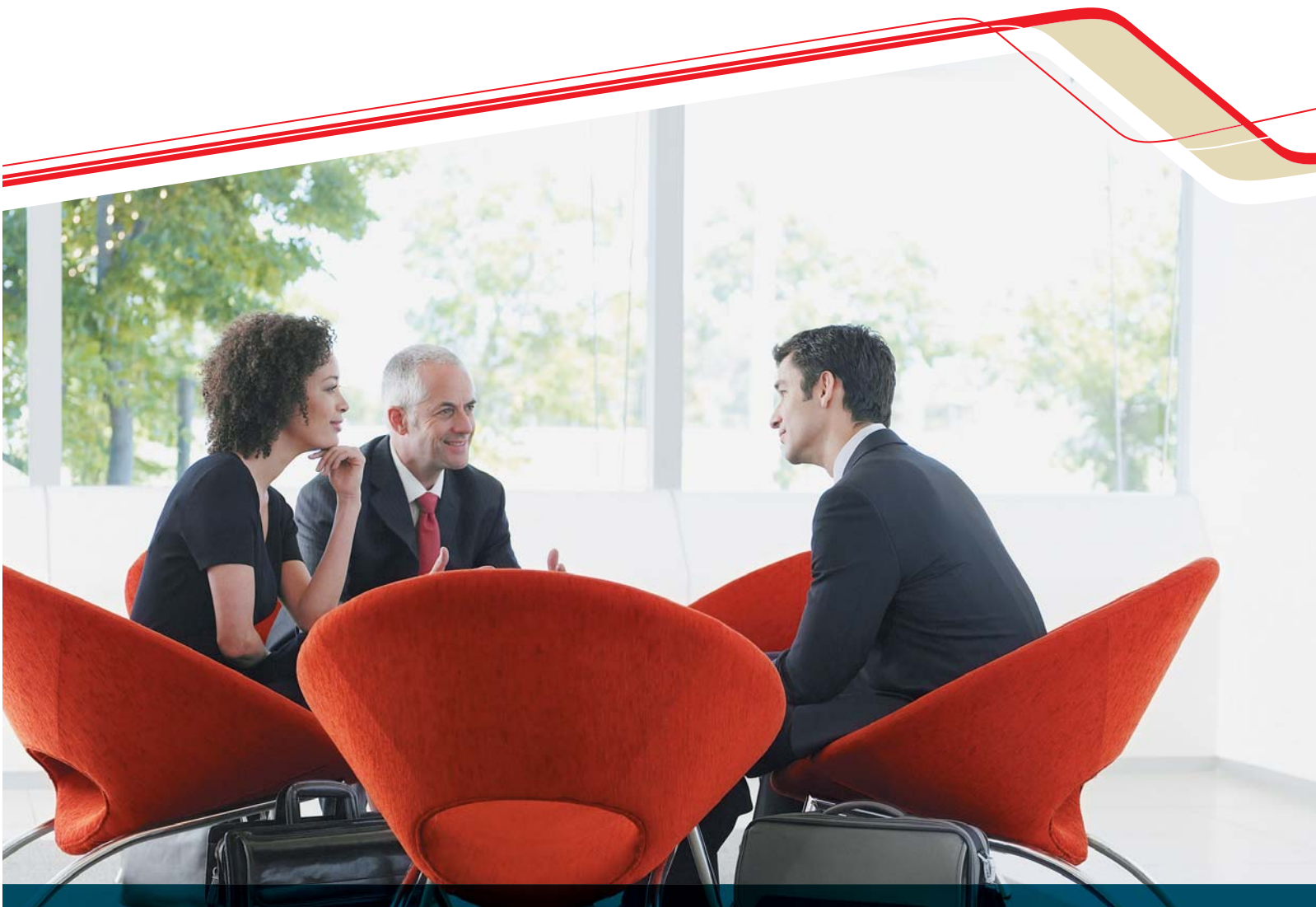


NATIONAL BANK FUNDS SEMI-ANNUAL REPORT



Semi-Annual Financial Statements
Institutional and Money Market Funds
For the period between October 1, 2007 and March 31, 2008



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Investment Portfolios

This section is for investors who may want to have a detailed list of the specific securities that make up the portfolio. For each security, you will find information such as its par value and its cost as at March 31, 2008.

