

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 is the brand name under which the Scotiabank Group of Companies, including Scotiabank & Trust (Cayman) Ltd. and Scotia DBG Fund Managers Limited markets and distributes mutual funds. Scotiabank & Trust (Cayman) Ltd., is a corporate entity separate from, although wholly owned by, The Bank of Nova Scotia and distributes the Funds noted within this publication. 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. Asset Management Service portfolio returns are the historical annual compounded total return assuming the investment strategy recommended by the asset allocation model used. In calculating portfolio return, weights for each of the included funds are assumed to be as indicated in the portfolio breakdown. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the prospectus for the Scotiabank Mutual Funds which are used to create each asset allocation model before selecting the Asset Management Service. Important information about Scotiabank Mutual Funds is contained in the Funds' prospectus. Prospectus copies are available from your local Investment Advisor, the Bank of Nova Scotia and affiliates' branches. Share values and investment returns for the Funds will fluctuate. Past performance is no guarantee of future performance and may not be repeated. Mutual Funds are not covered by your local Deposit Insurance Corporation or other government deposit insurer. Scotiabank Mutual Funds are not insured by, nor guaranteed by, The Bank of Nova Scotia or its affiliates.

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Scotiabank Mutual Funds

December 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 1999.

FUND ADVISOR

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

SALES CHARGES

There is no sales charge applicable to this Fund.

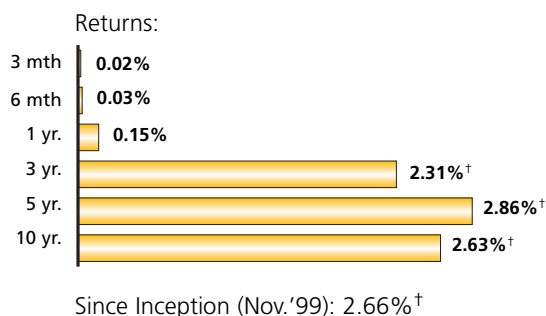
ASSET CLASS

Cash and Cash Equivalents.

FUND PERFORMANCE

Net Asset Value: US \$13.0435 (as of December 31, 2009).

The Fund's yield was 0.02% for the quarter compared to the benchmark's, 3-month US Treasury Bills, yield of 0.04%.



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

MARKET COMMENTARY

The Scotiabank Money Market fund returned 0.02% for the quarter. The Federal Reserve kept its key interest rate at the record low target range of 0 to 0.25%. The three month T-bill rate has been trading in a narrow range starting at 0.12% to end the quarter at 0.06%. The money market curve has become slightly steeper with the yield difference between one month and six month T-bills rising from 0.09% to 0.16% for the quarter.

Some economic data showed moderate signs of recovery: for the month of December, ISM manufacturing index and consumer confidence rose. In addition, the unemployment rate fell 0.2% to 10.0% in November and home sales were up 7.4% in November, the highest level since February 2007. These numbers were slightly offset by the lower final estimate on the third quarter GDP growth from 2.8% to 2.2%.

Due to the lack of supply of government guarantees and very low levels of yield, the Portfolio Manager has started to invest in more provincials. These offer better yield pick up and there is more issuance.

PORTFOLIO BREAKDOWN[^]

	%
Government Issues	28.00
Corporate Issues	70.00
Cash	2.00
Total	100.00

10 LARGEST HOLDINGS:

		Fund %
Province of Ontario 11/12 Flt	Nov 19/12	9.30
Export Development Canada	Dec 23/09	6.60
Province of Ontario	Apr 27/10	5.02
Bank of Nova Scotia	Dec 01/09	4.94
Bank du Montreal	Dec 17/09	4.74
Province of Ontario 05/12 Var	May 22/12	4.41
Province of Ontario	Dec 17/09	4.17
HSBC Bank Canada	Dec 14/09	3.81
Province British Columbia	Dec 07/09	3.36
Citigroup FDG Inc Tranche SR 00001	Jul 30/10	3.05

[†]Average annual compound rate of return.

[^] As of November 30, 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 1993.

FUND ADVISOR

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

SALES CHARGES

A front-end load may apply.

