

September 30, 2014

Dear Investor,

As manager of the National Bank Mutual Funds, we are always looking at new ways to improve and simplify your client experience. Today, we are writing to you to inform all securityholders of the funds listed in the attached table (the “**Funds**”) of an upcoming change. On January 1st, 2015, National Bank Investments Inc. will start paying most operating expenses for the Funds in return for the payment of a fixed-rate administration fee. With the introduction of the administration fee, certain components of the management expense ratio (“**MER**”) of a series of a Fund will become fixed and therefore predictable to securityholders (once the transitional adjustment payment period described below has finished). This methodology will aim to provide our securityholders with enhanced clarity and greater predictability about the costs of investing.

As a reminder, operating expenses are costs associated with investing in a mutual fund and, when expressed as a percentage of a fund’s average net assets, make up a portion of a fund’s MER. The MER for a series of a fund is currently calculated as the sum of the management fee, operating expenses, and applicable taxes paid by a fund during a year, each expressed as a percentage of the series’ average net assets for that year. The returns you earn as an investor are reported after the MER is deducted from your fund.

Fixed-Rate Administration Fee to Replace Certain Operating Expenses

Effective January 1, 2015, a fixed-rate administration fee (the “**Administration Fee**”) will be introduced and paid by the Funds to us, as manager of the Funds, in exchange for the payment by us of certain operating expenses of the Funds (the “**Change**”). The Administration Fee will be calculated as a fixed annual percentage of the average net assets of each series of each Fund and will be lower than or equal to that series’ annualized operating expenses for the six-month period ended June 30, 2014, as a percentage of the series’ assets. As the Administration Fee is a fixed percentage of assets, we will bear the risk of any increases in such operating expenses, but may also benefit from any future decreases in expenses.

Following the Change, we will pay the operating expenses of each of the Funds (the “**Operating Expenses**”) except for certain expenses described below, in exchange for the payment of an Administration Fee. These payments will be subject to a transitional adjustment period for the period up to December 31, 2015, as described below.

Positive Recommendation of Independent Review Committee

The Funds have an Independent Review Committee (“**IRC**”) that provides us with independent oversight regarding certain matters. We referred this Change to the IRC for its review and input as required by securities regulation. The IRC determined that the Change would achieve a fair and reasonable result for the Funds and provided a positive recommendation with respect to its implementation.

Details of the Change

The Change is expected to be implemented by the Manager on January 1, 2015, or such other date as may be determined by the Manager.

The Operating Expenses that will be paid by us in exchange for the Administration Fee include, but are not limited to, transfer agency and recordkeeping costs, custodial costs, accounting and valuation fees, audit fees, legal fees, the costs of preparing and distributing financial reports, simplified prospectuses, annual information forms, fund facts, continuous disclosure materials and other investor communications, and the costs of trustee services relating to registered tax plans, as applicable. The Manager will pay these Operating Expenses, provided such expenses are incurred in the normal course of business of the Funds.

The “**Fund Expenses**”, which will remain borne by the Funds, are the following:

- taxes (including, but not limited to, HST and income tax);
- fees, costs and expenses associated with compliance with any changes to existing governmental or regulatory requirements introduced after September 23, 2014;
- fees, costs and expenses associated with compliance with any new governmental or regulatory requirements, including any new fees introduced after September 23, 2014;
- interest and borrowing costs;
- fees and expenses relating to the board of directors (for National Bank Funds Corporation, National Bank Dividend Income Fund Inc. and National Bank AltaFund Investment Corp.), including compensation paid to board members and any travel expenses, insurance premiums and costs associated with their continuing education;
- fees, costs and expenses related to external services that were not commonly charged in the Canadian mutual fund industry as at September 23, 2014;
- fees and expenses of the IRC, including compensation paid to IRC members, travel expenses, insurance premiums and costs associated with their continuing education; and
- fees, costs and expenses relating to operating expenses beyond the normal course of business of the Funds.

