

The Ultimate Laddered™ GIC—Flexibility and Peace of Mind!

Introducing *The Ultimate Laddered* GIC

Laddering GICs is a great way to optimize the impact of fluctuating rates on your income, but it often means managing more than one GIC. With *The Ultimate Laddered* GIC you get the benefits of laddering with a single GIC, while still maintaining the peace of mind that comes with a guaranteed interest rate. Invest in *The Ultimate Laddered* GIC and here's what you'll get:

- The benefits of laddering with only one GIC to manage.
- A single premium interest rate on the full amount of your laddered investment right from day one.
- Access to a portion of your GIC in the form of cash on each anniversary.
- The option to add new money to this GIC on each anniversary.

Why it makes sense to ladder your GICs

One of the most difficult decisions to make when establishing the GIC portion of your portfolio is deciding on the term of the investment. Although longer term GICs usually have higher interest rates than short-term GICs, when you invest in a long-term GIC, your investment is usually locked-in, which means you cannot take advantage of any increase in interest rates during the term of the GIC. Conversely, investing in short-term GICs to wait out interest rates, for example, usually results in lower interest income.

Making either investment decision carries a certain amount of risk, particularly if interest rate predictions for the future aren't on the mark. Rather than trying to predict where interest rates will be next year or in five years, reduce the risk and even out your interest income by laddering your GICs.

What is laddering?

In a traditional five-year laddering strategy, your initial investment is broken down into five equal GICs with terms of 1, 2, 3, 4 and 5 years. This way, a portion of your investment matures each year so you gain the flexibility to reinvest it at the then-current interest rate. As each GIC matures you reinvest your money into a new 5-year GIC. When interest rates are on the rise, you reinvest 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.

The Ultimate Laddered GIC advantage

The Ultimate Laddered GIC delivers all of the great features of a traditional laddering strategy in one easy-to-manage GIC. Unlike with a traditional laddering strategy, where you would initially invest some of your money in shorter term GICs (i.e., with 1-year and 2-year terms) at lower rates, *The Ultimate Laddered* GIC pays a premium interest rate based on the term you choose, on the entire investment right from day one while providing automatic laddering. This feature gives you a significant head start compared to the traditional laddering approach.

Why you should continue to ladder – even in lower rate environments

The benefits of laddering are easy to see when interest rates are rising, but sometimes the decision is less clear when rates have declined. Consider the following reasons to continue to ladder, even in a lower rate environment. By laddering, you:

- reduce the risk of having 100% of your principal mature in a lower rate environment. When you ladder your investment, you expose only a

percentage of your principal — rather than all of it — to the new, lower interest rates at any given time. This is because only a portion of your investment matures each year.

- retain access to a percentage of your investment each year, should you need to use these funds to augment your income, make a special purchase or take advantage of another investment opportunity.

The Ultimate Laddered GIC at a glance

	3-year term	5-year term
Minimum Investment	\$5,000	\$5,000
When the automated laddering feature is activated, the amount of principal and accrued interest (if the compound interest option applies) that will be reinvested on each anniversary	33.33% *	20% **
Maximum allowable redemption percentage on each anniversary ***	33.33%	20%
Minimum amount that you may add to your investment on the anniversary	No minimum	No minimum

*At *The Ultimate Laddered* GIC 3-year rate in effect on the anniversary. **At *The Ultimate Laddered* GIC 5-year rate in effect on the anniversary. ***If you redeem less than your permitted portion, the unredeemed permitted portion can not be carried forward and accessed on a future anniversary.