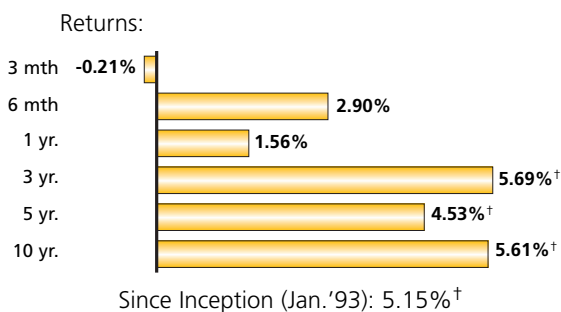
ASSET CLASS

Income.

FUND PERFORMANCE

Net Asset Value: US \$2.3476 (as of December 31, 2009).

The Fund returned -0.21% for the quarter, compared to Merrill Lynch Corporate & Government Bond Index, which returned -0.23%.



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

MARKET COMMENTARY

The fund posted a return of -0.21% for the quarter, roughly matching its benchmark return of -0.23%. Corporate credit spreads continued their march tighter in the fourth quarter despite the predominance of downgrades in the rating actions. The Fund's weighting in corporate credit was neutral versus its benchmark however it was significantly underweight in lower rated names and the volatile financial sector, both of which performed strongly in the quarter. Yields rose across the entire yield curve in the fourth quarter with the most pronounced move occurring in December. The portfolio was well positioned to benefit from the steepening and the rising rate environment which prevailed over the quarter.

Given the litany of risks that remain in the US economy, short rates are expected to remain at the Federal Reserve's near zero interest rate policy for a while still. However, with the extreme steepness we now have in the yield curve we have moved to a more neutral stance. In the credit space we will continue to focus on boosting yield by underweighting US Treasuries but we will stay focussed on quality to preserve capital.

PORTFOLIO BREAKDOWN [^]	Fund %	Index/ Benchmark %
US Treasuries and Agencies	29.10	60.45
Other Governments and Supranationals	45.20	7.37
Corporates	25.70	32.18
Total	100.00	100.00

10 LARGEST HOLDINGS:

	Fund %
US Treasury N/B	May 15/19 5.89
Federal Home LN BKS	Nov 15/12 5.17
Kreditanstalt fur Wiederaufbau	Jul 16/18 5.13
Saskatchewan Prov CDA	Jul 15/13 4.53
Intl BK for Recon + DEV	Jan 19/23 4.28
Federal Natl MTG ASSN	Jul 12/13 4.27
Nova Scotia Prov CDA	Jul 01/19 4.22
Inter Amern Dev BK Global	Mar 15/13 4.18
US Treasury BDS	Aug 15/23 4.00
Export Development Canada	Sep 24/12 3.99

[^] As of November 30, 2009

[†] Average annual compound rate of return.

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. The Fund may invest all or substantially all of its assets in units of Global Diversified Value Fund Segregated Portfolio, a segregated portfolio of Close Brothers Funds SPC, which has appointed Alliance Capital Management L.P. as the Fund advisor

Investment objective: The objective of this Fund is long-term capital growth.

Inception date: August 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.

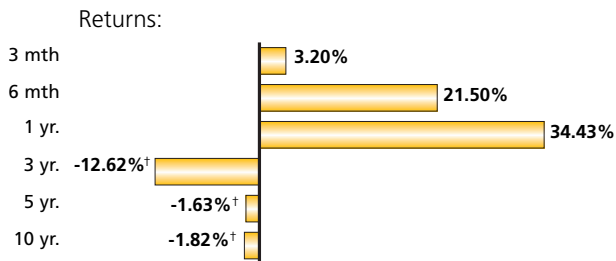
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$1.9121 (as of December 31, 2009).

The Fund returned 3.20% for the quarter, compared to MSCI World Index, which returned 3.68%.



Since Inception (Aug. '94): 4.32%[†]

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

[†]Average annual compound rate of return.

MARKET COMMENTARY

Stocks continued to rally around the world with the MSCI World Index rallying by 3.68% during the quarter with the Scotiabank Global Growth fund underperforming it. The global economic recovery broadened in late 2009 as evidence emerged that the US and the euro area had returned to positive growth, and much of Asia posted near double-digit gains in the third quarter.

Positive security selection in the Scotiabank Global Growth fund was offset by negative sector selection. Sector selection was negative due in part to the underweight in the strongly performing industrial commodities sector. Financial holdings Barclays and Aviva were among the largest detractors.