Portfolio transaction costs are not considered to be “operating expenses” and are not currently included in the MER of a series of a Fund. In addition to paying the management fee, Administration Fee and the Fund Expenses, each Fund will therefore continue to pay its portfolio transaction costs, which include brokerage commissions and other security transaction fees, including the costs of derivatives (including, but not limited to, forward contracts) and foreign exchange transactions, as applicable.

Fund Expenses will be allocated among the National Bank Mutual Funds subject to Administration Fees and among each series of such funds in a fair and equitable manner. The Manager may decide, in its discretion, to waive some or all of the Administration Fee and/or Fund Expenses. The Manager will determine whether to waive these amounts each year without notice to securityholders.

The Administration Fee is equal to a percentage of the net asset value of a series of each Fund, calculated and paid in the same manner as the management fee for each series. The rate for the Administration Fee of *Investor Series, F Series, F5 Series, Institutional Series, M Series, O Series* and *R Series* of the Funds is set out in the attached table.

If in any month from January 1, 2015 to December 31, 2015 the aggregate month-end net asset value of all the Participating Series (defined below) falls below 90% of the Starting Asset Level (defined below), the Manager will be entitled to receive a transitional adjustment payment (the “**Transitional Adjustment Payment**”) for that month from all of the Participating Series, in addition to the Administration Fee. In all cases, in the event that the Transitional Adjustment Payment is payable in any month, the maximum amount by which a Participating Series’ Administration Fee may increase above the rate set out in the attached table is 0.06% for the year ended December 31, 2015.

The Transitional Adjustment Payment in any month, if payable, will be equal to: (i) the amount of the Administration Fee that would have been payable to the Manager had the aggregated month-end net asset value of all the Participating Series equalled 90% of the Starting Asset Level at month end (ii) less the amount of the Administration Fee payable for that month. The Transitional Adjustment Payment is payable monthly.

The Transitional Adjustment Payment for any month will be allocated proportionately among all of the Participating Series based on the Administration Fee payable for that month by each Participating Series and therefore each Participating Series will pay its proportionate share of a Transitional Adjustment Payment regardless of whether such Participating Series’ net asset value has remained constant, increased or decreased since January 1, 2015.

For the purpose of the preceding three paragraphs:

- “**Participating Series**” means each series of the Funds that, as of January 1, 2015, is subject to an Administration Fee; and
- “**Starting Asset Level**” means the aggregate net asset value of the Participating Series as of the close of business on January 1, 2015.

Conditions to Implementing the Change

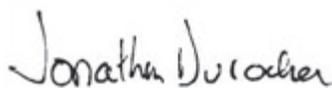
For the Funds with *Advisor Series* and/or *T5 Series* (the “**Voting Series**”), the implementation of the Change is conditional upon the Manager receiving approval of the securityholders of the Voting Series of such Fund. For the Funds without Voting Series, the change is not subject to any approvals.

If the proposed introduction of an Administration Fee for a particular Fund does not receive the required approval from securityholders of the Voting Series, such Fund will continue to bear its own Operating Expenses. In addition, if approval from securityholders of the Voting Series is not obtained from all of the relevant Funds, then the Manager, at its discretion, may elect not to proceed with the introduction of the Administration Fee, even if the change can be implemented for the Funds or some series of the Funds and even if securityholders of some Funds have approved the introduction of the Administration Fee.

No Action Required by You

If you have any questions regarding this change, please do not hesitate to contact your advisor. As always, thank you for your continued support and confidence in the National Bank Mutual Funds.

