

### 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:

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

### FUND QUICK FACTS:

**Mgmt Fee:** 1.50%

**NAV:** US\$ 2.5287

**AUM:** US\$ 30,435,140.86

**Bench Mark:** S&P/TSX Index

**Fund Code:** SBF 105

**Number of Holdings:** 57

### SALES CHARGES

A front-end load may apply.

### ASSET CLASS

Growth.

### MARKET COMMENTARY

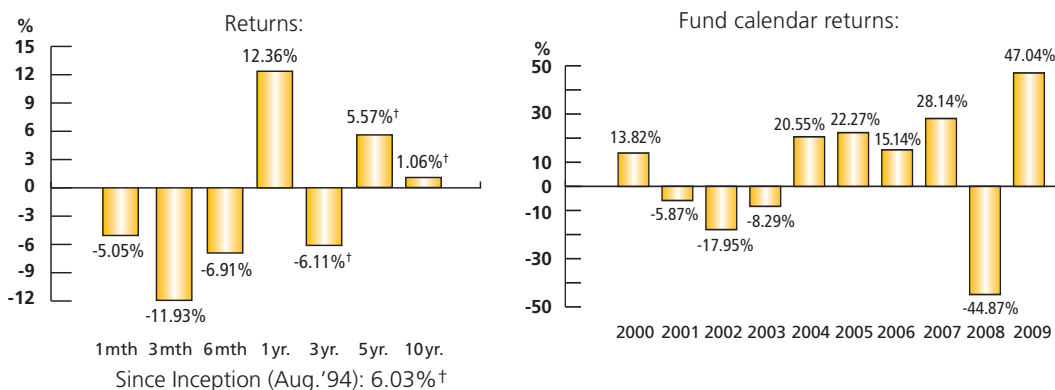
The Scotiabank Canadian Growth Fund returned -11.93% over the past 3 months and 12.36% over the past 12 months relative to a return of -9.52% and 22.71%, respectively, for its benchmark, the S&P/TSX Composite TR Index.

The Fund underperformed the benchmark for the 2nd quarter primarily due to negative security and sector selection in the financial and energy sectors. The Fund had a strong preference for banks over life insurance companies given their earnings forecasts. Holdings in the energy sector detracted from performance as the price of oil dropped. The Fund's sector exposure continued to focus on oil related companies given that the outlook for the price of oil remained positive.

The Canadian equity market slowed in the 2nd quarter, after recording 5 consecutive quarters of outperformance, but it continued to outperform other world equity markets. Real GDP increased 1.5% in the first quarter of 2010 to mark the seventh consecutive monthly gain. The Bank of Canada's key interest rate target increased to 0.50% in June from 0.25%. Core inflation increased to 2% in the 2nd quarter and remained within the targeted range.

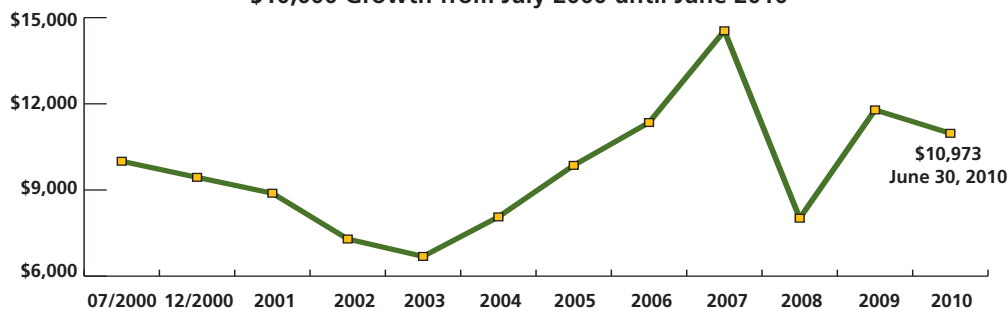
### FUND PERFORMANCE

The Fund returned -5.05% in the month compared to the S&P/TSX Index of -5.02%.



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

### \$10,000 Growth from July 2000 until June 2010



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

SECTORS:	Fund %	Index/ Benchmark %
Financials	30.8	30.6
Energy	26.5	26.4
Materials	19.5	20.3
Industrials	6.4	5.6
Telecom Services	4.6	4.5
Consumer Discretionary	4.3	4.7
Information Technology	3.6	3.2
Consumer Staples	3.2	2.6
Utilities	1.1	1.6
Health Care	0.0	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### 10 LARGEST HOLDINGS:

10 LARGEST HOLDINGS:	Fund %
<b>Royal Bank:</b> Canada's largest listed company.	7.2
<b>TD Bank:</b> A core Canadian bank that has a large presence in the United States.	6.8
<b>Suncor:</b> An oil and gas company with a dominant presence in the Alberta Oil Sands.	4.9
<b>Barrick Corp:</b> The world's largest gold producer, with operations and projects in 10 countries.	4.5
<b>Can. Natural Resources:</b> A large-cap independent producer of oil and natural gas.	3.9
<b>Goldcorp Inc:</b> Engaged in the acquisition, exploration, development and operation of precious metal properties.	3.7
<b>Research in Motion:</b> A world leader in mobile messaging solutions.	3.5
<b>Potash Corp:</b> The world's leading producer of potash, with approx. 22% of world capacity.	3.4
<b>Can Imperial Bk of Commerce:</b> A diversified financial institution.	3.1
<b>Manulife Financial Corp:</b> Canada's largest global insurer.	3.0

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 May 31, 2010. (07/10)