Financial Statements

This section contains three financial statements, each of which has a specific role and contains different information:

- The **Statement of net assets** presents all the items that make up the fund's net assets as at March 31. The main item is the "Investments" section, which reflects the overall value of the securities portfolio.
- The **Statement of operations** breaks down the overall income and expenses generated by the fund during the period.
- The **Statement of changes in net assets** reconciles the changes in net assets during the period, listing the unit purchases and redemptions carried out by investors, as well as distributions.

Finally, the notes to the financial statements provide additional information. For example, they outline the main accounting policies used in the preparation of the financial statements.

Message to Clients

Dear Client,

please find enclosed the 2008 Semi-Annual National Bank Funds Report, for the period from October 1st, 2007 to March 31, 2008.

Jitters during the past six months Keep your investment strategy on track

The markets have had their share of ups and downs during the past six months. First, the Canadian dollar achieved parity with its U.S. counterpart for the first time in 31 years. Since its record low in 2002 (representing a period of only five years), the loonie has risen 60% versus the greenback. The currency's climb was attributable to Canada's lowest unemployment rate in 30 years and solid domestic economic growth sustained in part by buoyant commodity prices.

The United States, for its part, has had to deal with the impacts of the liquidity crisis. Its monetary and tax authorities were forced to take unprecedented strong action. In addition to the budget measures put forward, the Federal Reserve has cut its bellwether rate by about 300 basis points since last August and recently announced a series of initiatives to stave off an economic freefall. One of the most important developments in recent months was undoubtedly JP Morgan's offer to buy struggling investment bank Bear Stearns.

As a result, after getting off to a brisk start in 2007, the Canadian stock market stumbled in the second half of the year. However, that did not prevent the Canadian market benchmark (the S&P/TSX index) from finishing the year in positive territory for the fifth year in a row. At year end, the annual return generated by the S&P/TSX stood at 9.8%. South of the border, the benchmark S&P 500 index closed the year with a 5.5% gain in U.S. dollars, which translated into a 10.0% loss in Canadian dollars.

While the economy has been slowing in the U.S. over the past six months, economic growth at the global level has remained quite vibrant thanks to strong showings in emerging markets such as those in the BRIC nations (Brazil, Russia, India and China). In 2007, those countries accounted for about 42% of global GDP growth.

As an investor, you may have been experiencing a variety of emotions since last fall, which would be a normal reaction. It is not unusual for exhilaration to be followed by anxiety and discouragement, but you can regain your optimism and enthusiasm if you keep your investment strategy on track. In the current context, we at National Bank Securities believe more strongly than ever in the strategic approach that we have been recommending. Your advisor starts by using our *Personalized Investment Plan* to determine your investor profile and then builds your investment portfolio by making sure it will fluctuate within a volatility range that reflects your risk tolerance and offers the best possible return. That way, you can count on an optimum asset mix in line with your investment goals, regardless of the prevailing economic conditions.



Message to Clients *(continued)*

Moreover, whether you are still saving up for retirement or have already started drawing on your savings, you can be confident that one of our investment portfolios will meet your needs based on your investor profile. Our Diversified Funds, Strategic Portfolios and Monthly Income Portfolios are adapted to each of the different investor profiles so that they correspond to your individual requirements. The composition of those solutions is studied carefully to maximize the potential return in keeping with your risk tolerance.

We encourage you to meet with one of our investment advisors whenever you are thinking about going ahead with a major project. Your investor profile can evolve from one project to the next depending on your financial priorities and the project timeline. Those factors can therefore have an impact on the investment choices you make.

You can rely on your partnership with National Bank Securities, which enables you to benefit from the expertise of a devoted team that is committed to remaining an industry leader by offering you quality solutions. On behalf of all our team members, I would like to thank you for putting your trust in us.



Martin Lavigne

President and CEO

National Bank Securities

Your Portfolio Managers



Founded in 1990, Natcan Investment Management is the subsidiary responsible for National Bank of Canada. Over the years, Natcan has carved out a prominent place for itself in the investment management universe. Today it ranks among the largest institutional managers in Canada¹, with assets under management exceeding \$28 billion, as at January 31, 2008.

