

Two investments in one: Mutual fund growth potential and the principal protection of a GIC

Introducing the *Scotia Dividend Fund* GIC

GICs will always be considered safe-haven investments for your portfolio. Yet with interest rates hovering near 40-year lows, you may feel you're missing out on the higher returns often generated in the stock market.

Now you can go for growth and have your principal guaranteed with the *Scotia Dividend Fund* GIC. The *Scotia Dividend Fund* GIC has a 3-year term and is eligible for investments under registered plans.

Here's how it works

The *Scotia Dividend Fund* GIC delivers participation in the performance of the Scotia Canadian Dividend Fund, with 100% principal protection - all in one simple investment solution.

The *Scotia Dividend Fund* GIC gives you:

- Guaranteed principal repaid at maturity
- Potential to earn income at maturity based on the performance of the Scotia Canadian Dividend Fund, a Scotia mutual fund offering the potential for solid returns over the long term with low volatility. This fund invests primarily in dividend-paying Canadian companies.

Calculating your potential return

The potential return is based on participation in the return of the Scotia Canadian Dividend Fund. The return, if any, will be paid at maturity.

$$\left(\frac{\text{Final Fund Net Asset Value} - \text{Opening Fund Net Asset Value}}{\text{Opening Fund Net Asset Value}} \right) \times \text{Participation Rate}$$

Final Fund Net Asset Value (FFN)

The FFN is the net asset value (NAV) of class "A" units of the Scotia Canadian Dividend Fund at the Calculation Date (2 business days prior to maturity date)

Opening Fund Net Asset Value (OFN)

The OFN is the Net Asset Value (NAV) of class "A" units of the Scotia Canadian Dividend Fund and is set at the close of business, two business days after your GIC issue date.

Participation Rate (PR)

The participation rate is the percentage rate at which your investment will participate in any capital appreciation of the Scotia Canadian Dividend Fund.

Note: Changes in the value of the Scotia Canadian Dividend Fund will affect the amount of any potential return payable under the *Scotia Dividend Fund* GIC. If the difference between the final fund net asset value of the Scotia Canadian Dividend Fund is less than or equal to the opening fund net asset value, the return will be zero. Investing in a *Scotia Dividend Fund* GIC is different than investing directly in the fund or the securities in the fund. For example, when you invest in a *Scotia Dividend Fund* GIC you participate in the appreciation, if any, of the Scotia Canadian Dividend Fund. You are not entitled to receive any distributions paid by the fund. ScotiaFunds are offered by Scotia Securities Inc., a corporate entity separate from, although wholly-owned by, The Bank of Nova Scotia. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Copies are available through all branches of The Bank of Nova Scotia, Scotiabank and Trust, ScotiaMcLeod and authorized dealers. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. ScotiaMcLeod is a division of Scotia Capital Inc., member CIPF.

For fund values, visit <http://www.scotiabank.com>



The Scotia Dividend Fund GIC in action

A return will be payable if the final fund NAV of the Scotia Canadian Dividend Fund is higher than the opening fund NAV as illustrated in example 1. If the final fund NAV is lower than the opening fund NAV, you will only receive your principal at maturity and will not receive any return, as illustrated in example 2.

	Example 1	Example 2
Return Calculation $\frac{(\text{FFN}-\text{OFN})}{\text{OFN}} \times \text{PR}$	$= \frac{40 - 30^*}{30} \times 60\% \times \$10,000$ = \$2,000	$= \frac{30 - 40^*}{40} \times 60\% \times \$10,000$ = \$0
Investment Value at Maturity	$= \$10,000 + \$2,000 = \mathbf{\$12,000}$ Return of Principal Return *FFN:40; OFN:30	$= \$10,000 + \$0.00 = \mathbf{\$10,000.00}$ Return of Principal Return *FFN: 30; OFN:40

Assumptions: (1) \$10,000 initial investment (2) 60% participation rate

The Scotia Dividend Fund GIC at a glance

Minimum Investment	• \$1,000 (Canadian dollars only)
Term	• 3 years from issue date • Non-transferable and non-redeemable until maturity
Participation Rate*	• Set on the first day of sales for each new issue
Interim Interest Rate	• Regular 3-year non-redeemable GIC posted rate at the time of purchase. The interim interest rate is only applicable during the period between your purchase date and the GIC issue date. On the issue date, the interim interest earned is added to the initial investment amount and becomes the issue amount, which is fully guaranteed
Reference Point (for calculating potential returns)	• Scotia Canadian Dividend Fund
Dividends Payable	• None
RSP/RIF Eligible	• Yes
CDIC Eligible	• Yes
Interest Payment Frequency	• Potential return - paid at maturity
Issuers	• The Bank of Nova Scotia • Montreal Trust Company of Canada • National Trust Company

*Varies by issue date.

Specific information about the *Scotia Dividend Fund* GIC you have purchased.

