

NOVA SCOTIA DEPARTMENT OF FINANCE
PENSION SERVICES GROUP

INVESTMENT REPORT

NOVA SCOTIA TEACHERS' PENSION PLAN

Quarter Ended June 30, 2005



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Investment Division

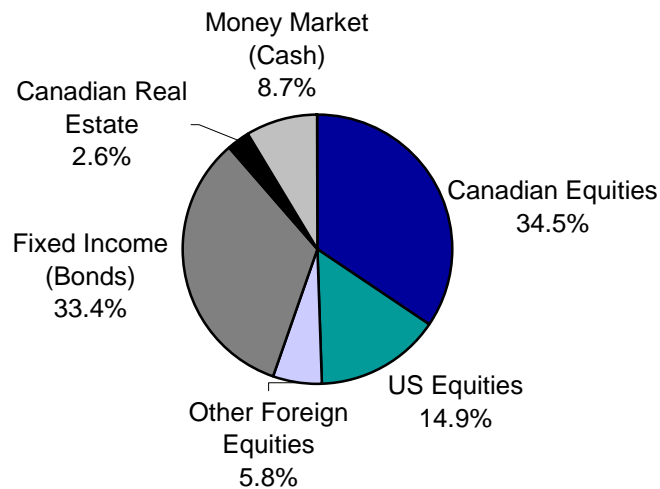
The Minister of Finance is trustee of the Fund and is responsible for the day-to-day administration of the plan. These functions are carried out through the Pensions and Investments Branch of the Department of Finance. The Investment Division of the Department of Finance is comprised of seven investment 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 is responsible for accounting for all investment transactions.

INVESTMENT REPORT

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ASSET MIX

June 30, 2005



Asset	3-Month Quarter Ended	
	March 31/05	June 30/05
Canadian Equities	36.0%	34.5%
US Equities	14.8%	14.9%
Other Foreign Equities	6.1%	5.8%
Fixed Income (Bonds)	34.3%	33.4%
Canadian Real Estate	2.6%	2.6%
Money Market (Cash)	6.2%	8.7%

TOP 20 HOLDINGS

Stock	June 30, 2005 (descending value)
Royal Bank of Canada	\$77,120,304
Manulife Financial Corp	\$68,001,962
Toronto Dominion Bank	\$64,506,329
Bank of Nova Scotia	\$62,348,088
Encana Corporation	\$54,087,999
Talisman Energy Inc.	\$42,320,086
Nexen Inc.	\$35,528,176
Sun Life Financial Inc.	\$27,390,763
Transcanada Corp	\$26,824,122
Canadian National Railway	\$24,310,209
Canadian Natural Resources Ltd.	\$23,876,307
Bank of Montreal	\$23,324,692
BCE Inc.	\$22,842,215
Imperial Oil Ltd.	\$22,285,708
Petro-Canada	\$22,041,865
Enbridge Inc.	\$21,946,580
Canadian Imperial Bank of Commerce	\$21,921,700
Great West Life	\$21,485,833
Thomson Corp	\$21,024,607
Shell Canada	\$20,765,526

FUND PERFORMANCE

Performance for the June 2005 quarter showed a return of 3.20% versus the plan's benchmark return of 3.39%. Strong Canadian equity returns versus the benchmark were more than offset by weaker returns versus the benchmark in Canadian fixed income and US equity classes; thus contributing to the plans underperformance for the second quarter of the fiscal year.

To the surprise of many market participants, interest rates continued their decline in the quarter ended June 30, 2005. Consequently, fixed income underperformed relative to its benchmark as our fixed income managers maintained a defensive duration position based on their outlook that Canadian bond yields had troughed, and that valuations did not adequately reflect economic fundamentals. Under performance in US equities was the result of actively managed mandates underperforming their respective benchmarks.

Cash and cash equivalents increased to 8.68% from 6.17% last quarter due to the receipt of \$142 million as per the 2005 Agreement.

For the rolling one-year period ended June 30, 2005, the fund showed a return of 10.24% versus its benchmark return of 9.76% and the target investment return of 7.38%. Returns in Canadian equities were the main contributor for the outperformance. International equity returns have been disappointing for the most part due to the ongoing strength in the Canadian dollar.

NOVA SCOTIA DEPARTMENT OF FINANCE

PENSION SERVICES GROUP

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