One of Natcan Investment Management's strengths is its broad expertise in managing different asset classes. The firm has over 32 managers and analysts capable of evaluating and seizing opportunities in their respective markets.

Natcan's management style strongly promotes the use of discipline and capital preservation criteria through fundamental analysis. Natcan is guided by a unique management philosophy, which it applies with unmatched diligence. It therefore offers truly active portfolio management with managers who are not content to simply follow market trends.

Some of the principles of Natcan's management philosophy are:

- **Patience:** the managers are unanimous in their belief that by buying shares in financially sound companies at a good price, they will obtain better returns in the long term.
- **Growth, but not at any price:** it is often better to pass on an opportunity that has already been recognized by the market.
- **Controlling risk:** it is just as important to avoid disasters as it is to hold hot stocks and the big winners of the moment.
- **Diversifying the sources of added value:** there are solid opportunities to be found in every sector, even the most mature.

A strong investment culture, a stringent management approach and the excellence of an experienced team are all factors in Natcan's success.

¹ Out of 200 managers listed by *Benefits Canada*, as at June 30, 2007.



Corporate Cash Management Fund

Investment Portfolio as at March 31, 2008 (unaudited)

	Par Value \$	Fair Value \$		Par Value \$	Fair Value \$
Money market (52.87%)			Commercial paper (12.43%) (continued)		
Treasury bills (4.39%)			PSP Capital		
Government of Canada (3.39%)			3.55%, due June 16, 2008	7,000,000	6,948,704
2.25%, due April 1, 2008	300,000	300,000	General Electric Co.		
3.24%, due April 4, 2008	16,900,000	16,895,509	3.55%, due June 20, 2008	3,500,000	3,473,013
4.33%, due September 4, 2008	900,000	884,019	CDP Financial Inc.		
2.37%, due March 19, 2009	2,335,000	2,282,862	3.43%, due September 2, 2008	10,000,000	9,857,677
		<u>20,362,390</u>			<u>74,591,815</u>
Province of Quebec (1.00%)			Short-term notes (20.98%)		
3.25%, due April 4, 2008	6,000,000	5,998,400	British Columbia Municipal Finance Authority		
			3.80%, due April 9, 2008	1,900,000	1,898,427
Total Treasury Bills		<u>26,360,790</u>	4.00%, due April 9, 2008	6,000,000	5,994,789
			Bank of Nova Scotia		
Bankers' acceptances (15.07%)			4.45%, due April 16, 2008	10,000,000	9,982,493
Toronto-Dominion Bank			3.55%, due April 18, 2008	5,000,000	4,991,761
3.50%, due April 2, 2008	15,000,000	14,998,566	Bank of Montreal		
Bank of Montreal			3.56%, due April 25, 2008	10,000,000	9,976,686
3.54%, due April 10, 2008	5,000,000	4,995,650	Université Laval		
3.53%, due April 23, 2008	10,000,000	9,978,759	3.95%, due April 29, 2008	7,000,000	6,978,977
Canadian Imperial Bank of Commerce			Deutsche Bank AG		
3.94%, due May 12, 2008	10,000,000	9,956,226	4.64%, due May 21, 2008	7,000,000	6,957,471
Caisse Centrale Desjardins du Québec			Bank of Nova Scotia		
3.90%, due May 13, 2008	9,600,000	9,557,271	3.87%, due May 26, 2008	10,000,000	9,942,220
Canadian Imperial Bank of Commerce			Royal Bank of Canada		
3.87%, due May 26, 2008	5,000,000	4,971,110	3.80%, due May 29, 2008	9,600,000	9,542,545
3.81%, due May 29, 2008	5,000,000	4,970,001	HSBC Bank Canada		
Caisse Centrale Desjardins du Québec			4.75%, due May 30, 2008	5,000,000	4,963,347
3.57%, due June 4, 2008	4,300,000	4,273,306	Royal Bank of Canada		
Royal Bank of Canada			3.50%, due June 16, 2008	15,000,000	14,891,637
3.52%, due June 18, 2008	9,000,000	8,932,928	Toronto-Dominion Bank		
Bank of Nova Scotia			3.37%, due September 2, 2008	15,000,000	14,790,196
3.77%, due July 7, 2008	3,000,000	2,970,447	3.45%, due September 5, 2008	12,000,000	11,824,984
Royal Bank of Canada			Bank of Nova Scotia		
3.64%, due August 11, 2008	10,000,000	9,870,655	4.30%, due November 21, 2008	6,000,000	5,840,648
Canadian Imperial Bank of Commerce			Bank of Montreal		
3.48%, due September 8, 2008	5,000,000	4,925,039	3.96%, due January 12, 2009	7,500,000	7,276,130
		<u>90,399,958</u>			<u>125,852,311</u>
Commercial paper (12.43%)			Total money market		
Enbridge Inc.					<u>317,204,874</u>
3.99%, due April 2, 2008	6,400,000	6,399,303	Bonds and debentures (46.97%)		
Omers Realty			Issued and guaranteed by		
3.57%, due April 3, 2008	16,000,000	15,996,874	the Government of Canada (23.05%)		
Paccar Financial US			6.00%, due June 1, 2008	9,000,000	9,048,800
3.95%, due May 5, 2008	3,600,000	3,586,884	4.25%, due December 1, 2008	6,100,000	6,174,707
Suncor Energy Inc.			Canada Housing Trust		
3.68%, due May 14, 2008	5,000,000	4,978,466	3.70%, due September 15, 2008	60,700,000	60,753,242
CDP Financial Inc.			4.10%, due December 15, 2008	31,500,000	31,584,082
3.81%, due May 27, 2008	5,000,000	4,971,045	3.55%, due March 15, 2009	30,500,000	30,744,907
3.58%, due June 2, 2008	2,000,000	1,987,928			<u>138,305,738</u>
Honda Canada Finance Inc.					
3.75%, due June 2, 2008	10,500,000	10,433,755			
General Electric Co.					
3.83%, due June 6, 2008	3,500,000	3,476,004			
3.60%, due June 13, 2008	2,500,000	2,482,162			