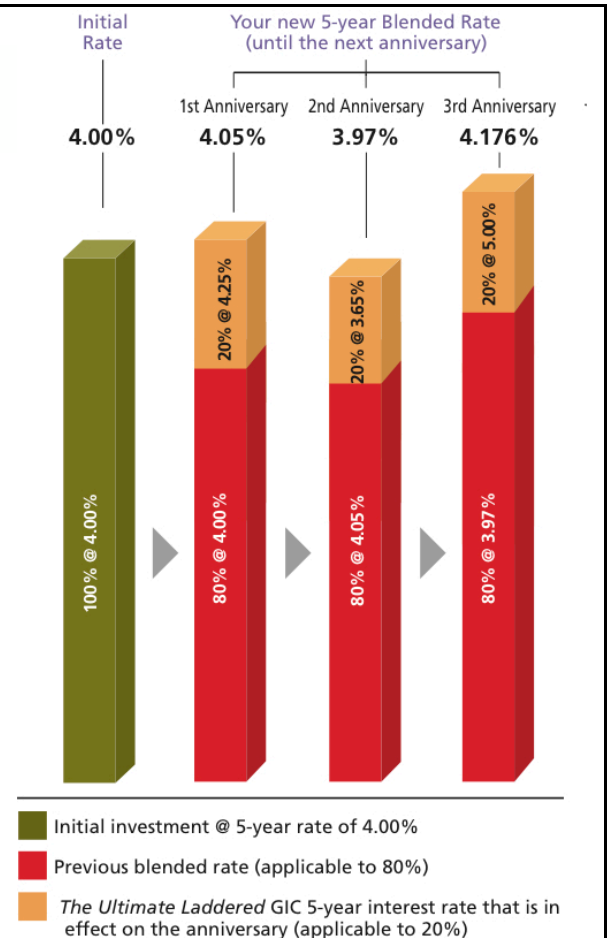
EXAMPLE: Let's take a look at what automatic laddering of *The Ultimate Laddered* GIC could look like:

If you invest \$5,000 in a 5-year term at 4.00%* :

- On the first anniversary 20% of your GIC will be automatically reinvested at *The Ultimate Laddered* GIC 5-year interest rate that is in effect on that day. In this example, *The Ultimate Laddered* GIC 5-year interest rate that is in effect on the 1st anniversary is 4.25%. The maturity date of your GIC will also be extended by one year. Until your next anniversary, your investment will earn a new blended rate, comprised of 80% of your old interest rate and 20% of the new 5-year rate that is in effect on the anniversary. Therefore, in this example your new blended rate on the first anniversary will be 4.05%.
- On each subsequent anniversary, this process will repeat itself – 80% of your GIC will retain the blended rate from the last reinvestment period and 20% will pick up the *The Ultimate Laddered* GIC 5-year interest rate that is in effect on the anniversary.

This means that the interest rate that you receive on *The Ultimate Laddered* GIC may change every year because of the effects of laddering. In some years you may reinvest and blend into a higher rate, and in others, to a lower rate. This allows you to take advantage of rising rates and avoid having 100% of your principal reinvested at a lower rate.

*This example assumes that accrued interest is not being re-invested on each anniversary. Interest rates are for illustrative purposes only.



Maximize your interest rate growth potential and access your investment annually

General Features

- Canadian dollar 3-year or 5-year terms
- Non-registered and registered (RSP and RIF) plans
- Minimum investment amount: \$5,000
- Scotia Investment Accounts Registered and Non Registered - including RESP, TFSA and RDSP):
 - Interest is accrued daily on your GIC from the issue date up to, but not including, the maturity date. During a leap year, interest is earned on the leap day. For Scotia GICs that pay interest during their term (monthly, semi-annually or annually) the last interest payment is paid at maturity. The value of a compounded GIC is paid to you on the maturity date. If the maturity date does not fall on a business day then the term of the GIC will be extended to the next business day and interest will be paid to that day.
Interest Payment Frequencies: Monthly, semi-annually, annually or at maturity.
- Scotia Registered Accounts: (except Registered Education Savings Plan (RESP), Tax Free Savings Account (TFSA) and Registered Disability Savings Plan (RDSP)):
 - Interest is compounded annually with interest paid at maturity. Interest for a term that is an exact year is calculated by applying the interest rate against the principal. Interest for a term not equal to a full year is calculated by taking the number of days divided by 365 x the interest rate x the principal value. The principal value is the issue amount plus any interest that has been compounded on prior anniversaries.
Interest Payment Frequencies: At maturity.
 - *The Ultimate Laddered* GIC is non-transferable. It is also not redeemable until maturity, except as permitted by the anniversary redemption feature.
 - Issued by The Bank of Nova Scotia (BNS) and its wholly owned subsidiaries Scotia Mortgage Corporation (SMC), Montreal Trust Company of Canada (MTCC) and National Trust Company (NTC).
 - Maturing funds will be automatically renewed in accordance with any written renewal instructions that you have given us prior to maturity. If you have not given us any instructions, your funds will be reinvested to another GIC with the same type and with the same term. You may contact us to cancel the new GIC within 10 business days after the renewal or reinvestment date.