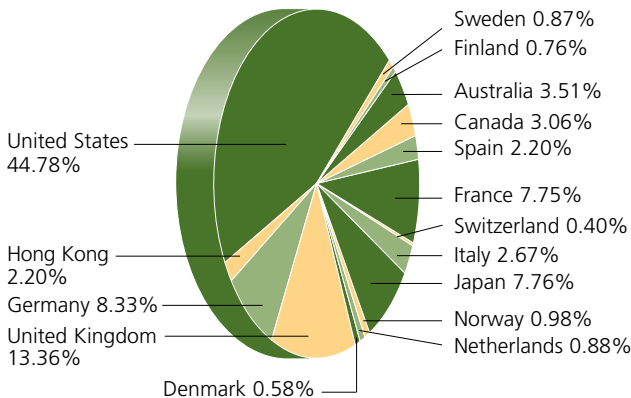
Several consumer cyclical holdings however, ranked among the top contributors to performance. News Corp. rose on strong box office results from its new movie Avatar and improved advertising trends. Fellow media company CBS announced third-quarter results which beat expectations and reaffirmed its full-year guidance.

Valuation spreads between the cheapest and most expensive stocks based on price/book value are above long-term averages, signalling that outperformance potential is also above average and widespread.

PORTFOLIO BREAKDOWN[^]

LARGEST HOLDINGS:

CBS Corp., Royal Dutch Shell, Pfizer, AT&T, Microsoft Corp.



SECTORS:

	Fund %	Index/ Benchmark %
Financials	23.38	20.80
Consumer Discretionary	13.85	9.20
Energy	10.78	11.08
Industrials	9.81	10.44
Information Technology	9.29	11.54
Consumer Staples	8.38	10.31
Telecommunication Services	8.26	4.46
Health Care	8.05	10.12
Utilities	4.94	4.59
Materials	3.26	7.46
Total	100.00	100.00

[^] As of November 30, 2009

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. The Fund may invest all or substantially all its assets in units of Scotia U.S. Index Fund, an open-ended mutual fund trust of Scotia Asset Management L.P. which has appointed State Street Global Advisors as the Fund advisor.

Investment objective: The objective of this Fund is long-term capital growth.

Inception date: November 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.

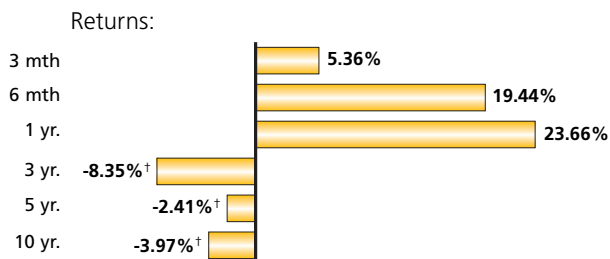
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$6.8202 (as of December 31, 2009)

The Fund returned 5.36% for the quarter compared to the S&P 500 Index, which returned 6.04%.



Since Inception (Nov.'99): -3.71%[†]

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

[†]Average annual compound rate of return.

MARKET COMMENTARY

Most equity markets worldwide finished December with modest gains that boosted their total returns for the fourth quarter. On average, equities in the Americas, Europe and Asia all pushed solidly higher through the fourth quarter. Among the 10 S&P sectors, only three endured small losses during December. Financials were the weakest sector on the month, falling 1.5%, as massive equity offering from large names like Citigroup and Bank of America soaked up demand. The Financial sector was the only S&P sector to lose ground for the whole of the fourth quarter, enduring a 3.3% decline. Seven out of the ten S&P sectors lagged the 26.5% annual return of the popular benchmark. While utilities and telecommunications were the weakest group in the S&P for 2009 as a whole, they both enjoyed solid gains during December. The materials sector slowed a bit, lagging the S&P slightly in December, but it still climbed more than 7% for the fourth quarter as a whole. The biggest winner for the year was the information technology sector, which took top honors for December, for the quarter and for all of 2009.

PORTFOLIO BREAKDOWN[^]

	Fund %
10 LARGEST HOLDINGS:	
Exxon Mobil Corp: A global integrated energy company	3.73
Microsoft Corp: A leading software applications developer	2.37
Procter & Gamble: A global provider of consumer products	1.89
Apple Inc: A world leader in digital music, mobile communications and personal computers	1.83
Johnson & Johnson: A leading provider of healthcare products and services	1.78
General Electric Co: A global industrial firm	1.77
JP Morgan Chase & Co: A financial holding company	1.73
IBM: A world leader in information technologies and networking systems	1.71
AT&T: A leading communication services provider	1.65
Chevron Corp: A global integrated energy company	1.63

SECTORS:

	%
Information Technology	18.88
Financials	14.49
Health Care	12.83
Energy	12.02
Consumer Staples	11.70
Industrials	10.38
Consumer Discretionary	9.39
Utilities	3.68
Materials	3.53
Telecommunication Services	3.10
Total	100.00

[^] As of November 30, 2009

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 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.

