

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\$ 2.5174

AUM: US\$ 28,421,195.83

Bench Mark: S&P/TSX Index

Fund Code: SBF 105

Number of Holdings: 56

SALES CHARGES

A front-end load may apply.

ASSET CLASS

Growth.

MARKET COMMENTARY

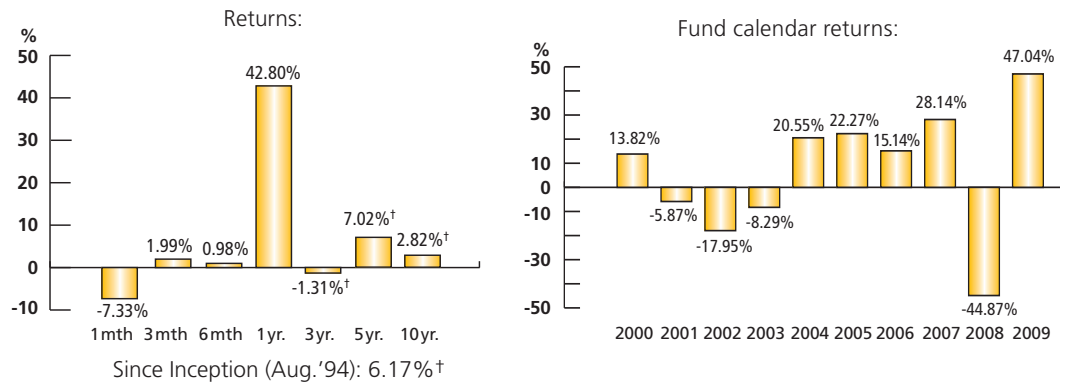
The Canadian market recovered from a negative first quarter, rallying throughout the last three quarters to end the year with a total return of 47.04%. The total return of 4.25% for the fourth quarter was a welcome turnaround in the markets vs. a year ago. Over the last quarter, the best-performing sector was Utilities followed by Industrials, Telecom, Consumer Staples and Materials. The Fund was well positioned in Industrials, Telecom and Materials.

Although Financials had been spectacular performers throughout the year, they were unable to sustain the advance and ended the last quarter as the worst performing sector. The Fund remains slightly overweight the Financials sector, which detracted from performance in the quarter vs. the market.

During the fourth quarter, many companies reported third quarter results that for the most part exceeded forecasts. We continue to search out opportunities to add to the fund in the coming months since the long-term prospects for equities relative to other asset classes will continue to be recognized as the business cycle recovers.

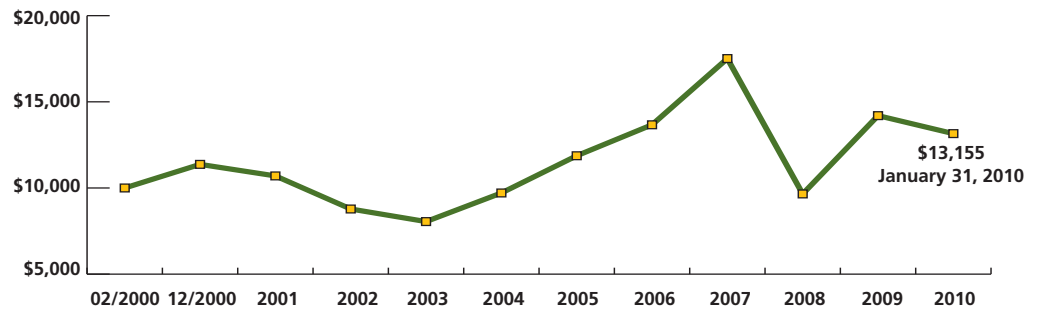
FUND PERFORMANCE

The Fund returned -7.33% in the month compared to the S&P/TSX Index of -6.98%.



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

\$10,000 Growth from February 2000 until January 31, 2010



PORTFOLIO BREAKDOWN[^]

SECTORS:	Fund %	Index/ Benchmark %
Financials	30.4	30.5
Energy	28.8	27.5
Materials	17.7	19.3
Industrials	7.4	5.6
Telecom	4.0	4.3
Information Technology	3.7	3.5
Consumer Discretionary	3.7	4.3
Consumer Staples	3.2	2.8
Utilities	1.1	1.7
Health Care	0.0	0.5
Total	100.0	100.0

10 LARGEST HOLDINGS:

Holding	Fund %
Royal Bank: Canada's largest listed company.	6.9
TD Bank: A core Canadian bank that has a large presence in the United States.	6.1
Suncor: An oil and gas company with a dominant presence in the Alberta oil Sands.	5.2
Barrick Corp: The world's largest gold producer, with operations and projects in 10 countries.	4.4
Can. Natural Resources: A large-cap independent producer of oil and natural gas.	3.6
Potash Corp: The world's leading producer of potash, with approx. 22% of world capacity.	3.6
Research in Motion: A world leader in mobile messaging solutions.	3.5
Canadian Natl Railway: The largest railway in Canada.	3.2
Bank of Montreal: A diversified financial services provider.	3.2
Manulife Financial Corp: 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.

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* Trademark of The Bank of Nova Scotia, used under licence. † Average annual compound rate of return. ^ As of December 31, 2009. (02/10)