For more information drop by and speak with your Scotiabank representative or call 1-800-575-8888

Some important information about *The Ultimate Laddered* GIC

1. When you choose to activate the automated laddering feature of *The Ultimate Laddered* GIC, on each anniversary while the feature remains activated:

- The term of your GIC will be extended by one year. If you have a 5-year GIC, we take 20% of your then-current principal and accrued interest (if applicable) and reinvest it at *The Ultimate Laddered* GIC 5-year interest rate that is in effect on the anniversary. For a 3-year GIC, 33.33% of your then-current principal and accrued interest (if applicable) will be reinvested at *The Ultimate Laddered* GIC 3-year interest rate that is in effect on the anniversary.
- You will be able to add new dollars to your GIC.
- You will be able to redeem up to the maximum allowable redemption percentage of your then-current principal amount and accrued interest (if applicable).

Note: Your principal must remain at \$5,000 or above to retain the automated laddering feature.

2. When you choose to deactivate the automated laddering feature of *The Ultimate Laddered* GIC:

- The term of your GIC will not be extended by one year.
- Your GIC will mature on the latest maturity date we have on record.
- When the next anniversary of your GIC passes, the automated laddering feature cannot be reactivated.
- You will continue to be able to redeem up to the maximum allowable redemption percentage of your then-current principal amount and accrued interest (if applicable) on each anniversary.
- You cannot add new money to your GIC.

Adding new money...how does it work?

When you add new money to *The Ultimate Laddered* GIC, you do so at the 3-or 5-year interest rate in effect on the anniversary, depending on the

Note: To change your anniversary instructions please contact your branch or call 1-800-575-8888 at least seven business days prior to your next anniversary. Anniversary instructions are processed to take effect on the next anniversary following receipt of the instructions. Retroactive changes cannot be accommodated. If no changes are made, we will act upon the instructions that were provided by you when your GIC was set up or, if applicable, your previous year's instructions.

original term of your investment. For example, if you had originally purchased a 5-year GIC, then the new money is invested at *The Ultimate Laddered* GIC 5-year interest rate that is in effect on the anniversary. New money can only be added on each anniversary, provided that instructions to do so are received by your branch at least 7 business days prior to your anniversary.

If you have a 5-year GIC, we take 20% of your then-current principal and accrued interest (if applicable) and reinvest it at *The Ultimate Laddered* GIC 5-year interest rate that is in effect on the anniversary; invest the new dollars at that rate, and we extend your maturity date by one year. Thereafter, you begin to earn the new blended rate.

Note: For a 3-year GIC, 33.33% of your then-current principal and accrued interest (if applicable) will be reinvested at *The Ultimate Laddered* GIC 3-year interest rate that is in effect on the anniversary.

T-5 reporting:

For non-registered GICs, T-5s are issued to Canadian residents for the interest earned during the tax year. Each time the certificate is blended and extended, a new certificate is issued and T-5s are issued accordingly. Each issuer produces a separate tax form.

Information for non-residents:

The return on *The Ultimate Laddered* GIC is subject to a 25% non-resident withholding tax under the Income Tax Act (Canada). This tax may be subject to reduction under the terms of an applicable income tax treaty. You are not entitled to any gross-up or other reimbursement of such withholding tax.

* If as a result of an anniversary redemption, your GIC principal falls below the \$5,000 minimum investment, the laddering feature will be deactivated and your GIC will mature on the latest maturity date we have on record.

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™ Trademarks of The Bank of Nova Scotia. The Bank of Nova Scotia, Scotia Mortgage Corporation, Montreal Trust Company of Canada and National Trust Company reserve the right to withdraw this offer at any time.

Specific information about *The Ultimate Laddered* GIC you have purchased.

