NOVA SCOTIA PENSION AGENCY

INVESTMENT REPORT

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION PLAN

Quarter Ended June 30, 2007

nspa Nova Scotia Pension Agency

Investment Division of the Nova Scotia Pension Agency

The Investment Division of the Nova Scotia Pension Agency is comprised of seven investment professionals. This group is responsible for the day-to-day monitoring of asset mix for compliance with asset mix guidelines and recommending asset mix changes. In addition, this group is responsible for selecting external fund managers and managing fixed income portfolios. Support staff are responsible for accounting for all investment transactions.

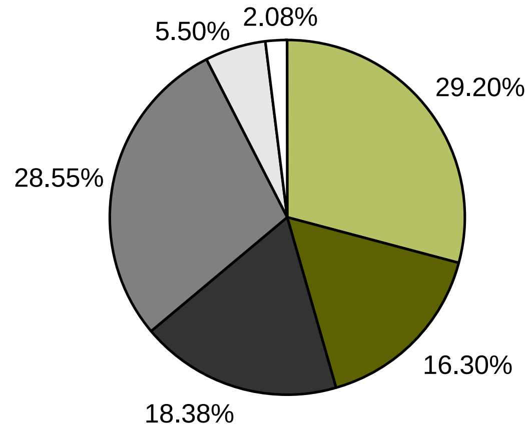
This report may also be found online at: www.novascotiapension.ca. Click on Public Service Plan and Investment Reports.

INVESTMENT REPORT

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION PLAN

ASSET MIX

	Canadian Equity	29.20%
	U.S. Equity	16.30%
	International Equity	18.38%
	Fixed Income (Bonds)	28.55%
	Canadian Real Estate	5.50%
	Money Market (Cash)	2.08%
	Total Plan Assets	100%



FUND PERFORMANCE

	1 yr. June 30, 2007	4 yr. June 30, 2007	10 yr. June 30, 2007
Public Service Superannuation Fund Return	14.22%	11.82%	8.03%
Benchmark Return	15.64%	12.24%	7.41%
Actuarial Assumed Rate of Return	6.86%	7.38%[1]	7.38%[1]
Public Service Superannuation Fund Risk	3.48%	4.25%	7.64%
Benchmark Risk	4.15%	5.05%	8.77%

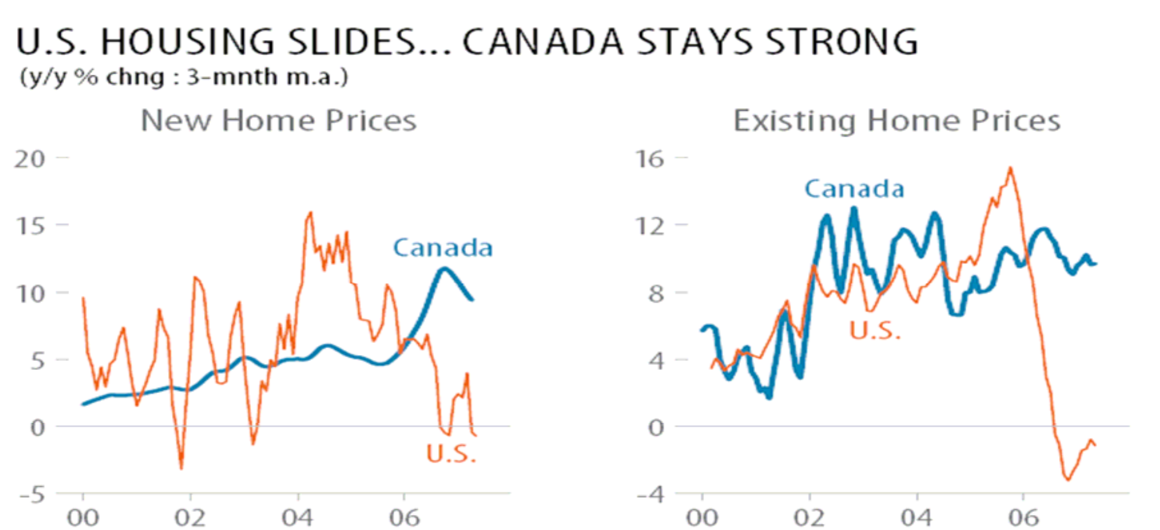
1 The actuarial assumed discount rate was 7.38% until it was changed at year-end March 31, 2007.