The accompanying notes are an integral part of these financial statements.

Corporate Cash Management Fund *(continued)*

Investment Portfolio as at March 31, 2008 (unaudited)

	Par Value \$	Fair Value \$		Interest- bearing instruments	Non interest- bearing instruments
Issued and guaranteed by a province (13.44%)			Credit risk (Note 4)		
			Debt securities by credit rating		
Province of British Columbia 6.00%, due June 9, 2008	5,000,000	5,015,739	AAA/Aaa/A-1/F-1	75.44%	
Hydro-Québec Floating, due October 27, 2009	20,000,000	20,031,165	AA/Aa/A-2/F-2	14.14%	
Financement-Québec Floating, due December 1, 2010	24,000,000	24,060,591	A/A-3/F-3	7.36%	
Province of Ontario Floating, due December 3, 2010	6,000,000	5,997,949	Non coté	3.06%	
Province of Quebec Floating, due May 16, 2011	16,000,000	16,040,713			
Financement-Québec Floating, due April 25, 2012	9,500,000	9,508,218			
		<u>80,654,375</u>	Interest rate risk (Note 4)		
			Investments	599,059,841	-
			Cash		677,805
			Others assets		3,579,895
			Liabilities		3,299,426
Corporations (8.40%)					
Canada Capital Auto Receivables Asset Trust 4.56%, due April 17, 2008	4,000,000	4,000,000	If prevailing interest rates raised or lowered by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,607,571.		
Bank of Montreal Floating, due July 17, 2008	7,500,000	7,496,983			
Caisse Centrale Desjardins du Québec 4.47%, due November 10, 2008	4,000,000	4,017,094			
Ford Floorplan Auto Securitization Trust Floating, due November 15, 2008	6,000,000	6,000,000			
Canadian Imperial Bank of Commerce Floating, due November 17, 2008	6,400,000	6,382,558			
Bank of Nova Scotia Floating, due October 22, 2009	7,500,000	7,500,000			
Bank of Montreal Floating, due February 1, 2010	7,500,000	7,500,000			
Canadian Imperial Bank of Commerce Floating, due February 16, 2010	7,500,000	7,500,000			
		<u>50,396,635</u>			
United states (2.08%)					
Bear Stearns Companies Inc. Floating, due June 30, 2008	3,500,000	3,500,000			
Merrill Lynch & Co. Inc. Floating, due November 9, 2009	9,000,000	8,998,219			
		<u>12,498,219</u>			
Total bonds and debentures		<u>281,854,967</u>			
Total investments (99.84%)		599,059,841			
Cash and other net assets (0.16%)		<u>958,274</u>			
Net assets (100%)		<u><u>600,018,115</u></u>			

The accompanying notes are an integral part of these financial statements.

