

Simplified Prospectus

(Class A, Class F and Class I units)

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

Scotia Global Climate Change Fund and the units it offers under this simplified prospectus are not registered with the U.S. Securities and Exchange Commission. Units of Scotia Global Climate Change Fund may be offered and sold in the United States only in reliance on exemptions from registration.

January 25, 2008

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I n t r o d u c t i o n

In this document, *we*, *us*, and *our* refer to Scotia Securities Inc. *Scotiabank Group* includes The Bank of Nova Scotia (Scotiabank), Montreal Trust, National Trust, The Bank of Nova Scotia Trust Company (Scotiabank) and Scotia Capital Inc. *Fund* refers to Scotia Global Climate Change Fund. *ScotiaFunds* refers to all of our mutual funds which are offered under separate simplified prospectuses and includes Scotia Global Climate Change Fund.

This simplified prospectus contains selected important information to help you make an informed investment decision about the fund and to understand your rights as an investor.

Additional information about the fund is available in its annual information form, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance (once available). These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of the fund's annual information form, financial statements and management reports of fund performance (once available) at no charge by calling 1-800-268-9269 (416-750-3863 in Toronto) for English, or 1-800-387-5004 for French, or by asking your mutual fund representative. You'll also find these documents on the Internet at www.scotiabank.com.

These documents and other information about the fund are also available at www.sedar.com.

Specific information about Scotia Global Climate Change Fund

Organization and management of the fund

Manager Scotia Securities Inc. 16th Floor 40 King Street West Toronto, Ontario M5H 1H1	As manager, we are responsible for the overall business and operation of the fund. This includes: <ul style="list-style-type: none">• arranging for portfolio advisory services• providing or arranging for administrative services. Scotia Securities Inc. is a wholly-owned subsidiary of The Bank of Nova Scotia.
Trustee Scotia Securities Inc. Toronto, Ontario	As trustee, we control and have authority over the fund's investments in trust for unitholders under the terms described in the master declaration of trust.
Principal distributor Scotia Securities Inc. Toronto, Ontario	As principal distributor, we market and sell the fund where it qualifies for sale in Canada. We may hire participating dealers to assist in the sale of units of the fund.
Custodian The Bank of Nova Scotia Toronto, Ontario	The custodian holds the investments of the fund and keeps them safe to ensure that they are used only for the benefit of investors. The Bank of Nova Scotia is the parent company of Scotia Securities Inc.
Registrar Scotia Securities Inc. Toronto, Ontario	As registrar, we make arrangements to keep a record of all unitholders of the fund, process orders and issue tax slips to unitholders.
Auditors Ernst & Young LLP Toronto, Ontario	The auditors are an independent firm of chartered accountants. The firm audits the annual financial statements of the fund and provides an opinion as to whether they are fairly presented in accordance with Canadian generally accepted accounting principles.
Portfolio advisor State Street Global Advisors, Ltd. Montreal, Quebec	The portfolio advisor provides investment advice and makes the investment decisions for the fund. State Street Global Advisors, Ltd. is independent of Scotia Securities Inc. The name and address of the agent for service of process in Ontario for State Street Global Advisors, Ltd. is available from the Ontario Securities Commission.
Independent Review Committee	<p>In accordance with National Instrument 81-107 <i>Independent Review Committee for Investment Funds</i>, we, as manager of ScotiaFunds, have established an Independent Review Committee ("IRC"), with a mandate to review, and provide input on, our policies and procedures dealing with conflicts of interest in respect of all ScotiaFunds, including the fund, and to review conflict of interest matters that we present to the IRC. The IRC currently has three members, each of whom is independent of the manager and any party related to the manager. The IRC will prepare, at least annually, a report of its activities for unitholders. This report will be available on or before April 29, 2008 at no charge on the Internet at www.scotiabank.com, or by requesting a copy by e-mail at info@scotiabank.com. Additional information about the IRC, including the names of its members, is available in the fund's annual information form.</p> <p>In certain circumstances, your approval may not be required under securities legislation to effect a fund merger or a change in the auditors of the fund. In these circumstances, the IRC must approve the proposal and you will receive at least 60 days written notice before the change takes effect.</p>

Scotia Global Climate Change Fund

Fund details

Fund type	Global equity fund
Start date	February 4, 2008
Type of securities	Class A, Class F and Class I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	State Street Global Advisors, Ltd.

What does the fund invest in?