Nova Scotia Public Service Superannuation Fund
Quarter Ended June 30, 2007

Second Quarter 2007

Global Growth (World GDP) has been in excess of 4.0% since 2003, well above its long-term trend of 3.6%. For 2007, it is forecast to slow, but remain strong, decelerating from 5.4% last year to just under 5.0%. This would make the period from 2004 – 2007, the fastest expansion since the early 1970's.

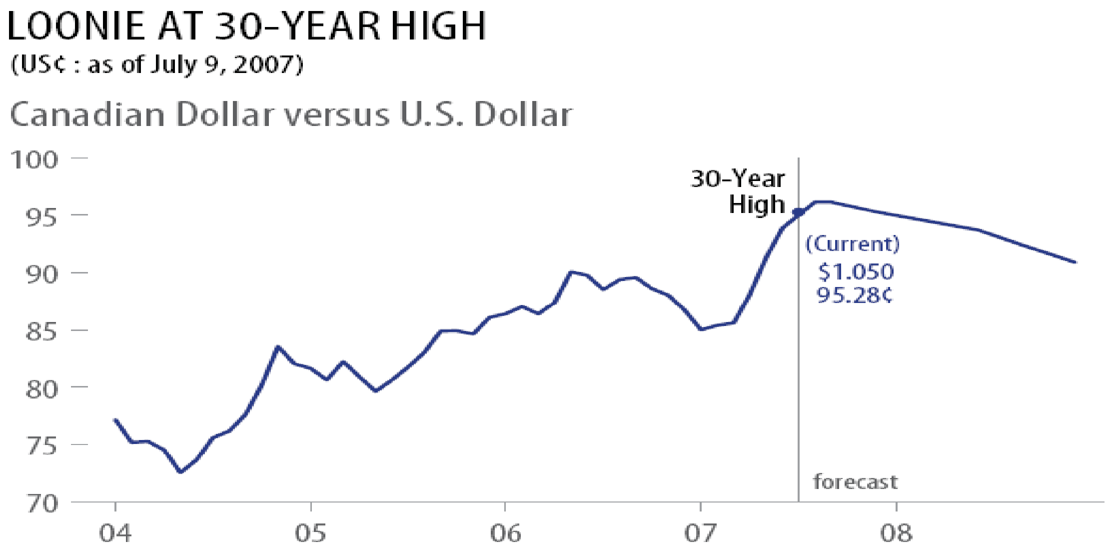
In the United States, growth has sharply declined, falling from an average 3.8% between 2003 and early 2006 to approximately 1.7% over the last four quarters. The economy continues to experience several challenges including a substantial cooling of the housing market; the sub-prime mortgage meltdown, and the lagged effects of a run-up in energy prices.