Purchase Amount \$: _____ Purchase Date: _____

Plan Type: _____ Plan #: _____ Issue Date: _____

Certificate #: _____ Maturity Date: _____

- Issued by:
- The Bank of Nova Scotia
 - Montreal Trust Company of Canada
 - National Trust Company

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- You understand that interest will be earned from the purchase date to the issue date at the 3-year non-redeemable GIC rate of ____% per annum. On the issue date, the interim interest earned is added to the amount you invested and becomes the issue amount, which is fully guaranteed. For transfers from an RRSP or RRIF, the purchase amount will be equal to the amount actually received and the interim interest rate, issue date and participation rate will be based on the date the transferred monies are received, not the date on which the transfer request is initiated.
 - You understand that the participation rate over the 3-year term for this issue is ____%. This is the rate at which your investment will participate in the performance of the Scotia Canadian Dividend Fund, during the 3-year term of your *Scotia Dividend Fund* GIC. It is not an annual rate or rate of return.
 - You understand that there is no guarantee that you will earn any return on your issue amount (the principal amount you initially invest plus any interim interest earned until the issue date). The potential for any return is based on participation in the performance of the Scotia Canadian Dividend Fund, during the 3-year term of your *Scotia Dividend Fund* GIC. The return, if any, will be paid at maturity.
 - You understand that your issue amount (the principal amount you initially invest plus any interim interest earned until the issue date) is guaranteed and will be repaid at maturity.

By signing below, you acknowledge that you have received a copy of this *Scotia Dividend Fund* GIC Fact Sheet, carefully read it's provisions and agree to be bound by those provisions. You further acknowledge that you have received and read a copy of the Investment Companion Booklet and agree to be bound by all of the terms and conditions contained therein that relate to your investment purchase.

Customer Name(s): _____

Customer Signature(s): _____

Branch Signature: _____ Date: _____

TERMS & CONDITIONS

Scotia Dividend Fund GICs.

Scotia Dividend Fund GICs are non-redeemable, non-transferable guaranteed investment certificates whose rates of return, if any, are based on participation in the performance of the Scotia Canadian Dividend Fund. *Scotia Dividend Fund* GICs are available for registered deposits only subject to the terms of the particular plan. You should read the following summary and the detailed description of features contained in this Fact Sheet.

The Bank of Nova Scotia, Montreal Trust Company of Canada and National Trust Company are each referred to as "the Issuer."

Calculation of your rate of return.

The potential rate of return on your *Scotia Dividend Fund* GIC is calculated by multiplying the participation rate for your *Scotia Dividend Fund* GIC by the difference between the final fund net asset value of the Scotia Canadian Dividend Fund at the close of business two business days prior to your *Scotia Dividend Fund* GIC maturity date and the opening fund net asset value of the Scotia Canadian Dividend Fund two business days after your *Scotia Dividend Fund* GIC issue date divided by the opening fund net asset value. ScotiaFunds are offered by Scotia Securities Inc., a corporate entity separate from, although wholly-owned by, The Bank of Nova Scotia. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Copies are available through all branches of The Bank of Nova Scotia, Scotiabank and Trust, ScotiaMcLeod and authorized dealers. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. ScotiaMcLeod is a division of Scotia Capital Inc., member CIPF. Principal (the amount you initially invest plus any interim interest earned until the issue date) and any return earned will be paid at maturity. If the final fund net asset value of the Scotia Canadian Dividend Fund two business days prior to your GIC maturity date is equal to or less than the opening fund net asset value of the Scotia Canadian Dividend Fund at the close of business two business days after your GIC issue date, your return will be 0%.

Your risks.

You must be aware of, and carefully consider, the following:

Suitability. Before purchasing a *Scotia Dividend Fund* GIC you should consider its suitability in relation to your investment objectives.

Rate of return. The return payable, if any, is based on participation in the performance of the Scotia Canadian Dividend Fund, which is a mutual fund. Mutual Funds have, in the past experienced significant movements and it is impossible to know their future direction. *Scotia Dividend*

Fund GICs will not yield any return if the final fund net asset value of the Scotia Canadian Dividend Fund at the close of business two business days prior to the GIC maturity date is less than or equal to the opening fund net asset value of the Scotia Canadian Dividend Fund at the close of business two business days after the GIC issue date. Since your principal is unconditionally guaranteed, you would receive only your principal in this event. There is no guaranteed rate of return.

Redemption and transfer restrictions. *Scotia Dividend Fund* GICs are not redeemable before maturity except in cases of death of the GIC owner. In these exceptional circumstances, the full amount of the *Scotia Dividend Fund* GIC may be withdrawn and interest will be calculated and paid at the regular, 3-year non-redeemable GIC posted rate in effect at the issue date for the GIC. In no circumstances are *Scotia Dividend Fund* GICs transferable.

Extraordinary events. There is always the possibility of a market disruption or other event beyond the reasonable control of the Issuer which may have a materially adverse effect on the Issuer's ability to calculate a rate of return on the *Scotia Dividend Fund* GIC, to manage the related risk, or otherwise perform its obligations. Should such an event occur, the Issuer may, acting reasonably, take such actions as it deems appropriate including, without limitation, adjusting or delaying calculation or payment of any return on the *Scotia Dividend Fund* GIC.

Tax considerations.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. No representation with respect to Canadian federal income tax considerations to any particular investor is made herein. You should consult your own tax advisor with respect to your particular circumstances.

Information regarding registered plans. *Scotia Dividend Fund* GICs will be qualified investments for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans and may be held in such plans subject to the terms of the particular plan. No tax will be payable in respect of any return on *Scotia Dividend Fund* GICs received by such plans.

Scotia Dividend Fund GICs are not eligible for Home Buyer's Plan and Lifelong Learning Plan withdrawals.

For Registered Retirement Income Funds (RRIFs), *Scotia Dividend Fund* GICs will be the second last investment in the plan used to fund income payments. (*Market Powered*SM GICs are the last investment in the plan to fund income payments.) The rate of return payable at maturity will only apply to the remaining principal balance after income payments.