Investment objectives

The fund's objective is to achieve long-term capital growth. It invests primarily in a diversified portfolio of equity securities of companies located around the world that are expected to profit from direct or indirect actions taken by such companies to mitigate the impact of climate change on the environment.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The fund invests in equity securities across the market capitalization spectrum, though generally in issuers with a minimum market capitalization of \$300 million. The fund seeks to make use of technologies that will help mitigate and adapt to the implications of climate change by investing in companies that meet rigorous environmental and financial criteria through a four-step investment process that includes:

- Environmental ranking
- Financial ranking
- Global analyst analysis
- Diversified portfolio construction.

The fund may hold large, diversified companies that are exposed to any one of the following nine climate themes, as well as smaller, specialized companies that have leading technologies in any one of the following areas:

- Clean fuels
- Clean technology and efficiency
- Efficient transport
- Environmental finance

- Power technology
- Power merchants and generation
- Renewable energy
- Sustainable living
- Water.

A diversified approach is used to capture broad economic opportunities stemming from climate change. This limits the potential volatility of the fund's narrower investment mandate.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. When the fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities regulations. It will only use derivatives as permitted by securities regulations.

Derivatives are investments that derive their value from the price of another investment or from anticipated movements in interest rates, currency exchange rates or market indexes. Derivatives are usually contracts with another party to buy or sell an asset at a later time and at a set price.

- *Options* generally give holders the right, but not the obligation, to buy or sell an asset, such as a security or currency, at a set price and a set time. Option holders normally pay the other party a cash payment, called a premium, for agreeing to give them the option.
- *Forward contracts* are agreements to buy or sell an asset, such as a security or currency, at a set price and a set time. The parties have to complete the deal, or sometimes make or receive a cash payment, even if the price has changed by the time the deal closes.
- *Futures contracts* are similar to forward contracts, except they have standard terms and conditions and are traded on public commodity exchanges.
- *Swaps* are agreements between two or more parties to exchange principal amounts or payments based on returns on different investments.

The portfolio advisor may temporarily invest the fund's assets in cash or cash equivalent securities to try to

protect the fund during a market downturn or for other reasons.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. When the fund agrees to sell a security at one price and buy it back on a specified later date (usually at a lower price), it is entering into a repurchase transaction. When the fund agrees to buy a security at one price and sell it back on a specified later date (usually at a higher price), it is entering into a reverse repurchase transaction. You'll find more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them on page 6.

What are the risks of investing in the fund?

The main risks of investing in the fund are:

- currency risk
- equity risk
- foreign investment risk
- emerging markets risk.

The fund may have these additional risks:

- small company risk
- liquidity risk
- derivative risk
- repurchase and reverse repurchase transaction risk

- securities lending risk
- class risk
- significant unitholder risk
- underlying fund risk.

You'll find details about each risk starting on page 5.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in a diversified global portfolio of equity securities that seeks to benefit from the actions surrounding climate change
- you're investing for at least five years
- you can accept higher risk.

Distribution policy

The fund distributes any income and capital gains in December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your dealer that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the fund is new.

What is a mutual fund and what are the risks of investing in a mutual fund?

For many Canadians, mutual funds represent a simple and affordable way to meet their financial goals. But what exactly is a mutual fund, why invest in them, and what are the risks?

What is a mutual fund?

A mutual fund is an investment that pools your money with the money of many other people. Professional portfolio advisors use that money to buy securities that they believe will help achieve the fund's investment objectives. These securities could include stocks, bonds, mortgages, money market instruments, or a combination of these.

When you invest in a mutual fund, you receive units of the fund. Each unit represents a proportionate share of all of the mutual fund's assets. All of the investors in a mutual fund share in the fund's income, gains and losses. Investors also pay their share of the fund's expenses.

Why invest in mutual funds?

Mutual funds offer investors three key benefits: professional money management, diversification and accessibility.

- *Professional money management.* Professional portfolio advisors have the expertise to make the investment decisions. They also have access to up-to-the-minute information on trends in the financial markets, and in-depth data and research on potential investments.
- *Diversification.* Because your money is pooled with that of other investors, a mutual fund offers diversification into many securities that may not have otherwise been available to individual investors.
- *Accessibility.* Mutual funds have low investment minimums, making them accessible to nearly everyone.

No guarantees

While mutual funds have many benefits, it's important to remember that an investment in a mutual fund isn't guaranteed. Unlike bank accounts or guaranteed investment certificates (GICs), mutual fund units aren't covered by the Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer, and your investment in the fund is not guaranteed by Scotiabank, Montreal Trust or National Trust.

Under exceptional circumstances, a mutual fund may suspend your right to sell your units. See *Suspending your right to buy, switch and sell units* on page 9 for details.

