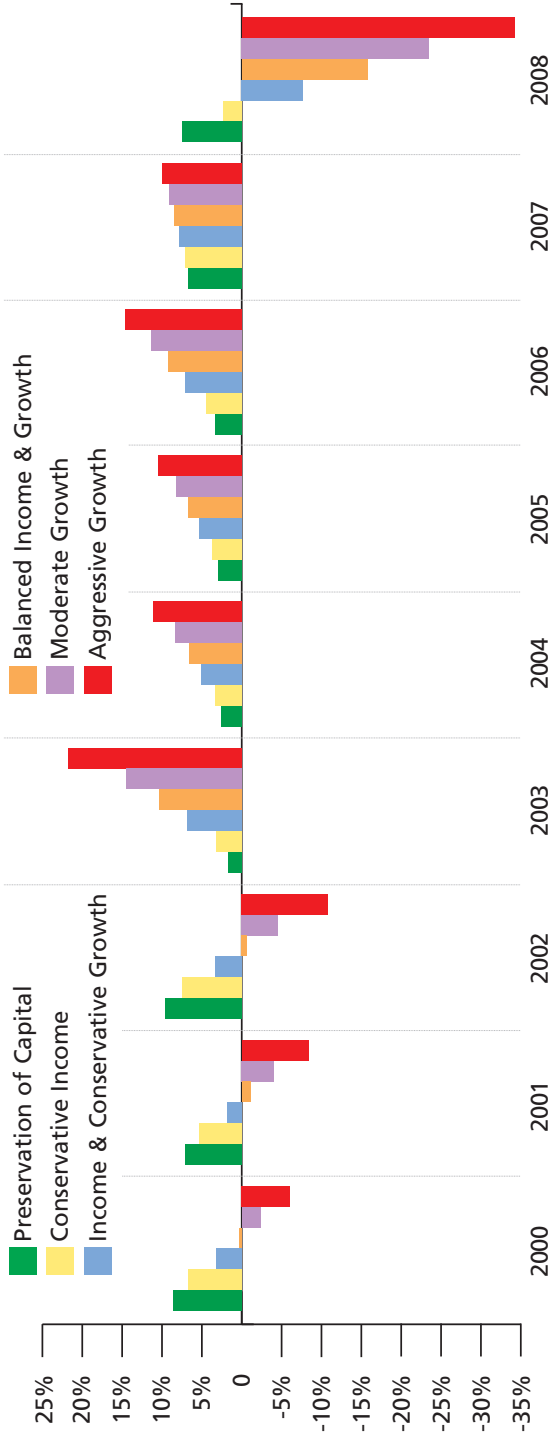
Calendar Returns:



Performance figures are net of all fund expenses.

† Average annual compound rate of return

PORTFOLIO CALENDAR RETURNS



FUND CALENDAR RETURNS