Source: North American Outlook, BMO Capital Markets

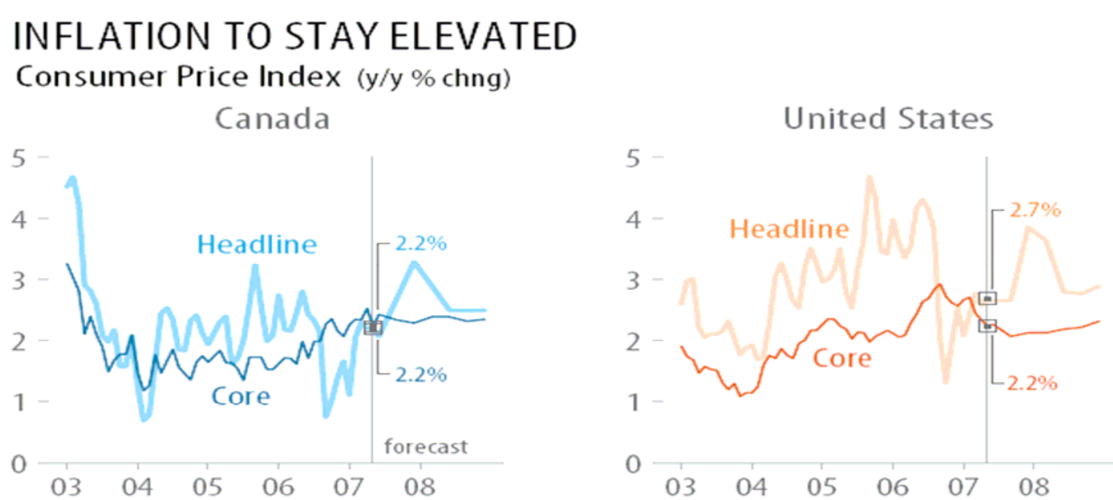
While the housing slump remains one of the key deterrents to US expansion, the economy still enjoys many positives including relatively low real interest rates, a more competitive dollar, a resilient labor market; solid wage growth; and profitable companies.

Canadian GDP grew 3.7% during the first quarter of 2007, led by strong consumer spending. Low interest rates, and high commodity prices have driven this long period of Canadian economic growth. Unlike the US, it is the rapid appreciation in the Canadian dollar that has eaten away at some of the growth.



Source: North American Outlook, BMO Capital Markets

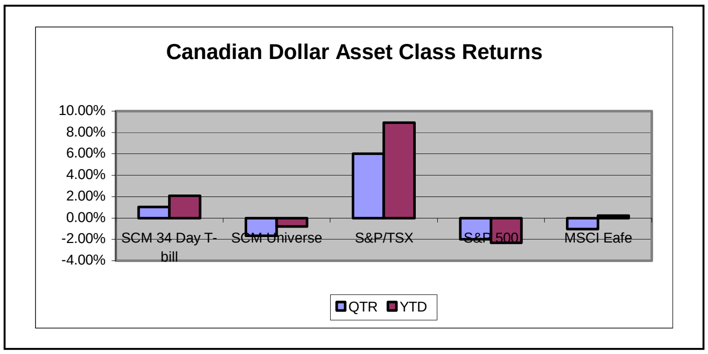
Inflation risks still remain a dominant theme for most central banks, however, the recent turmoil in the credit markets has resulted in several Banks remaining on the sidelines for the past couple of weeks even though a global tightening bias still remains. In the US, the Federal Reserve will continue to look at the economic indicators before making a decision at the September 18th meeting. Recent data provides persuasive support for an interest rate cut. On the contrary, the Bank of Canada raised its benchmark interest rate by 25 basis points on July 10th, but remained on the sideline in September citing significant upside and downside risks to the outlook for inflation. The Bank of Canada is in a tough spot as the combination of a weakening United States economy coupled with increasing domestic inflation puts Canadian monetary policy at odds with their American peers. In Europe and Asia, the European Central Bank, the Bank of Japan, and the Peoples Bank of China are still expected to continue to raise rates throughout 2007 and 2008.

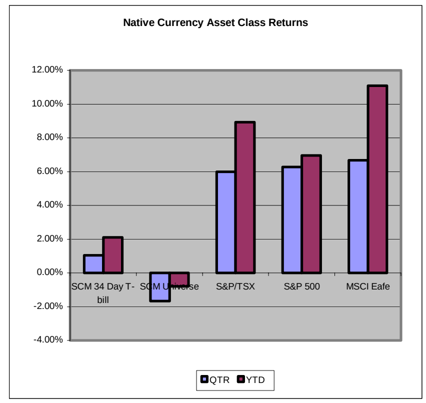


Source: North American Outlook, BMO Capital Markets

Equity markets experienced volatility towards the end of the second quarter of 2007 but still managed to post solid gains for the three-month period. In all cases, equity markets managed to overcome growing worries over rising commodity prices, rising interest rates, geo-political uncertainties, a declining US housing market and growing debt worries over the extent and damage in the sub-prime lending market.