What are the risks?

While everyone wants to make money when they invest, you could lose money, too. This is known as *risk*. Like other investments, mutual funds involve some level of risk. The value of a fund's securities can change from day to day for many reasons, including changes in the economy, interest rates, and market and company news. That means the value of mutual fund units can vary. When you sell your units in a fund, you could receive less money than you invested.

The amount of risk depends on the fund's investment objectives and the types of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential for gains as well as losses. Cash equivalent funds usually offer the least risk because they invest in highly liquid, short-term investments such as treasury bills. Their potential returns are tied to short-term interest rates. Income funds invest in bonds and other fixed income investments. These funds typically have higher long-term returns than cash equivalent funds, but they carry more risk because their prices can change when interest rates change. Equity funds expose investors to the highest level of risk because they invest in equity securities, such as common shares, whose prices can rise and fall significantly in a short period of time.

Managing risk

While risk is an important factor to consider when you're choosing a mutual fund, you should also think about your investment goals and when you'll need your money. For example, if you're saving for a large purchase in the next year or so, you might consider investing in a fund with low risk. If you want your retirement savings to grow over the next 20 years, you can probably afford to put more of your money in equity funds.

A carefully chosen mix of investments can help reduce risk as you meet your investment goals. Your mutual fund representative can help you build a portfolio that's suited to your goals and risk comfort level. If you don't have a mutual fund representative, we recommend using the Scotia® Investment Selector tool to determine your goals and personal risk profile.

It's available at Scotiabank branches, by calling 1 800 268-9269, or on the Internet at www.scotiabank.com.

If your investment goals or tolerance for risk changes, remember, you can and should change your investments to match your new situation.

Specific risks of mutual funds

The value of the investments a mutual fund holds can change for a number of reasons. You'll find the specific risks of investing in the fund on page 3. This section tells you more about each risk.

Class risk

Some mutual funds offer two or more classes of units of the same fund. Although the value of each class is calculated separately, there's a risk that the expenses or liabilities of one class of units may affect the value of the other classes. If one class is unable to cover its liabilities, the other classes are legally responsible for covering the difference. We believe that this risk is very low.

Currency risk

When a mutual fund buys an investment that's denominated in a foreign currency, changes in the exchange rate between that currency and the Canadian dollar will affect the value of the fund.

Derivative risk

Derivatives can be useful for hedging against losses, gaining exposure to financial markets and making indirect investments, but they involve certain risks:

- Hedging with derivatives may not achieve the intended result. Hedging instruments rely on historical or anticipated correlations to predict the impact of certain events, which may or may not occur. If they occur, they may not have the predicted effect.
- It's difficult to hedge against trends that the market has already anticipated.
- Costs relating to entering and maintaining derivatives contracts may reduce the returns of a fund.
- A currency hedge will reduce the benefits of gains if the hedged currency increases in value.
- Currency hedging can be difficult in smaller emerging growth countries because of the limited size of those markets.

- Currency hedging provides no protection against changes in the value of the underlying securities.
- There's no guarantee that a liquid exchange or market for derivatives will exist. This could prevent a fund closing out its positions to realize gains or limit losses. At worst, a fund might face losses from having to exercise underlying futures contracts.
- The prices of derivatives can be distorted if trading in their underlying stocks is halted. Trading in the derivative might be interrupted if trading is halted in a large number of the underlying stocks. This would make it difficult for a fund to close out its positions.
- The other party in a derivatives contract might not be able to meet its obligations.
- Derivatives trading on foreign markets may take longer and be more difficult to complete. Foreign derivatives are subject to the foreign investment risks described below.
- Investment dealers and futures brokers may hold a fund's assets on deposit as collateral in a derivative contract. As a result, someone other than the fund's custodian is responsible for the safekeeping of that part of the fund's assets.

Equity risk

Funds that invest in equities, such as common shares, are affected by changes in the general economy and financial markets, as well as by the success or failure of the companies that issued the securities. When stock markets rise, the value of equity securities tends to rise. When stock markets fall, the value of equity securities tends to fall. Convertible securities may also be subject to interest rate risk.

Emerging markets risk

Some mutual funds may invest in foreign companies or governments which may be located in, or operate, in developing countries. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Political instability, possible corruption, as well as lower standards of business regulation increase the risk of fraud and other legal issues. In addition to foreign investment risk described below, these mutual funds may be exposed to greater volatility as a result of such issues.

