

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 19, 1999.

FUND ADVISOR:

State Street Global Advisors (SSGA) is the investment management arm of State Street Corporation. It is an industry leader with US \$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.

FUND QUICK FACTS:

- Mgmt Fee:** 1.50%
- NAV:** US\$ 6.5709
- AUM:** US\$ 3,440,809.81
- Bench Mark:** S&P 500 Index
- Fund Code:** SBF 104
- Number of Holdings:** 500

SALES CHARGES

A front-end load may apply.

ASSET CLASS

Growth.

PORTFOLIO BREAKDOWN[^]

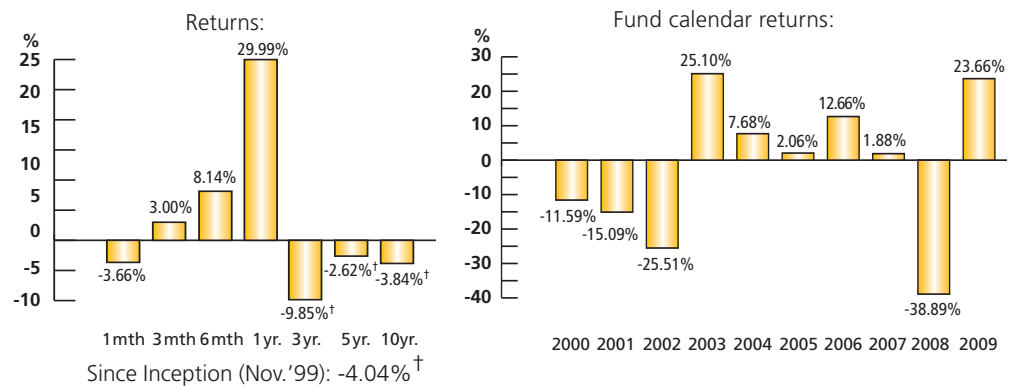
SECTORS:	Fund %
Information Technology	19.9
Financials	14.4
Health Care	12.6
Energy	11.5
Consumer Staples	11.4
Industrials	10.2
Consumer Discretionary	9.6
Utilities	3.7
Materials	3.6
Telecommunication Services	3.1
Total	100.0

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.

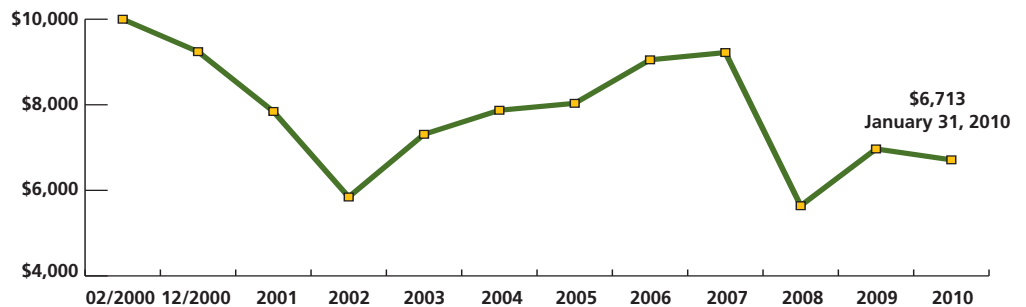
FUND PERFORMANCE

The Fund returned -3.66% in the month compared to the S&P 500 Index of -3.60%.



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

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



10 LARGEST HOLDINGS:	Fund %
Exxon Mobil Corp: A global integrated energy company	3.3
Microsoft Corp: A leading software applications developer	2.4
Apple Inc: A world leader in digital music, mobile communications and personal computers	1.9
Johnson & Johnson: A leading provider of healthcare products and services	1.8
Procter & Gamble: A global provider of consumer products	1.8
IBM: A world leader in information technologies and networking systems	1.7
AT&T: A leading communication services provider	1.7
JP Morgan Chase & Co: A financial holding company	1.7
General Electric Co: A global industrial firm	1.6
Chevron Corp: A global integrated energy company	1.6

Important information about Scotiabank Mutual Funds is contained in the Funds' prospectus. Copies are available from Scotiabank and Scotiatrust 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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