Scotiabank Money Market Fund

October 30, 2009

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 19, 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.

FUND QUICK FACTS:

Mgmnt Fee: 0.60%

NAV: US$ 13.0433

AUM: US$ 251,030,618.82

Bench Mark: 3-month US Treasury Bills

Fund Code: SBF 101

Number of Holdings: 52

FUND PERFORMANCE

The fund's return was 0.02% for the month compared to the benchmark's, 3-month US Treasure Bills, yield of 0.01%

SALES CHARGES

There are no sales charges applicable to this Fund.

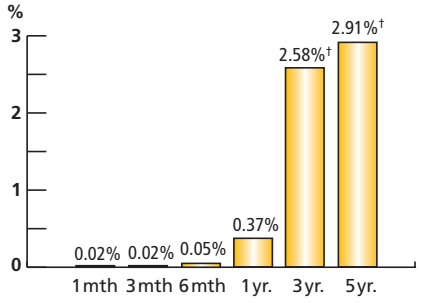
ASSET CLASS

Cash and Cash Equivalents

MARKET COMMENTARY

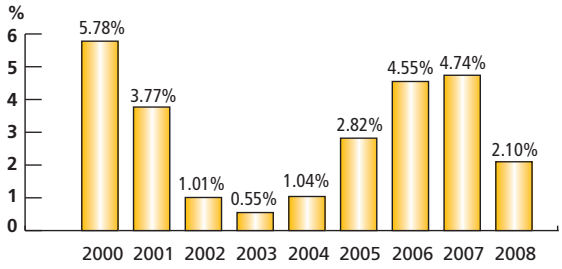
The Scotiabank Money Market Fund returned 0.01% for third quarter of 2009. Economic recovery is on its way albeit it might be at a snail's pace. Positive news came from the consumer confidence numbers beating expectations in September. Inflation appears to be under control. Core inflation for August is at is a five year low of 1.4%, which is a substantial decline from last year's cyclical high of 2.7%. The three month T-bill rates have rallied to historical lows from 0.19% to 0.12% as the market continues to anticipate that the Federal Reserve will keep interest rates at the same level until late 2010. At the same time, the one year T-bills rate have also improved from 0.345% to 0.175% as investors tried to lock into the attractive higher rates. We continue to maintain a high level of liquidity within the Fund by allocating a large portion of the portfolio maturities within one month. Investments have been made in some floating rates notes for a yield pickup and some six to nine month products to maintain the neutral average term of the portfolio at approximately 60 days.

Returns:



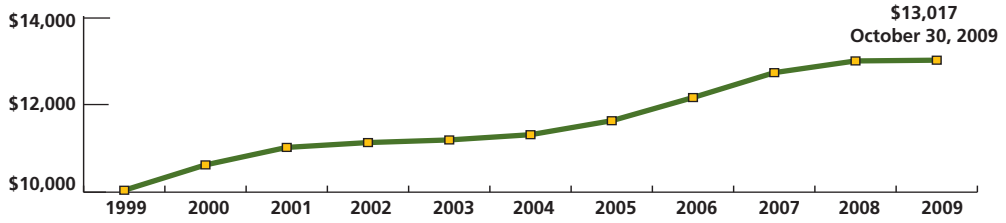
Since Inception (Nov.'99): 2.71% †

Fund calendar returns



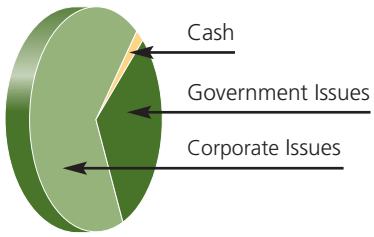
Net Asset Values and performance figures are net of all Fund expenses.

$10,000 growth from inception date until October 30, 2009



PORTFOLIO BREAKDOWN^

ASSET CLASS	%
Government Issues	30.9
Corporate Issues	67.3
Cash	1.8
Total	**100.0**



10 LARGEST HOLDINGS:		Fund %
Prov. Britsh Columbia	Oct 20/2009	8.0
Her Majesty RGT Canada	Oct 13/2009	6.2
Export Development Canada	Dec 23/2009	6.1
Alberta Treasury Branches	Oct 15/2009	5.4
Bank du Montreal	Dec 17/2009	4.4
Ontario Province of 05/12 Var	May 22/2012	4.1
Province of Ontario	Dec 17/2009	3.9
Prov. Britsh Columbia	Dec 07/2009	3.1
Citigroup FDG Inc Tranche SR 00001	Jul 30/2010	2.8
Procter Gamble Intl FDG SCA GTD NT FLTG Rate	Feb 08/2010	2.8

Average weight to maturity (days):
0 - 7 days ..... 6% 8 - 30 days ..... 28% 31 - 90 days ..... 36% 91 + ... 30%

Scotiabank*

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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* Trademark of The Bank of Nova Scotia, used under licence. † Average annual compound rate of return. ^ As of September 31, 2009. (11/09)