Foreign investment risk

Investments issued by foreign companies or governments other than the U.S. can be riskier than investments in Canada and the U.S. Foreign countries can be affected by political, social,

legal or diplomatic developments, including the imposition of currency and exchange controls. Some foreign markets can be less liquid, are less regulated, and are subject to different reporting practices and disclosure requirements than issuers in North American markets. It may be more difficult to enforce a fund's legal rights in jurisdictions outside of Canada. In general, securities issued in more developed markets, such as Western Europe, have lower foreign investment risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, have significant foreign investment risk and are exposed to the emerging markets risks described above.

Liquidity risk

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a fund can't sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

Repurchase and reverse repurchase transaction risk

Some mutual funds may enter into repurchase or reverse repurchase agreements to generate additional income. When a mutual fund agrees to sell a security at one price and buy it back on a specified later date from the same party with the expectation of a profit, it is entering into a repurchase agreement. When a mutual fund agrees to buy a security at one price and sell it back on a specified later date to the same party with the expectation of a profit, it is entering into a reverse repurchase agreement. Mutual funds engaging in repurchase and reverse repurchase transactions are exposed to the risk that the other party to the transaction may become insolvent and unable to complete the transaction. In those circumstances, there is a risk that the value of the securities bought may drop or the value of the securities sold may rise between the time the other party becomes insolvent and the time the fund recovers its investment. Mutual funds that engage in these transactions reduce this risk by holding, as collateral, enough of the other party's cash or securities to cover that party's repurchase or reverse repurchase obligations. To limit the risks associated with repurchase and reverse repurchase transactions, the collateral held in respect of the repurchase or reverse repurchase obligations must be marked to market on each business day and be fully collateralized at all times with acceptable collateral which has a value at least equal to 102% of the securities sold or cash paid for the

securities by the mutual fund. Prior to entering into a repurchase agreement, a mutual fund must ensure that the aggregate value of the securities of a mutual fund that have been sold pursuant to repurchase transactions, together with any securities loaned, does not exceed 50% of its total asset value at the time that the mutual fund enters into the transaction.

Securities lending risk

Some mutual funds may enter into securities lending transactions to generate additional income from securities held in a mutual fund's portfolio. A mutual fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. In lending its securities, a mutual fund is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the lending mutual fund is forced to take possession of the collateral held. Losses could result if the collateral held by the mutual fund is insufficient, at the time the remedy is exercised, to replace the securities borrowed. Mutual funds must receive collateral worth no less than 102% of the value of the loaned securities and borrowers must adjust that collateral daily to ensure this level is maintained. Prior to entering into a securities lending agreement, a mutual fund must ensure that the aggregate value of the securities loaned together with those that have been sold pursuant to repurchase transactions, does not exceed 50% of its total asset value.

Significant unitholder risk

The purchase or redemption of a significant number of units of a fund may require the portfolio advisor to change the composition of the fund's portfolio significantly or may force the portfolio advisor to buy or sell investments at unfavourable prices, which can affect the fund's performance.

Small company risk

The prices of shares issued by smaller companies tend to fluctuate more than those of larger corporations. Smaller companies may not have established markets for their products and may not have solid financing. These companies generally issue fewer shares, which increases their liquidity risk.

Underlying fund risk

Some mutual funds invest some or all of their assets in another mutual fund, called the underlying fund. If a mutual fund buys or sells a large number of units of the underlying

fund, the underlying fund may have to change its portfolio significantly to meet the purchase or redemption requests. This can affect the performance of the underlying fund.

Purchases, switches and redemptions

Class A, Class F and Class I units of the fund are no-load. That means you don't pay a sales commission when you buy, switch or sell these classes of units through us or our affiliates. Selling your units is also known as redeeming.

How to place orders

You can open an account and buy, switch or sell units of the fund:

- by calling or visiting any branch of the Scotiabank Group, or office of ScotiaMcLeod
- through Scotia OnLine at www.scotiabank.com, once you've signed up for this service.

You can also open an account and place orders through other registered brokers or dealers. They may charge you a sales commission or other fee. Brokers and dealers must send orders to us on the same day that they receive completed orders from investors.

All transactions are based on the price of the fund's units – or its net asset value per unit (NAVPU). All orders are processed using the next NAVPU calculated after the fund receives the order.

How we calculate net asset value per unit

We usually calculate the NAVPU of each class of the fund following the close of trading on the Toronto Stock Exchange (the TSX) on each day that the TSX is open for trading. In unusual circumstances, we may suspend the calculation of the NAVPU.