SALES CHARGES

A front-end load may apply.

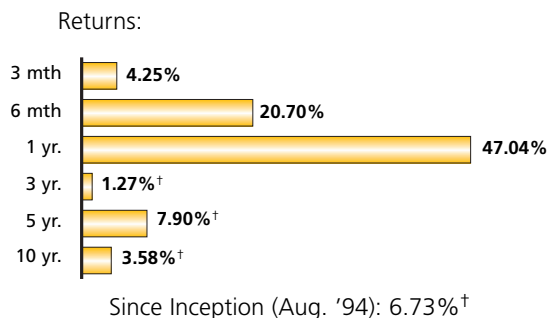
ASSET CLASS

Growth.

FUND PERFORMANCE

Net Asset Value: US \$2.7165 (as of December 31 2009)

The Fund returned 4.25% for the quarter compared to the S&P TSX Index, which returned 6.40%.



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

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.

PORTFOLIO BREAKDOWN[^]

Fund %

10 LARGEST HOLDINGS:

Royal Bank: Canada's largest listed company	7.0
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	5.3
Barrick Corp: The world's largest gold producer, with operations and projects in 10 countries	4.8
Encana: Canada's largest energy company by market capitalization	4.4
Potash Corp: The world's leading producer of potash, with approx. 22% of world capacity	3.7
Research in Motion: A world leader in mobile messaging solutions	3.5
Canadian Natural Resources: A large-cap independent producer of oil and natural gas	3.4
Goldcorp Inc: Engaged in the acquisition, exploration, development and operation of precious metal properties	3.2
Canadian Natl Railway: The largest railway in Canada	3.1

SECTORS:	Fund %	Index/ Benchmark %
Financials	30.3	30.7
Energy	27.7	27.3
Materials	20.2	20.1
Industrials	6.9	5.4
Telecom	4.0	4.4
Information Technology	3.6	3.2
Consumer Discretionary	3.5	4.2
Consumer Staples	2.7	2.7
Utilities	1.0	1.5
Health Care	0.0	0.5
Total	100.0	100.0

[†]Average annual compound rate of return.

[^] As of November 30, 2009

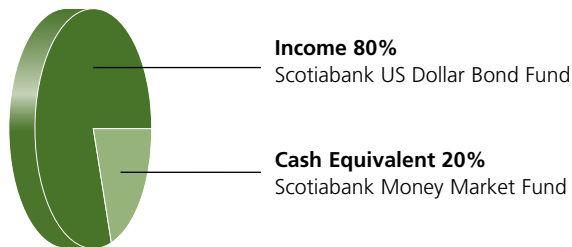
Scotiabank Preservation of Capital Portfolio

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

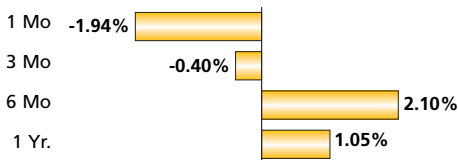


Portfolio Commentary

Despite improving sentiment towards a global economic recovery, weak performance from the larger fixed income portion of the Preservation of Capital Portfolio weighed on overall portfolio performance in the fourth quarter. The low rate environment for money market instruments has continued into the fourth quarter and was a large factor in the muted performance of this portfolio throughout 2009.

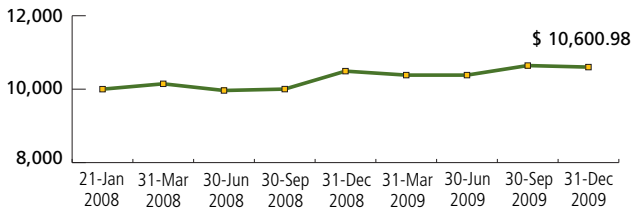
Asset Management Service

Returns:



