

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.

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\$ 6.3793

AUM: US\$ 3,336,137.46

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.

MARKET COMMENTARY

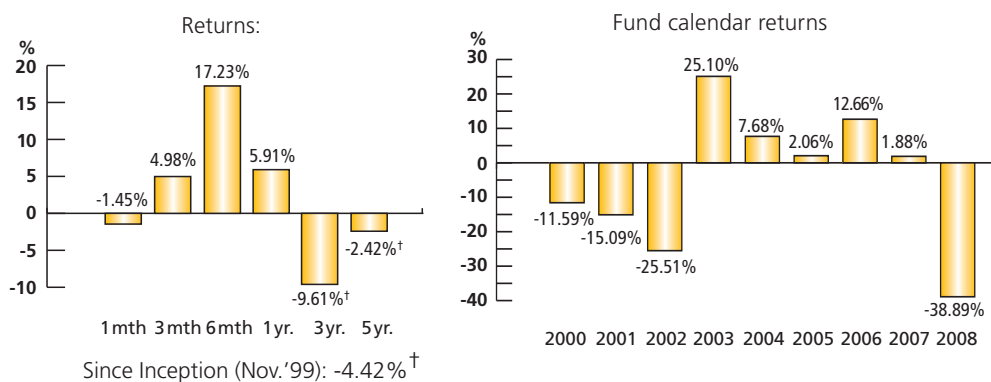
The S&P 500 index ended the third quarter of 2009 with seven consecutive monthly gains, achieving two quarters in a row with returns north of 15%. The last time that two such powerful quarters occurred consecutively was 34 years ago, in the first half of 1975, also during recovery from a brutal bear market.

The third quarter began quietly, as investors nervously digested the remarkable relief rally that boosted global equity markets during the spring. Leading economic indicators continued to suggest emergence from recession, with business confidence picking up consistently. Even the battered US housing market showed early hints of pricing stability.

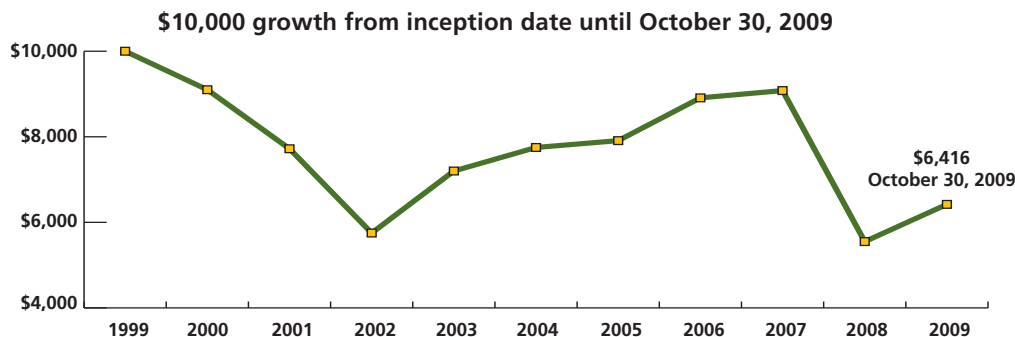
With liquidity worldwide staying flush and short-term investments offering minimal return potential, funds flowed steadily into long-term financial assets from the middle of July onwards. All 10 sectors produced positive returns for the third quarter. The Financial sector finished the quarter with more than a 25% gain, making it the top three-month performer while the defensive sectors, Telecommunications and Utilities, were the weakest.

FUND PERFORMANCE

The Fund returned -1.45% in the month compared to the S&P 500 Index of -1.86%.



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



PORTFOLIO BREAKDOWN[^]

SECTORS:	Fund %
Information Technology	18.5
Financials	15.4
Health Care	13.4
Consumer Staples	11.7
Energy	11.4
Industrials	10.0
Consumer Discretionary	9.1
Utilities	3.8
Materials	3.4
Telecommunication Services	3.3
Total	100.0

10 LARGEST HOLDINGS:	Fund %
Exxon Mobil Corp: A global integrated energy company	3.5
Microsoft Corp: A leading software applications developer	2.2
General Electric Co: A global industrial firm	1.9
JP Morgan Chase & Co: A financial holding company	1.9
Procter & Gamble: A global provider of consumer products	1.8
Johnson & Johnson: A leading provider of healthcare products and services	1.8
Apple Inc: A world leader in digital music, mobile communications and personal computers	1.8
AT&T: A leading communication services provider	1.7
IBM: A world leader in information technologies and networking systems	1.7
Bank of America Corp: A bank and financial holding company	1.6

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 September 30, 2009. (11/09)