

Your Money



Finder™

NEWSLETTER
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Diversify, even when a single market sector is surging

A key strategy in managing market risk is sound investment diversification. But what principles are investors supposed to follow when specific market segments are clearly surging ahead? According to Ian Filderman, Director, Mutual Funds for Scotiabank Wealth Management, the answer is “Stick to the fundamentals of prudent diversification, even when certain market segments seem to be outperforming the others.”

“Despite the inevitable ups and downs of the market,” Filderman says, “equities are essential to producing higher portfolio returns. But you still need a wide range of equity holdings. It can be risky putting too many eggs in one basket.” When considering equities these days, he explains that it’s essential to “think globally.” That’s

one of the reasons the new Federal Budget has removed the foreign content limit for registered retirement plans.

“...global thinking gives you more opportunities, a greater diversity of companies and industries and overall reduction of risk when markets fluctuate.”

Filderman cautions Canadians against the temptation, for example, of over-investing in Canada’s surging oil companies. “At some point,” he says, “other sectors may outperform it. That’s why it’s important to remain diversified globally,

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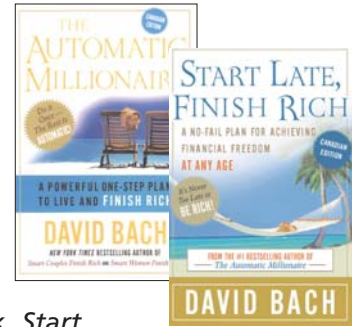
Filderman believes that many market sectors are subject to greater sensitivity to international events and incidents than ever before. “Sometimes,” Filderman says, “what appears to be just a small economic news item from another region of the globe can impact a market sector in many ways. Being over-invested in an impacted sector and not being suitably diversified can affect performance.”

If you feel you don't have the time or the expertise to properly diversify your investments, mutual funds are available that are diversified and managed to help lower the impact of market fluctuations over time. Ask your Scotiabank representative about Scotiabank's balanced fund solutions and which one is best suited to your investor personality.

CONTEST Share your success story and win a copy of a best-seller

Share with us your Find The Money strategies and experiences in getting ahead financially, and you can win a copy of David Bach's latest book, *Start*

*Late, Finish Rich*TM* or his best-selling *The Automatic Millionaire*TM*. We'll choose the best of the submissions and announce them in upcoming issues of *Your Money Finder Newsletter*.



In November, my spouse and I came up with what we thought was a pipedream - a vacation to Cuba. Our Money Master High Interest Savings Account was growing quickly; we had \$700 saved in just under two months.

Without having this savings account, we would never have had the funds to take this trip or to pay for medication and numerous other needs that we simply did not foresee, and which could have put our travel plans in jeopardy.

We are now only 5 months past our savings start date, and we'll be visiting the travel agent to book our vacation.

Without the help of Scotiabank and the lessons taught by finding our "Latte Factor," I doubt we would've been able to make it to Cuban soil. As far as saving is concerned, we learned that it's not what you are giving up, it's what you have to gain."

Geoff K. and Courtney R., Dartmouth, N.S.

Send your submissions to Find the Money Success Stories, c/o Scotiabank, 100 Yonge Street, Suite 602, Toronto, Ontario, M5C 2W1. Or visit findthemoney.scotiabank.com to submit your story online.

Just a thought

“Adventure isn't hanging on a rope off the side of a mountain. Adventure is an attitude that we must apply to the day to day obstacles of life -- facing new challenges, seizing new opportunities, testing our resources against the unknown and in the process, discovering our own unique potential.”

- John Amatt, organizer and participant in Canada's first successful expedition to the summit of Mt. Everest.

The new federal budget – great news for investors

The new 2005 federal budget produced some significant news for Canadian investors. The 30% foreign content limit on Registered Retirement Plans has been removed, giving investors a more international menu of options for their entire portfolio.

While Canadian equities remain strong and attractive, Canada accounts for only 3% of the world's market capitalization. Removing the foreign content limit gives investors greater choice and flexibility when it comes to diversifying their portfolios and reducing market risk.

Also, the amount of deposit insurance coverage for eligible deposits has increased from \$60,000 to \$100,000 in each Canada Deposit Insurance Corporation (CDIC) member institution. This change will enhance protection for consumers and encourage more Canadians to save more for retirement.

For more information on the federal budget, visit www.fin.gc.ca or call: **1 800 622-6232 or 1 800 926-9105** (TTY for the speech and hearing impaired).

You're Richer Than You Think

If you're 65 or older and receive Old Age Security, you may also be eligible to receive the Guaranteed Income Supplement from the government. The key to this added income is that you need to apply for it every year to receive it. Guaranteed Income Supplement benefits for low-income seniors have been increased by \$2.7 billion over five years resulting in increases in monthly income for singles and couples. For eligibility information on this program, visit www.sdc.gc.ca or call **1-800-277-9914**.



GICs: They can work whether interest rates are going up or down

For investors looking for dependable income and a safe place to protect hard-earned savings, Guaranteed Investment Certificates offer the best combination of benefits and features.

And, when you're facing an environment where interest rate movements are uncertain, 'laddering' your investment will help you to optimize your returns. For example, using a five-year laddering strategy, your investment is broken down into five equal GICs with terms of 1,2,3,4 and 5 years - one yearly term follows the other like steps on a ladder. So, while a portion of your investment is safely earning a fixed interest rate, another portion is available to you at each anniversary, so you can take advantage of interest rate changes. As interest rates rise, you reinvest the maturing amount at a higher rate. And, when they are declining, you avoid having your entire principal re-invested in a low rate environment. In this way, you automatically benefit from interest rate increases, while also diversifying the risk of interest rate declines.

Ask your Scotiabank representative to show you how *The Ultimate Laddered™* GIC, available only at Scotiabank, can help you gain all the benefits of a laddering strategy, in one easy-to-manage GIC.

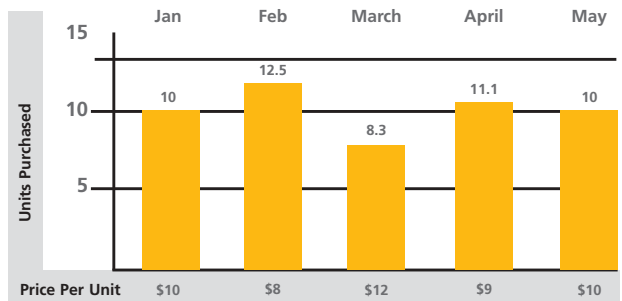
Mutual funds: How to take advantage of market ups and downs.

Investing regularly through pre-authorized contributions that make investing automatic has some interesting advantages. By investing a fixed amount each month in a mutual fund, rather than investing one lump-sum at a time helps you take advantage of market fluctuations over the long term.

Here's how it works: your fixed monthly investment buys you more investment units when mutual fund unit prices are falling and fewer units when prices are rising. You can win both ways.

It's called 'dollar cost averaging' and it's one of the reasons automatic and systematic investing proves to be one of the best ways to build wealth.

Dollar-Cost-Averaging: \$100 invested monthly



Total Units Purchased	51.9
Multiplied by Current Price	\$10
Total Current Value	\$519
Less Total Invested	\$500
Gain	\$19

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