The NAVPU of each class of the fund is the current market value of the proportionate share of the assets allocated to the class, less the liabilities of the class and the proportionate share of the common expenses allocated to the class, divided by the total number of outstanding units in that class. Securities which trade on a public stock exchange are usually valued at their closing price on that exchange. However, if the price is not a true reflection of the value of the security, we will use another method to determine its value. This method is called fair value pricing and it will be used when a security's value is affected by events which occur after the closing of the market where the security is principally traded. Fair value pricing may also be used in other circumstances.

The fund is valued in Canadian dollars.

About the classes of units

The fund is currently available in four classes of units: Class A units, Class F units, Class I units and Advisor Class units. Only Class A, Class F and Class I units are available for sale under this simplified prospectus. The classes have different fees and are intended for different investors:

- Class A units are available to all investors.
- Class F units are generally only available to investors who have fee-based accounts with ScotiaMcLeod. We, in conjunction with ScotiaMcLeod, are responsible for deciding whether you're eligible for Class F units. We may make Class F units available to other investors from time to time. If you're no longer eligible to hold your Class F units, we may change your units to Class A units or sell them.
- Class I units are only available to eligible institutional investors and other qualified investors. No management fees are charged on Class I units. Instead, Class I investors negotiate a separate fee that is paid directly to us.
- Advisor Class units are available to all investors through authorized dealers and brokers, including ScotiaMcLeod and ScotiaMcLeod Direct Investing.

How to buy the fund

Minimum investments

The minimum amount for the initial investment in Class A units of the fund for all accounts, except Scotia RRIFs, is \$500 and for Scotia RRIFs is \$5,000. The minimum amount for each additional investment in Class A units of the fund is \$50. For Class F units of the fund, the minimum initial investment is \$2,500 and the minimum for each additional investment is \$50. For Class I units of the fund, the minimum initial investment is generally \$1,000,000. If you buy, sell or switch units through non-affiliated dealers you may be subject to higher minimum initial or additional investment amounts. See page 10 for details on Pre-Authorized Contributions.

We can change or waive these minimum investments at any time. We can close your account if the value of your investment in the fund drops below the minimum initial investment amount.

More about buying

- We can reject all or part of your order within one business day of the fund receiving it. If we reject your order, we'll immediately return any money received, without interest. We may reject your order if you've made several purchases and

sales of the fund within a short period of time, usually 31 days.

- You have to pay for your units when you buy them. If we don't receive payment for your purchase within three business days after the purchase price is determined, we'll sell your units on the next business day. If the proceeds from the sale are more than the cost of buying the units, the fund will keep the difference. If the proceeds are less than the cost of buying the units, we must pay the shortfall. We may collect the shortfall and any related costs from the dealer or broker who placed the order, or from you, if you placed the order directly with us.
- Your broker, dealer or we will send you a confirmation of your purchase once your order is processed. If you buy units through pre-authorized contributions, you will receive a confirmation only for the initial investment and when you change the amount of your regular investment.

How to switch funds

You can switch from the fund to another ScotiaFund and vice-versa. When we receive your order, we'll sell units of the first fund and then use the proceeds to buy units of the second fund. If you switch units within 31 days of buying them, you may have to pay a short-term trading fee. See *Fees and expenses* for details.

More about switching

- The rules for buying and selling units also apply to switches.
- You can switch between funds valued in the same currency.
- If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable.
- Your broker, dealer or we will send you a confirmation once your order is processed.

Changing to another class

You can change Class A units to Class F units of the fund (if you're eligible to hold Class F units) or to Advisor Class units of the fund. If you're no longer eligible to hold your Class F units, you can change them to Class A units. If you change Class A, Class F, or Class I units of the fund to Advisor Class units of the fund purchased under a deferred sales charge option or a low load sales charge option, your new units will be subject to the applicable sales charge if you redeem them within the period of time that a deferred sales charge or low load sales charge would apply. If you change Advisor Class units that are subject to a deferred sales charge or low load sales charge to Class A, Class F or Class I units, you will be

charged the amount of the applicable sales charge at the time you change your units. In addition, when you change to another class, your dealer will receive the service fees applicable to the new class of units. Changing units from one class to another class of the fund is not a disposition for tax purposes.

How to sell your units

In general, your instructions to sell must be in writing, and your bank, trust company, broker or dealer must guarantee your signature. We may also require other proof of signing authority.

We'll send your payment to your broker or dealer within three business days of receiving your properly completed order. If you sell units within 31 days of buying them, you may have to pay a short-term trading fee. See *Fees and expenses* for details.

You can also sell units on a regular basis by setting up an automatic withdrawal plan. See *Optional services* for details.