However, when adjusted for the sharply higher Canadian dollar, US and international equity returns were negative. So of the conventional public markets, only the S&P/TSX was able to deliver positive returns. Despite this, the quarter returned 0.60% to the Fund.





Despite the Fund achieving a one-year rate of return well above the actuarial rate of return of 6.86%, the Fund underperformed the market benchmark. This underperformance was primarily due to the fact that the Fund has a lower risk profile than the market benchmark.

Leading into the Third Quarter of 2007, more troublesome is the mortgage-related contagion that has begun to create turmoil in the credit markets. As a result, we witnessed yield spreads in many risky areas, such as leveraged loans, high yield bonds and commercial mortgages facing upward pressure.

The sell off in global equities the first two weeks of August indicated that aggregate investment risks moved up several notches. Volatility swept over the financial markets as fears about the US subprime meltdown dented a range of riskier assets, lifted a key gauge of volatility - the VIX Index to a four-year high, and lead Central Banks into pumping liquidity into the global marketplace.

As we enter the final six months of 2007, we do not foresee a setback in the global economy but do foresee greater volatility in both equity and fixed income markets.

Nova Scotia Superannuation Pension Plan Top 20 Equity Exposures as of June 30, 2007

CUSIP	Stock	Value	% of Portfolio
780087102	ROYAL BANK OF CANADA	$55,447,592.69	1.45%
064149107	BANK OF NOVA SCOTIA	$53,328,661.56	1.40%
56501R106	MANULIFE FINANCIAL CORP	$53,203,937.93	1.39%
891160509	TORONTO-DOMINION BANK	$52,754,767.59	1.38%
292505104	ENCANA CORP	$38,559,854.73	1.01%
65334H102	NEXEN INC	$29,799,845.40	0.78%
136385101	CANADIAN NATURAL RESOURCES	$27,789,009.61	0.73%
87425E103	TALISMAN ENERGY INC	$27,408,270.13	0.72%
063671101	BANK OF MONTREAL	$26,457,827.76	0.69%
136375102	CANDIAN NATIONAL RAILWAY CO	$24,834,848.20	0.65%
867229106	SUNCOR ENERGY INC	$24,505,018.98	0.64%
73755L107	POTASH CORP OF SASKATCHEWAN	$22,765,775.71	0.60%
89353D107	TRANSCANADA CORP	$22,178,064.17	0.58%
775109200	ROGERS COMMUNICATIONS	$21,755,593.75	0.57%
136681202	CANADIAN TIRE CORP	$19,695,611.71	0.52%
453038408	IMPERIAL OIL LTD	$19,117,774.12	0.50%
78460T105	SNC-LAVALIN GROUP INC	$18,831,339.00	0.49%
866796105	SUN LIFE FINANCIAL INC	$18,188,541.50	0.48%
82028K200	SHAW COMMUNICATIONS INC	$17,599,643.90	0.46%
39138C106	GREAT-WEST LIFECO INC.	$17,491,526.00	0.46%

NOVA SCOTIA PENSION AGENCY

PO BOX 371, PURDY'S LANDING

4TH FLOOR, 1949 UPPER WATER STREET

HALIFAX, NOVA SCOTIA B3J 2P8

PHONE: 902-424-5070

TOLL FREE IN NS: 1-800-774-5070

FAX: 902-424-0662

E-MAIL: PENSIONSINFO@GOV.NS.CA

WEBSITE: WWW.NOVASCOTIAPENSION.CA