

# Scotiabank Money Market Fund

July 30, 2010

## FUND DESCRIPTION

This Fund is designed to invest primarily in high quality U.S. dollar denominated debt securities, obligations and money market instruments to provide Shareholders with liquidity and preservation of capital.

**Investment objective:** The objective of this Fund is to earn interest income and to provide liquidity and preservation of capital.

**Inception date:** November 19, 1999.

## FUND ADVISOR:

Scotia Asset Management manages over \$39 billion in assets for mutual funds, institutional mandates, private clients and fee based accounts.

## FUND QUICK FACTS:

**Mgmt Fee:** 0.60%

**NAV:** US\$ 13.0478

**AUM:** US\$ 205,901,080.80

**Bench Mark:** Merrill Lynch 3-month U.S. Treasury Bill Index

**Fund Code:** SBF 101

**Number of Holdings:** 52

## SALES CHARGES

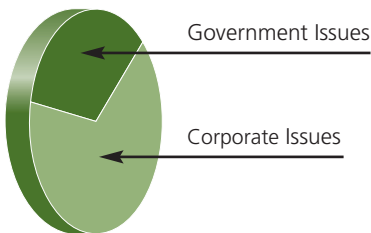
There are no sales charges applicable to this Fund.

## ASSET CLASS

Cash and Cash Equivalents.

## PORTFOLIO BREAKDOWN<sup>^</sup>

ASSET CLASS	%
Government Issues	34.6
Corporate Issues	65.4
Cash	0.0
<b>Total</b>	<b>100.0</b>



## MARKET COMMENTARY

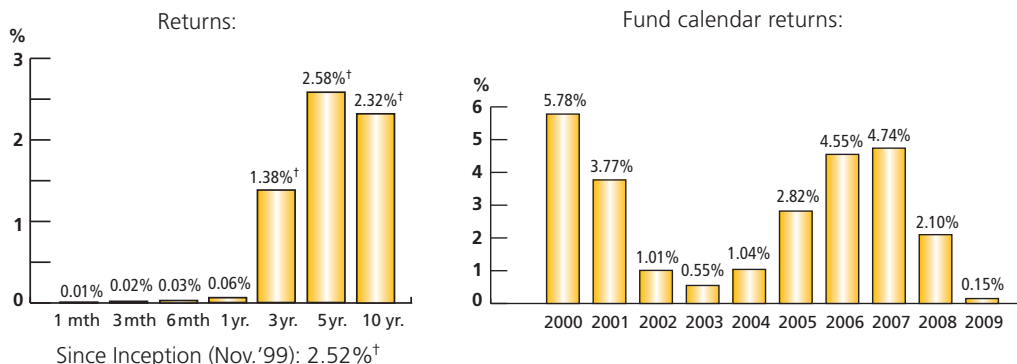
The Scotiabank Money Market Fund returned 0.02% for the 2nd quarter of 2010 relative to a return of 0.04% for its benchmark, the Merrill Lynch 0-3 Month US T-bill Index. The Fund's yield increased to 0.12% as at June 30, 2010.

The Fund increased its exposure to floating rate notes in the 2nd quarter. Floating rate notes offered a higher yield than comparable commercial paper and increased in value based on the forecast for higher interest rates later in 2010. The Fund also increased its holdings of banker acceptance notes and decreased its exposure to government guaranteed bonds to benefit from an increase in yields. The average term of the portfolio remained at about 50 days.

Most market participants expect the US Federal Reserve and the Bank of Canada to hold rates steady for most of this year and have them remaining at or near their current level. Both the US and Canadian Central Banks have maintained their low interest rate policies as Q1 economic growth was weaker than expected and inflation remained within its targeted range.

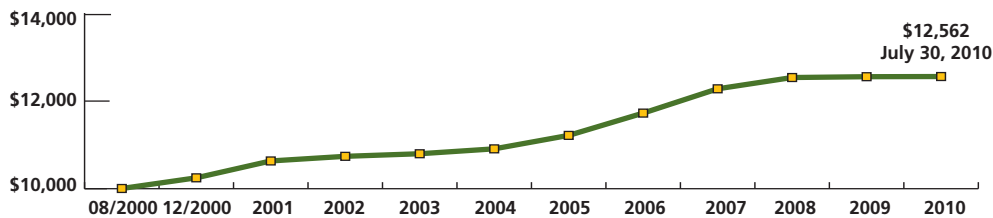
## FUND PERFORMANCE

The Fund's return was 0.01% for the month compared to 0.02% for its benchmark.



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

## \$10,000 growth from August 2000 until July 2010



10 LARGEST HOLDINGS:		Fund %
Quebec Govt	Sep 21/2010	10.4
Alberta Treasury Branches	Jan 10/2011	6.1
Province of Ontario	May 22/2012	5.3
Royal Bk of Canada	Dec 09/2010	5.0
Pfizer Inc	Mar 15/2011	4.9
Export Development Corp	Oct 15/2010	4.9
Canadian Wheat Board	Sep 02/2010	3.7
Bank of Nova Scotia	Mar 12/2012	3.7
KFW Medium Term NTS Book Entry	Mar 02/2011	3.6
Bank of Montreal	Aug 14/2012	3.4

## Average weight to maturity (days):

0 - 7 days ..... 2.3%      8 - 30 days ..... 18.2%      31 - 90 days ..... 39.3%      91 + ..... 40.1%

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.  
<sup>\*</sup> Standard and Poor's, S&P and S&P 500 are trademarks of The McGraw-Hill Companies and have been licensed for use by The Bank of Nova Scotia and its subsidiary companies.  
<sup>\*</sup> Trademark of The Bank of Nova Scotia, used under licence. <sup>†</sup> Average annual compound rate of return. <sup>^</sup> As of June 30, 2010. (08/10)