More about selling

- You must provide all required documents within 10 business days of the day the redemption price is determined. If you don't, we'll buy back the units as of the close of business on the 10th business day. If the cost of buying the units is less than the sale proceeds, the fund will keep the difference. If the cost of buying the units is more than the sale proceeds, we must pay the shortfall. We can collect the shortfall and any related costs from the broker or dealer who placed the order, or from you, if you placed the order directly with us.
- Sell orders placed for a corporation, trust, partnership, agent, fiduciary, surviving joint owner or estate must be accompanied by the required documents with proof of signing authority. The sell order will be effective only when the fund receives all required documents, properly completed.
- You will likely realize a capital gain or loss. Capital gains are taxable in a non-registered account.
- Your broker, dealer or we will send you a confirmation once your order is processed. If you sell units through the automatic withdrawal plan, you will receive a confirmation only for the first withdrawal.

Suspending your right to buy, switch and sell units

Securities regulations allow us to temporarily suspend your right to sell your fund units and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the fund's value or its underlying market exposure are traded and there's no other exchange where these securities or derivatives are traded, or
- with the approval of securities regulators.

Optional services

This section tells you about the accounts, plans and services that are available to ScotiaFunds investors. Call us at 1 800-268-9269 (416-750-3863 in Toronto) for English, or 1 800-387-5004 for French, or contact your branch of the Scotiabank Group for full details and application forms.

Pre-Authorized Contributions

Following your initial investment, you can make regular pre-authorized contributions (PAC) to the fund using automatic transfers from your bank account at any Canadian financial institution.

More about Pre-Authorized Contributions

- Pre-authorized contributions are available for non-registered accounts, RRSPs and RESPs. The minimum investment amount for a PAC is \$50.
- You can choose to invest weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually. If you choose to invest less frequently than monthly using pre-authorized contributions, the minimum amount for each investment will be determined by multiplying the minimum investment amount by twelve and then dividing the sum by the number of investments you make over the course of one calendar year. For example, if you choose to invest quarterly, the minimum investment for each quarter will be \$150 ($\$50 \times 12 \div 4$).
- We'll automatically transfer the money from your bank account to the funds you choose.
- You can change how much you invest and how often you invest, or cancel the plan by telling us in writing.
- We can change or cancel the plan at any time.
- If you make purchases using pre-authorized contributions, you will receive a renewal simplified prospectus for the fund only if you request it. If you would like to receive a copy of a renewal prospectus along with any amendment, please contact us at 1 800-268-9269, or fax your request to or visit your nearest Scotiabank Group branch. The current renewal

We will not accept orders to buy fund units during any period when we've suspended investors' rights to sell their units. You may withdraw your sell order before the end of the suspension period. Otherwise, we'll sell your units at the NAVPU next calculated when the suspension period ends.

prospectus and any amendments may be found at www.sedar.com or at www.scotiabank.com/mutualfunds. Although you do not have a statutory right to withdraw from a purchase of mutual fund units made under a pre-authorized contribution, you will continue to have a right of action for damages or rescission in the event a renewal prospectus contains a misrepresentation, whether or not you request a renewal prospectus.

The *ican Invest*[™] Program

The *ican Invest* Program offered by Scotiabank is designed to assess your current financial situation and recommend solutions for each of your goals by suggesting investment options based on your particular needs. Through the program, you determine an amount you can contribute towards each goal on a regular basis. Pre-authorized contributions will be made from your bank account to the investments you select.

Automatic Withdrawal Plan

Our automatic withdrawal plan lets you receive regular cash payments from the fund. The minimum balance needed to start the plan is \$5,000 and the minimum amount for each withdrawal is \$50.

More about the automatic withdrawal plan

- The automatic withdrawal plan is only available for non-registered accounts.
- You can choose to receive payments monthly, quarterly, semi-annually or annually.
- We'll automatically sell the necessary number of units to make payments to your bank account at any Canadian financial institution or by cheque.
- If you sell units within 31 days of buying them, you may have to pay a short-term trading fee. See *Fees and expenses* for details.
- You may realize a capital gain or loss. Capital gains are taxable.

- You can change the amount or frequency of your payments, or cancel the plan by telling us in writing.
- We can change or cancel the plan, or waive the minimum amounts at any time.

If you withdraw more money than your fund units are earning, you'll eventually use up your investment.

Registered plans

We offer Scotia RRSPs, RRIFs, LIRAs, LRSPs, LIFs, LRIFs, PRIFs and RESPs. You can make lump-sum investments, or if you prefer, you can set up a regular investment plan using Pre-Authorized Contributions. You'll find the minimum investment amounts on page 8.