Purchase Amount\$: _____ (Min \$5,000) Purchase Date: _____

Plan Type: _____ Issue Date: _____

Plan #: _____ Certificate #: _____ Maturity Date: _____

TERM: 3 years 5 years

ISSUER: The Bank of Nova Scotia
 Montreal Trust Company of Canada
 Scotia Mortgage Corporation
 National Trust Company

CUSTOMER
INITIAL(S) BRANCH
INITIAL

You have chosen to activate the laddering strategy on *The Ultimate Laddered* GIC identified above. You understand that this means that while the strategy remains activated, on each anniversary:

- The term of your GIC will be extended by one year. If you have a 5-year GIC, we take 20% of your then-current principal and accrued interest (if applicable) and reinvest it at *The Ultimate Laddered* GIC 5-year interest rate that is in effect on the anniversary. For a 3-year GIC, 33.33% of your then-current principal and accrued interest (if applicable) will be reinvested at *The Ultimate Laddered* GIC 3-year interest rate that is in effect on the anniversary
- New dollars can be added to the GIC.
- You will be able to redeem up to the maximum allowable redemption percentage of the then-current GIC principal amount and accrued interest (compound interest option only).
- The GIC principal amount must remain at \$5,000 or above to retain the automated laddering strategy. And, if as a result of a permitted anniversary redemption, the GIC principal falls below the \$5,000 minimum investment, the laddering strategy will be deactivated and the GIC will mature on the latest maturity date on record.

CUSTOMER
INITIAL(S) BRANCH
INITIAL

You have chosen to deactivate the laddering strategy on *The Ultimate Laddered* GIC identified above. You understand that this means that:

- The GIC will mature on the latest maturity date identified above.
- When the next anniversary of the GIC passes, the automated laddering strategy cannot be reactivated.
- You will be able to redeem up to the maximum allowable redemption percentage of the then-current GIC principal amount and accrued interest (compound interest option only) on each anniversary.
- You cannot add new dollars to the GIC.

You understand that on each anniversary you have access to up to _____ % (20% on 5-year, 33.33% on 3-year) of your then-current GIC principal amount and accrued interest (compound interest option only), and that to take advantage of this option you must notify Scotiabank at least 7 business days prior to each anniversary.

You understand that if you wish to change any of your anniversary instructions, you must contact Scotiabank at least 7 business days prior to your GIC's anniversary. Any anniversary instructions that you provide will be processed to take effect on the anniversary next following Scotiabank's receipt of the instructions. Retroactive changes cannot be accommodated. If no changes are made, Scotiabank will act upon the instructions that were provided by you when your GIC was set up or, if applicable, your previous year's instructions.

You acknowledge having received *The Ultimate Laddered* GIC Fact Sheet, and a copy of the Investment Companion Booklet.

By signing below, you acknowledge having carefully read *The Ultimate Laddered* GIC Fact Sheet and the Investment Companion Booklet and agree to be bound by all of the terms and conditions contained therein that relate to the investment you wish to make.

Customer Name(s): _____

Customer Signature(s): _____

Branch Signature: _____ Date: _____

Specific information about *The Ultimate Laddered* GIC you have purchased.

Purchase Amount\$: _____ Purchase Date: _____
(Min \$5,000)

Plan Type: _____ Issue Date: _____

Plan #: _____ Certificate #: _____ Maturity Date: _____

TERM: 3 years 5 years

ISSUER: The Bank of Nova Scotia
 Montreal Trust Company of Canada
 Scotia Mortgage Corporation
 National Trust Company

CUSTOMER
INITIAL(S) BRANCH
INITIAL

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- New dollars can be added to the GIC.
- You will be able to redeem up to the maximum allowable redemption percentage of the then-current GIC principal amount and accrued interest (compound interest option only).
- The GIC principal amount must remain at \$5,000 or above to retain the automated laddering strategy. And, if as a result of a permitted anniversary redemption, the GIC principal falls below the \$5,000 minimum investment, the laddering strategy will be deactivated and the GIC will mature on the latest maturity date on record.

CUSTOMER
INITIAL(S) BRANCH
INITIAL

You have chosen to deactivate the laddering strategy on *The Ultimate Laddered* GIC identified above. You understand that this means that:

- The GIC will mature on the latest maturity date identified above.
- When the next anniversary of the GIC passes, the automated laddering strategy cannot be reactivated.
- You will be able to redeem up to the maximum allowable redemption percentage of the then-current GIC principal amount and accrued interest (compound interest option only) on each anniversary.
- You cannot add new dollars to the GIC.

You understand that on each anniversary you have access to up to _____ % (20% on 5-year, 33.33% on 3-year) of your then-current GIC principal amount and accrued interest (compound interest option only), and that to take advantage of this option you must notify Scotiabank at least 7 business days prior to each anniversary.

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Customer Signature(s): _____

Branch Signature: _____ Date: _____