Corporate Cash Management Fund

Financial Statements

Statements of net assets as at March 31, 2008 (unaudited) and September 30, 2007

	2008	2007	
	\$	\$	
Assets			
Investments, at fair value	599,059,841	606,833,616	
Cash	677,805	62,359	
Subscriptions receivable	1,878,240	2,083,177	
Interest receivable	1,654,487	3,365,266	
Other assets receivable	47,168	186,310	
	<u>603,317,541</u>	<u>612,530,728</u>	
Liabilities			
Distributions payable	88,924	104,647	
Redeemed units payable	2,792,177	2,823,558	
Accrued expenses	418,325	224,738	
	<u>3,299,426</u>	<u>3,152,943</u>	
Net assets, Investor Series	<u>600,018,115</u>	<u>609,377,785</u>	Approved on behalf of the Manager National Bank Securities Inc. Charles Guay, Director Martin Lavigne, Director
Net assets per unit, Investor Series	10.00	10.00	

Statements of operations for the 6-month periods ended March 31 (unaudited)

	2008	2007
	\$	\$
Income		
Interest	12,883,268	15,670,334
Losses from derivatives	-	(8,881)
	<u>12,883,268</u>	<u>15,661,453</u>
Expenses		
Management fees	1,227,343	1,509,044
Custodial fees	40,739	39,907
Directors fees of independent review	-	235
Audit fees	15,975	17,435
Legal fees	-	8,865
Rights and deposits	4,078	20,098
Securityholders reporting costs	30,870	31,052
	<u>1,319,005</u>	<u>1,626,636</u>
Net investment income	<u>11,564,263</u>	<u>14,034,817</u>
Increase in net assets from operations		
Investor Series	<u>11,564,263</u>	<u>14,034,540</u>
Increase in net assets from operations per unit		
Investor Series	0.20	0.20

The accompanying notes are an integral part of these financial statements.

Corporate Cash Management Fund *(continued)*

Financial Statements

Statements of changes in net assets for the 6-month periods ended March 31 (unaudited)

	Investor Series	
	2008	2007
	\$	\$
Net assets, beginning of the period	609,377,785	681,753,507
Increase in net assets from operations	11,564,263	14,034,540
Capital unit transactions		
Units issued	365,952,704	558,298,638
Units issued on reinvestment of distributions	10,942,843	13,150,163
Units redeemed	(386,255,218)	(495,019,118)
	(9,359,671)	76,429,683
Distributions to investors		
Net investment income	11,564,262	14,034,540
Increase (decrease) in net assets for the period	(9,359,670)	76,429,683
Net assets, end of the period	600,018,115	758,183,190

The accompanying notes are an integral part of these financial statements.

Treasury Management Fund

Investment Portfolio as at March 31, 2008 (unaudited)