NATIONAL BANK INVESTMENTS INC.,
as manager of the Funds



Jonathan Durocher
President and Chief Executive Officer

Applicable Administration Fee*

Fund Name	Series						
	Investor	F	F5	O	Institutional	M	R
National Bank Money Market Fund	0.08%	0.08%		0.02%	0.03%	0.02%	
National Bank Corporate Cash Management Fund	0.03%						
National Bank Treasury Management Fund	0.02%						
National Bank U.S. Money Market Fund	0.08%	0.08%					
National Bank Short Term Canadian Income Fund	0.14%			0.02%			0.14%
National Bank Short Term Yield Class	0.10%	0.10%			0.05%	0.04%	
National Bank Mortgage Fund	0.10%	0.09%		0.02%			
National Bank Bond Fund	0.14%	0.14%		0.02%			0.14%
National Bank Long Term Bond Fund	0.19%	0.19%					0.19%
National Bank Dividend Fund	0.14%	0.14%		0.02%			0.14%
National Bank Global Bond Fund	0.20%			0.02%			
National Bank Corporate Bond Fund	0.19%	0.19%		0.02%			
National Bank High Yield Bond Fund	0.05%	0.05%	0.05%	0.02%			0.05%
National Bank Preferred Equity Income Fund		0.14%		0.02%			

Fund Name	Series						
	Investor	F	F5	O	Institutional	M	R
National Bank Preferred Equity Fund		0.14%		0.02%			
National Bank Monthly Secure Income Fund	0.10%						0.10%
National Bank Monthly Conservative Income Fund	0.10%						0.10%
National Bank Monthly Moderate Income Fund	0.10%						0.10%
National Bank Monthly Balanced Income Fund	0.10%	0.10%					0.10%
National Bank Monthly Growth Income Fund	0.26%						0.26%
National Bank Monthly Equity Income Fund	0.26%						0.26%
National Bank Secure Diversified Fund	0.14%						
National Bank Conservative Diversified Fund	0.16%						
National Bank Moderate Diversified Fund	0.17%						
National Bank Balanced Diversified Fund	0.17%						
National Bank Growth Diversified Fund	0.19%						
National Bank Dividend Income Fund Inc.	0.12%						
National Bank High Dividend Fund		0.19%		0.02%			0.19%
National Bank Canadian Equity Fund	0.19%	0.19%		0.02%			
National Bank Canadian All Cap Equity Fund	0.19%	0.19%	0.19%	0.02%			0.19%
National Bank Canadian Equity Growth Fund	0.19%	0.19%		0.02%			0.19%
National Bank AltaFund Investment Corp.	0.22%						
National Bank Small Cap Fund	0.22%	0.22%		0.02%			0.22%
National Bank Quebec Growth Fund	0.22%	0.22%					
Westwood Global Dividend Fund		0.22%	0.22%	0.02%			
Westwood Global Equity Fund		0.22%		0.02%			
National Bank Global Equity Fund	0.24%	0.24%	0.24%	0.02%			
National Bank Global Diversified Equity Fund	0.20%						
National Bank Consensus American Equity Fund		0.19%	0.19%	0.02%			0.19%
National Bank U.S. Equity Fund	0.24%	0.24%	0.24%	0.02%			
National Bank Consensus International Equity Fund		0.19%	0.19%	0.02%			0.19%
National Bank European Equity Fund	0.24%	0.24%					
National Bank Asia Pacific Fund	0.29%	0.29%					
National Bank Japanese Equity Fund	0.29%						
Westwood Emerging Markets Fund	0.22%	0.22%		0.02%			0.22%
National Bank Global Small Cap Fund	0.29%	0.29%					0.29%
National Bank Resource Fund	0.23%	0.23%					
National Bank Energy Fund	0.23%						
National Bank Precious Metals Fund	0.23%						
National Bank Science and Technology Fund	0.24%						
National Bank Health Sciences Fund	0.24%						
National Bank Canadian Index Fund	0.13%			0.02%			0.13%
National Bank U.S. Index Fund	0.14%			0.02%			
National Bank U.S. Currency Neutral Index Fund	0.14%			0.02%			0.14%
National Bank International Index Fund	0.14%			0.02%			
National Bank International Currency Neutral Index Fund	0.14%			0.02%			0.14%

* Please note that National Bank Global Tactical Bond Fund, National Bank U.S. Dividend Fund and National Bank Floating Rate Income Fund are already subject to fixed-rate administration fees, and National Bank Income Fund and National Bank Asset Allocation Fund are not affected by this fixed-rate administration fee implementation.