You can also hold units of the fund in self-directed registered plans with other financial institutions. You may be charged a fee for these plans.

Fees and expenses

This section describes the fees and expenses you may have to pay if you invest in the fund. You may have to pay some of these fees and expenses directly. The fund may have to pay some of these fees and expenses, which reduces the value of your investment. Because Class A, Class F and Class I units of the fund are no-load, a meeting of Class A, Class F and Class I

unitholders of the fund is not required to approve any increase in a fee or expense charged to the fund. Any such increase will only be made if Class A, Class F and Class I unitholders are notified of the increase at least 60 days before the date on which the increase will take effect.

Fees and expenses payable by the fund

Management fees	The fund pays us a management fee, with respect to each class of units, for providing general management services. The fee is calculated daily and paid monthly. The maximum annual rate of the management fee for Class A and Class F units of the fund is 2% and 1%, respectively. No management fee is charged on Class I units. Instead, Class I investors negotiate a separate fee that is paid directly to us.
Management fee distributions	The fund may pay you a management fee distribution if you make a large investment. The distributions are negotiable and are reinvested in the fund. We may discontinue management fee distributions by giving written notice to you or to your broker or dealer.
Operating expenses	Each class of the fund is allocated its own expenses and its proportionate share of the fund's expenses that are common to all classes. Operating expenses may include legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, brokerage commissions, unitholder communication costs and other administration costs. These expenses also include the annual fee paid to each IRC member, fees for each meeting he or she attends and the reasonable expenses associated with the performance of his or her duties as an IRC member. We may choose to absorb any of these expenses.

Fees and expenses payable directly by you

Sales charges	None
Redemption fee	None
Switch fee	None
Short-term trading fee	Short-term trading by investors can increase the fund's expenses, which affects all investors in the fund. To discourage short-term trading, the fund may charge a fee of 2% of the amount you sell or switch, if you sell or switch your units within 31 days of buying them. This fee is paid directly to the fund. You will be responsible for the costs and expenses, as well as any tax consequences, resulting from the collection of the short-term trading fee. While this fee will generally be paid from the redemption proceeds of the fund, we have the right to redeem units of any other ScotiaFunds in your account without further notice to you. We may, in our sole discretion, decide which units will be redeemed. We may waive the fee.
Registered plan fees	The trustee may charge a withdrawal or transfer fee of up to \$50.
Other fees	<ul style="list-style-type: none">• Pre-Authorized Contributions: None• Automatic Withdrawal Plan: None

Impact of sales charges

Class A, Class F and Class I units of the fund are no-load. That means you don't pay a sales commission when you buy,

switch or sell Class A, Class F and Class I units through Scotia Securities Inc. or Scotia Capital Inc. (including

ScotiaMcLeod and ScotiaMcLeod Direct Investing). You may pay a sales commission or other fee if you buy, switch or sell units through other registered brokers or dealers.

Dealer compensation

This section explains how we compensate employees, brokers and dealers when you invest in Class A units of the fund.

Sales commissions

We may pay our employees an up-front sales commission of up to 1% of the amount you invest.

Service fees

For Class A units, we may pay employees, brokers and dealers a service fee at an annual rate of up to 1%. We don't pay service fees on Class F units or Class I units. The fee is calculated daily and paid monthly and, subject to certain conditions, is based on the value of Class A units of the fund that investors are holding.

Sales incentive programs

We may award prizes, such as cash or merchandise, to employees or branches for sales of fund units. We estimate that the annual cost of these prizes will not be more than \$1 for each \$1,000 investment by a unitholder. The maximum

value of any prize that may be awarded to an employee is \$1,000 each year. Members of the Scotiabank Group may include sales of units of the fund in their general employee incentive programs. These programs involve many different Scotiabank Group products. We may offer other incentive programs, as long as Canadian securities regulators approve them.

The fund or its unitholders pay no charges for incentive programs.

Other forms of dealer support

We may participate in co-operative marketing programs with dealers to help them market the fund. We may pay up to 50% of the cost of these co-operative marketing programs in accordance with the rules set out in National Instrument 81-105 *Mutual Fund Sales Practices*.

The Bank of Nova Scotia owns, directly or indirectly, 100% of Scotia Securities Inc. and Scotia Capital Inc. (which includes ScotiaMcLeod and ScotiaMcLeod Direct Investing), which are dealers in respect of the fund.

Dealer compensation from management fees

The cost of the sales and service commissions and sales incentive programs was approximately 3.90% of the total management fees we received from all ScotiaFunds (other

than the fund) during the financial year ended December 31, 2007.