	Par Value	Fair Value		Par Value	Fair Value
	\$	\$		\$	\$
Money market (50.76%)					
Treasury bills (5.82%)					
Government of Canada (4.59%)					
2.25%, due April 1, 2008	200,000	200,000			
3.24%, due April 4, 2008	17,300,000	17,295,403			
2.37%, due March 19, 2009	5,000,000	4,888,356			
		<u>22,383,759</u>			
Province of Quebec (1.23%)					
3.25%, due April 4, 2008	6,000,000	5,998,400			
Total Treasury Bills		<u>28,382,159</u>			
Bankers' acceptances (15.37%)					
Toronto-Dominion Bank					
3.50%, due April 2, 2008	15,000,000	14,998,566			
Bank of Montreal					
3.54%, due April 10, 2008	4,000,000	3,996,520			
Canadian Imperial Bank of Commerce					
4.07%, due April 21, 2008	5,000,000	4,988,956			
Bank of Montreal					
3.53%, due April 23, 2008	10,000,000	9,978,758			
Caisse Centrale Desjardins du Québec					
3.90%, due May 13, 2008	10,700,000	10,652,374			
Canadian Imperial Bank of Commerce					
3.87%, due May 26, 2008	5,500,000	5,468,221			
3.81%, due May 29, 2008	5,000,000	4,970,001			
Caisse Centrale Desjardins du Québec					
3.57%, due June 4, 2008	5,000,000	4,968,960			
Royal Bank of Canada					
3.52%, due June 18, 2008	8,000,000	7,940,381			
Bank of Nova Scotia					
3.77%, due July 7, 2008	2,000,000	1,980,298			
Canadian Imperial Bank of Commerce					
3.48%, due September 8, 2008	5,000,000	4,925,039			
		<u>74,868,074</u>			
Commercial paper (10.11%)					
Enbridge Inc.					
3.99%, due April 2, 2008	6,500,000	6,499,292			
Omers Realty					
3.57%, due April 3, 2008	13,000,000	12,997,460			
Paccar Financial US					
3.95%, due May 5, 2008	3,000,000	2,989,070			
CDP Financial Inc.					
3.81%, due May 27, 2008	7,000,000	6,959,464			
General Electric Co.					
3.60%, due June 13, 2008	5,000,000	4,964,324			
PSP Capital					
3.55%, due June 16, 2008	7,000,000	6,948,704			
General Electric Co.					
3.55%, due June 20, 2008	3,000,000	2,976,868			
CDP Financial Inc.					
3.43%, due September 2, 2008	5,000,000	4,928,838			
		<u>49,264,020</u>			
Short-term notes (19.46%)					
British Columbia Municipal Finance Authority					
4.00%, due April 9, 2008	6,000,000	5,994,789			
Bank of Nova Scotia					
4.45%, due April 16, 2008	10,000,000	9,982,493			
3.55%, due April 18, 2008	5,000,000	4,991,762			
Bank of Montreal					
3.56%, due April 25, 2008	5,000,000	4,988,343			
Royal Bank of Canada					
3.89%, due May 14, 2008	5,000,000	4,977,292			
Bank of Nova Scotia					
3.87%, due May 26, 2008	7,500,000	7,456,664			
Royal Bank of Canada					
3.80%, due May 29, 2008	7,700,000	7,653,917			
HSBC Bank Canada					
4.75%, due May 30, 2008	5,000,000	4,963,347			
Royal Bank of Canada					
3.50%, due June 16, 2008	15,000,000	14,891,637			
Toronto-Dominion Bank					
3.37%, due September 2, 2008	10,000,000	9,860,131			
3.45%, due September 5, 2008	7,000,000	6,897,907			
Bank of Nova Scotia					
4.32%, due November 14, 2008	5,000,000	4,870,517			
Bank of Montreal					
3.96%, due January 12, 2009	7,500,000	7,276,130			
		<u>94,804,929</u>			
Total money market					<u>247,319,182</u>
Bonds and debentures (48.83%)					
Issued and guaranteed by the Government of Canada (25.51%)					
3.75%, due June 1, 2008	13,400,000	13,421,666			
6.00%, due June 1, 2008	8,000,000	8,043,378			
Canada Housing Trust					
3.70%, due September 15, 2008	46,500,000	46,584,885			
4.10%, due December 15, 2008	33,000,000	33,094,527			
3.55%, due March 15, 2009	23,000,000	23,180,807			
		<u>124,325,263</u>			
Issued and guaranteed by a province (12.69%)					
Province of British Columbia					
6.00%, due June 9, 2008	4,700,000	4,714,778			
Hydro-Québec					
Floating, due October 27, 2009	20,000,000	20,031,164			
Financement-Québec					
Floating, due December 1, 2010	18,000,000	18,046,013			
Province of Ontario					
Floating, due December 3, 2010	5,000,000	4,998,290			
Province of Quebec					
Floating, due August 6, 2011	8,500,000	8,538,843			
Financement-Québec					
Floating, due April 25, 2012	5,500,000	5,502,281			
		<u>61,831,369</u>			

The accompanying notes are an integral part of these financial statements.