Year to date return: 1.05%
Since inception (Jan. '08): 0.25%†

Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

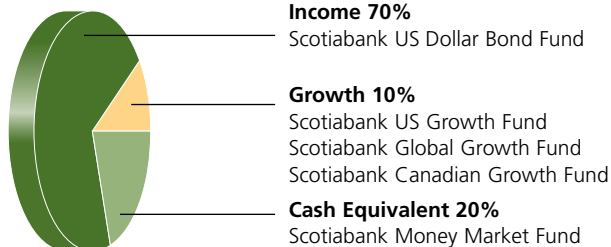
Scotiabank Conservative Income Portfolio

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

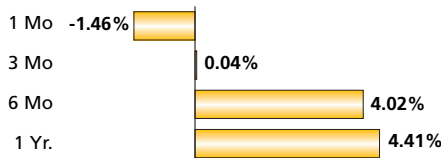


Portfolio Commentary

The Conservative Income Portfolio continues to be challenged by low money market yields within its 20% cash component. The fourth quarter also saw the large fixed income allocation of this portfolio struggle as did overall portfolio performance for the quarter which was relatively flat. Despite the challenges, overall performance for this portfolio in 2009 was within expectations.

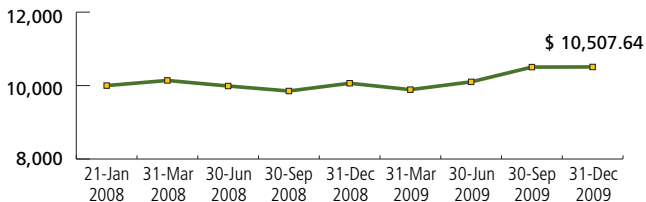
Asset Management Service

Returns:



Year to date return: 4.41%
Since inception (Jan. '08): 0.21%†

Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

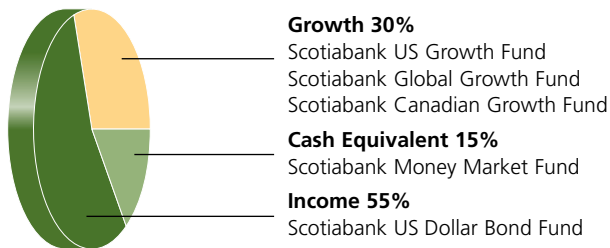
Scotiabank Income & Conservative Growth Portfolio

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.

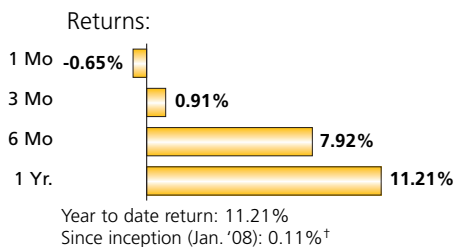
Portfolio Breakdown



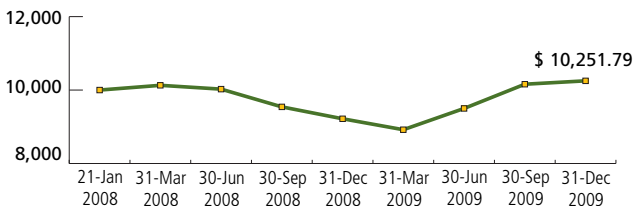
Portfolio Commentary

An improving global economy and strong equity market performance helped to offset weaker returns in the fixed income and cash allocations of the Income & Conservative Growth Portfolio to help end the quarter in positive territory. This portfolio continued to benefit all year from the recovery in equity markets and posted a very solid one year double digit return at the end of 2009.

Asset Management Service



Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

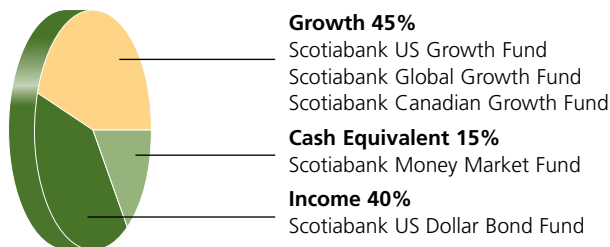
Scotiabank Balanced Income & Growth Portfolio

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.