Income tax considerations for investors

This section is a summary of how investing in the fund can affect your taxes. It assumes that you're an individual (other than a trust), a Canadian resident and you hold your units as capital property. More detailed information is provided in the fund's annual information form. Because tax laws vary by province and every investor's situation is different, we recommend that you get advice from a tax expert.

How your investment can earn money

A fund earns money in the form of income and capital gains. Income includes the interest and dividends the fund earns on its investments and gains on certain derivatives. Capital gains are earned when the fund sells investments for a profit.

You earn money in the form of distributions when the fund pays you your share of the income and capital gains it has earned. In general, the fund will distribute enough of its net income and net realized capital gains each year to unitholders so it won't have to pay income tax.

You can also earn money in the form of a capital gain when you sell or switch your units for a profit. You can realize a capital loss if you sell or switch your units at a loss.

How earnings are taxed

The tax you pay depends on whether you hold your units in a registered plan or in a non-registered account.

Units held in a registered plan

If you hold units of the fund in an RRSP, RRIF, RESP or other registered plan, you pay no tax on distributions from the fund on those units or on any capital gains that your registered plan receives from selling or switching units. When you withdraw money from a registered plan, it will generally be subject to tax at your marginal tax rate. You should consult with a tax expert about the special rules that apply to RESPs.

Units held in a non-registered account

Distributions from the fund

If you hold units of the fund in a non-registered account, you must include your share of the fund's distributions of net income and the taxable portion of its distributions of net capital gains (including any management fee distributions) in your income, whether you receive the distributions in cash or we reinvest them for you. In general, these distributions are taxable to you as if you received the income or gain directly. The higher the fund's portfolio turnover rate, the greater the chance the fund will make distributions of capital gains.

Distributions, including management fee distributions, may include a return of capital. When the fund earns less income and capital gains than the amount distributed, the difference is a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your units of the fund. If the adjusted cost base of your units is reduced to less than zero, you will be deemed to realize a capital gain to the extent of the negative amount and the adjusted cost base of your units will be increased to nil. You should consult a tax expert about the tax implications of receiving a return of capital.

The unit price of the fund may include income and/or capital gains that the fund has accrued or realized, but not yet distributed. If you buy units of the fund just before it makes a distribution, you'll be taxed on that distribution, even though the fund earned the amount before you owned it. For example, many funds make their only, or most significant, distribution of income and capital gains in December. If you buy units late in the year, you may have to pay tax on the income and capital gains the fund earned for the whole year. That means you'll end up paying tax on fund earnings that you had little or no benefit from.

We'll issue a tax slip to you each year that shows you how much of each type of income and return of capital the fund distributed to you. You can claim any tax credits that apply to those earnings. For example, if the fund's distributions include

Canadian dividend income, you'll qualify for a dividend tax credit. The characterization of distributions made during the year will not be determined with certainty for Canadian tax purposes until the end of the fund's taxation year.

Capital gains (or losses) you realize

In general, you must also include in computing your income one-half of any capital gains you realize from selling or switching your units. You will have a capital gain if your sale proceeds, less any costs of the sale, are more than the adjusted cost base of your units. You will have a capital loss if your sale proceeds, less any costs of the sale, are less than the adjusted cost base of your units. You may use capital losses you realize to offset capital gains.

Changing units from one class of the fund to another class of the fund is not a disposition for tax purposes, so no capital gain or loss will result.

What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units

Calculating adjusted cost base

Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell or switch your units and the adjusted cost base of those units, less any costs of the sale.

In general, the aggregate adjusted cost base of your units of a particular class of the fund equals:

- your initial investment, **plus**
- additional investments, **plus**
- reinvested distributions, **minus**
- any return of capital distributions, **minus**
- the adjusted cost base of any previous redemptions.

You should keep detailed records of the purchase cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. You may want to get advice from a tax expert.

and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form or financial statements misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

You can find additional information about the fund in its annual information form, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance (once available). These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this document just as if they were printed in it.

You can get a copy of the fund's annual information form, financial statements and management reports of fund performance (once available) at no charge, by calling 1 800-268-9269 (416-750-3863 in Toronto) for English, or 1 800-387-5004 for French, or by asking your mutual fund representative.

Simplified Prospectus

Scotia Global Climate Change Fund (Class A, Class F and Class I units)

You'll also find these documents on the Internet at www.scotiabank.com.

These documents and other information about the fund, such as information circulars and material contracts, are also available at www.sedar.com.

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