Treasury Management Fund *(continued)*

Investment Portfolio as at March 31, 2008 (unaudited)

	<u>Par Value</u> \$	<u>Fair Value</u> \$			
Corporations (8.37%)			Credit risk (Note 4)		
Canada Capital Auto Receivables Asset Trust 4.56%, due April 17, 2008	3,500,000	3,500,000	Debt securities by credit rating		
Bank of Montreal Floating, due July 17, 2008	1,800,000	1,799,276	AAA/Aaa/A-1/F-1		77.72%
Caisse Centrale Desjardins du Québec 4.47%, due November 10, 2008	4,000,000	4,017,095	AA/Aa/A-2/F-2		11.64%
Ford Floorplan Auto Securitization Trust Floating, due November 15, 2008	4,000,000	4,000,000	A/A-3/F-3		9.30%
Canadian Imperial Bank of Commerce Floating, due November 17, 2008	8,000,000	7,978,198	Non coté		1.34%
Bank of Nova Scotia Floating, due October 22, 2009	6,000,000	6,000,000			
Bank of Montreal Floating, due February 1, 2010	7,500,000	7,500,000			
Canadian Imperial Bank of Commerce Floating, due February 16, 2010	6,000,000	6,000,000			
		<u>40,794,569</u>			
United states (2.26%)			Interest rate risk (Note 4)		
Bear Stearns Companies Inc. Floating, due June 30, 2008	3,000,000	3,000,000		Interest-bearing instruments	Non interest-bearing instruments
Merrill Lynch & Co. Inc. Floating, due November 9, 2009	8,000,000	7,998,538	Investments	485,268,921	-
		<u>10,998,538</u>	Cash		6,870
			Others assets		8,040,821
			Liabilities		6,041,342
Total bonds and debentures		<u>237,949,739</u>			
Total investments (99.59%)		485,268,921			
Cash and other net assets (0.41%)		<u>2,006,349</u>			
Net assets (100%)		<u><u>487,275,270</u></u>			

If prevailing interest rates raised or lowered by 1% (100 bps), with all others variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,284,998.

The accompanying notes are an integral part of these financial statements.

Treasury Management Fund

Financial Statements

Statements of net assets as at March 31, 2008 (unaudited) and September 30, 2007

	2008	2007	
	\$	\$	
Assets			
Investments, at fair value	485,268,921	427,952,062	
Cash	6,870	48,830	
Subscriptions receivable	6,436,101	5,829,011	
Interest receivable	1,539,247	2,896,783	
Other assets receivable	65,473	241,383	
	<u>493,316,612</u>	<u>436,968,069</u>	
Liabilities			
Distributions payable	284,059	276,908	
Redeemed units payable	5,410,856	4,702,465	
Accrued expenses	346,427	102,023	
	<u>6,041,342</u>	<u>5,081,396</u>	
Net assets, Investor Series	<u>487,275,270</u>	<u>431,886,673</u>	Approved on behalf of the Manager National Bank Securities Inc. Charles Guay, Director Martin Lavigne, Director
Net assets per unit, Investor Series	10.00	10.00	

Statements of operations for the 6-month periods ended March 31 (unaudited)

	2008	2007
	\$	\$
Income		
Interest	9,553,132	11,872,024
Losses from derivatives	-	(8,332)
	<u>9,553,132</u>	<u>11,863,692</u>
Expenses		
Management fees	573,722	712,854
Custodial fees	30,716	30,465
Directors fees of independent review	-	163
Audit fees	13,832	12,102
Legal fees	-	6,153
Rights and deposits	12,648	4,833
Securityholders reporting costs	16,663	21,592
Fees paid by the manager	(39,527)	(29,600)
	<u>608,054</u>	<u>758,562</u>
Net investment income	<u>8,945,078</u>	<u>11,105,130</u>
Net gains		
Transaction costs on purchase and sale of investments	-	(266)
Increase in net assets from operations		
Investor Series	<u>8,945,078</u>	<u>11,104,864</u>
Increase in net assets from operations per unit		
Investor Series	0.21	0.21

The accompanying notes are an integral part of these financial statements.

