

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 (FFN-OFN) x PR OFN	$= \frac{40 - 30}{30} \times 60\% \times \$10,000$ = \$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

Examples are for illustrative purposes only and are not based on historical values. Past market performance is not an indicator of future market performance. Assumptions: (1) \$10,000 initial investment (2) 60% participation rate

Example 3

If you had chosen to invest the \$10,000 into a traditional 3 year GIC with annual compounding at 2.5% the return would have been:
\$10,000 Principal + \$250 interest in Year 1 + \$256.25 interest in Year 2
+ \$10,262.66 Principal repayment + interest in Year 3 = a total guaranteed return of \$10,768.91.

Examples are for illustrative purposes only. Past market performance is not an indicator of future market performance.

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 your *Scotia* Dividend Fund GIC

Purchase Amount \$: _____ Purchase Date: _____

ISSUER:

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

- The Bank of Nova Scotia
 Montreal Trust Company of Canada
 National Trust Company

Certificate #: _____ Maturity Date: _____

You understand all of the following information about your *Scotia* Dividend Fund GIC:

Interim Period

1. Interim interest will be earned on your *Scotia* Dividend Fund GIC purchase amount from your purchase date to your *Scotia* Dividend Fund GIC issue date at the regular 3-year non-redeemable GIC posted rate in effect at your GIC purchase date (stated in paragraph 1). On your *Scotia* Dividend Fund GIC issue date, the interim interest earned is added to your purchase amount and becomes your *Scotia* Dividend Fund GIC issue amount, which is fully guaranteed.

Return

2. The potential for you to earn any return on your *Scotia* Dividend Fund GIC issue amount is based on participation in the performance of the Scotia Canadian Dividend Fund. The participation rate for your GIC over the 3year term is _____. This is the rate at which your investment (your GIC issue amount) will participate in the performance of the Scotia Canadian Dividend Fund during the 3year term of your *Scotia* Dividend Fund GIC. It is not an annual rate or rate of return. There is no guaranteed rate of return, and there is a risk that you will not earn any return on your *Scotia* Dividend Fund GIC issue amount. 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.
3. Your *Scotia* Dividend Fund GIC purchase amount and any interim interest earned prior to your GIC issue date is guaranteed and will be repaid at maturity. Any return earned on your *Scotia* Dividend Fund GIC issue amount will also be paid at maturity into the account of your choice.

Registered deposits

4. If your *Scotia* Dividend Fund GIC will be purchased with monies transferred from an RRSP or RRIF, your *Scotia* Dividend Fund GIC purchase amount will be equal to the amount actually received and the interim interest rate, issue date and participation rate for your GIC will be based on the date the transferred monies are received, not the date on which the transfer request is initiated. The specifics of this information will be provided to you after the issuer of your *Scotia* Dividend Fund GIC has received the transferred monies.

Suitability

5. A *Scotia* Dividend Fund GIC is different from a fixed rate investment. There is a greater level of risk associated with a *Scotia* Dividend Fund GIC than with a fixed rate investment because it does not provide a guaranteed rate of return (with the exception of interim interest earned until its issue date). The *Scotia* Dividend Fund GIC will not provide Investors with an income stream or return prior to the maturity date and may not provide any return in excess of the Principal Amount on maturity. Therefore, an investment in the *Scotia* Dividend Fund GIC is only suitable for Investors prepared to assume risks with an investment whose return is tied to the performance of the applicable index. The *Scotia* Dividend Fund GIC does not have a fixed yield and could produce no yield. Therefore, the *Scotia* Dividend Fund GIC is not a suitable investment for Investors who need or expect certainty of yield.

Exceptions

6. The term of your *Scotia* Dividend Fund GIC is 3 years from its issue date. Your *Scotia* Dividend Fund GIC is not redeemable before maturity, except in the event of your death. In that exceptional circumstance, your *Scotia* Dividend Fund GIC purchase amount will be paid together with interest calculated from your GIC purchase date to its redemption date at the regular 3 year non redeemable GIC posted rate of _____% per annum.
7. Your *Scotia* Dividend Fund GIC will not be amended, except (a) if the Fund Net Asset Value used to calculate potential return on your GIC issue amount cease calculation or publication; or (b) if there is a market disruption or other event beyond the reasonable control of the issuer of your GIC which has a materially adverse effect on the issuer's ability to calculate a rate of return for your GIC, to manage the related risk, or otherwise perform its obligations.

More information

8. Complete information (including historical information about the returns) is available to you at www.scotiabank.com, at any Scotiabank branch or by mail by contacting your branch.
9. After your *Scotia* Dividend Fund GIC is issued, the following information is available on request: (a) the net asset value of your GIC on the date you specify and how that value is related to the return payable under your GIC; or (b) the last available measure before the date you specify of the index which is used to calculate the potential return for your GIC and how that measure is related to the return payable under your GIC.

By signing below, you acknowledge that before entering the agreement to purchase your *Scotia* Dividend Fund GIC in person you have received a completed copy of this *Scotia* Dividend Fund GIC Fact Sheet and that we have orally disclosed to you the information in the paragraphs numbered 1 to 9 above less than two days before entering into the agreement. You further acknowledge that you have received and read a copy of the Investment Companion Booklet. You agree to be bound by all of the terms, conditions and other provisions in this Fact Sheet and those terms, conditions and other provisions in the Investment Companion Booklet that relate to your *Scotia* Dividend Fund GIC 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.

Scotia Funds 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™ 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.

Specific information about your *Scotia* Dividend Fund GIC

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

- The Bank of Nova Scotia
 Montreal Trust Company of Canada
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Certificate #: _____ Maturity Date: _____

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Return

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3. Your *Scotia* Dividend Fund GIC purchase amount and any interim interest earned prior to your GIC issue date is guaranteed and will be repaid at maturity. Any return earned on your *Scotia* Dividend Fund GIC issue amount will also be paid at maturity into the account of your choice.

Registered deposits

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Customer Name(s): _____

Customer Signature(s): _____

Branch Signature: _____ Date: _____