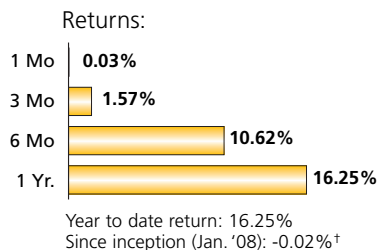
Portfolio Breakdown



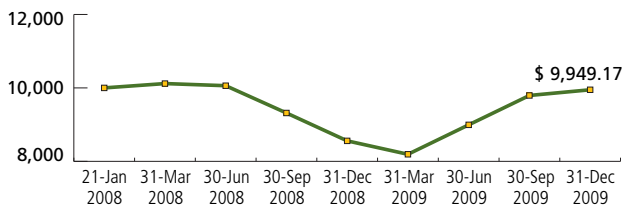
Portfolio Commentary

The Balanced Income & Growth ended 2009 with another positive quarter of portfolio performance. Despite more modest equity returns in this last quarter of 2009, all three underlying equity growth funds helped contribute throughout the year to the strong overall performance realized by this portfolio for the year.

Asset Management Service



Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

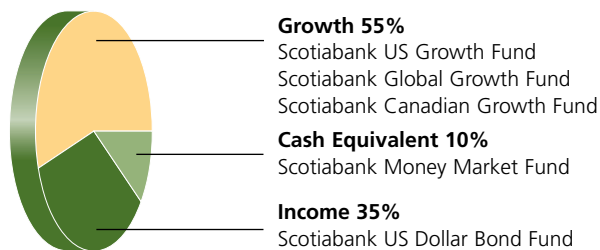
Scotiabank Moderate Growth Portfolio

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.

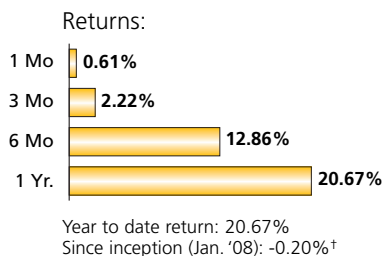
Portfolio Breakdown



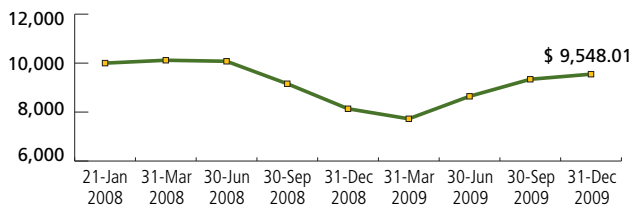
Portfolio Commentary

Equity market momentum in the fourth quarter was not as robust as in the third but the Moderate Growth Portfolio still managed a positive return for the last three months of 2009. As the global economic recovery gained in strength so did all three underlying equity growth funds in this portfolio as evidenced by the strong double digit performance for the year 2009.

Asset Management Service



Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

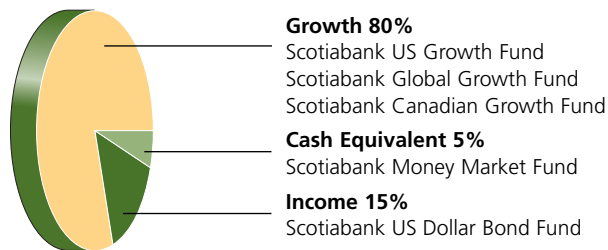
Scotiabank Aggressive Growth Portfolio

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.

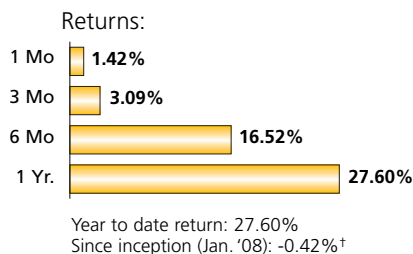
Portfolio Breakdown



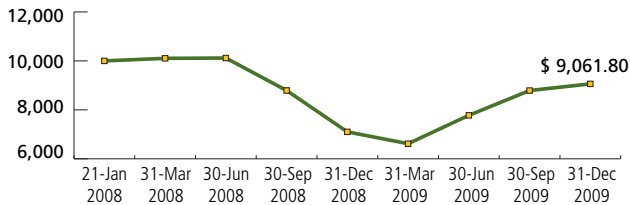
Portfolio Commentary

The Aggressive Growth Portfolio continued to benefit from its large equity weightings in the portfolio as it posted the strongest returns of the six portfolios for the last quarter of 2009. The strong equity market recovery that has continued throughout 2009 has helped this portfolio recover spectacularly with an impressive 27.60% return for the year.

Asset Management Service



Growth of US\$ 10,000:



Fund performance has been updated to reflect balances triggered through the Asset Management Service (AMS). Performance figures are net of all fund expenses and annual AMS fee.

† Average annual compound rate of return

FUND CALENDAR RETURNS