Treasury Management Fund *(continued)*

Financial Statements

Statements of changes in net assets for the 6-month periods ended March 31 (unaudited)

	Investor Series	
	2008	2007
	\$	\$
Net assets, beginning of the period	431,886,673	535,139,586
Increase in net assets from operations	8,945,079	11,104,864
Capital unit transactions		
Units issued	484,370,682	599,553,998
Units issued on reinvestment of distributions	7,182,140	9,500,987
Units redeemed	(436,164,226)	(572,209,891)
	55,388,596	36,845,094
Distributions to investors		
Net investment income	8,945,078	11,104,864
Increase in net assets for the period	55,388,597	36,845,094
Net assets, end of the period	487,275,270	571,984,680

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

As at March 31, 2008 and September 30, 2007

1- GOVERNING STATUTES

Each of the funds is a trust created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated as of the date indicated in the table below:

Funds	Date Established
National Bank Corporate Cash Management Fund	January 10, 1995
National Bank Treasury Management Fund	August 7, 1997

The manager of the funds, National Bank Securities Inc., is a wholly owned National Bank of Canada subsidiary.

On March 31, 2008, the National Bank deposits were rated "AH" by the Dominion Bond Rating Service Inc. agency.

2- ACCOUNTING POLICIES

The financial statements of the funds have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and with the Regulation 81-106 on continuous information.

Investments

Investments are valued at fair value, which is determined as follows:

- Money market instruments are recorded at bid price on the valuation date;
- Bonds and debentures are valued at the bid price on the valuation date. However, bonds and debentures can be valued at the mean of the bid and ask price on the valuation date, if the method is considered more appropriated.

Futures contracts

To gain exposure to different financial markets, the funds can enter into futures contracts under which they are entitled to receive or required to pay a sum of money based upon increases or decreases in the value of the underlying financial instrument. These payments are either received or made daily through brokers acting as intermediaries and are presented under "Margin deposited on futures contracts" in the statement of net assets. These daily payments, as well as payments made or received when the funds exit the futures contracts are reported on the statement of operations under "Income (losses) from derivatives". Futures contracts listed on a recognized public securities exchange are valued at their closing bid and securities not traded are valued at the average of the closing bid and ask price.

The funds can also enter into currency futures contracts to gain exposure to international currency markets or to reduce foreign currency risk within their portfolio. The gains or losses on these futures contracts are reported on the statement of operations under "Income (losses) from derivatives". The currency futures contracts' fair value corresponds to the gain (loss) that would be realized if they were liquidated at the valuation date.

The type of futures contracts that the funds have traded is on banker's acceptances.

Investment transactions and recognition of income and expenses

Investment transactions are accounted for on the trade date. Income and expenses are recorded using the accrual basis of accounting. Interest income is recorded as earned.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements. These estimates are based on management's best knowledge of current events and actions that the fund may undertake in the future. Actual results may differ from these estimates.

Valuation of units

The net asset value of a unit is derived on a daily basis by dividing net assets at market value by the number of units outstanding.

Increase in nets assets from operations

The increase or decrease in net assets from operations per unit presented in the statement of operations represents the increase or decrease in net assets from operations represents the increase or decrease in net assets from operations for the year, divided by the average number of units outstanding during the year.

Distributions to unitholders

The net income of each of the funds is calculated as of the valuation time on the last valuation day of the month. Such amounts are paid, at such time, to unitholders of record of the relevant fund on the immediately preceding valuation day, pro rata to the number of units held by them. In order to maintain the net asset value of units at a stable level, the aggregate net income of such funds accrued and accruing is credited on a daily basis to the account of the unitholders pro rata to the number of units held by them.

Foreign currency transactions

The fair value of investments and other assets in foreign currencies are translated into Canadian dollars at the rates of exchange in effect as the balance sheet date.

Purchases and sales of investments, as well as income and expenses are translated at the prevailing rates of exchange on the respective dates of such transactions.



Notes to Financial Statements *(continued)*

As at March 31, 2008 and September 30, 2007

3-ACCOUNTING CHANGES

Application of section 3862, *Financial Instruments – Disclosure and section 3863, *Financial Instruments – Presentation**

As at October 1, 2007, the funds applied the requirements of Canadian Institut of Chartered Account (CICA) Handbook section 3862, *Financial Instruments – Disclosure* and section 3863, *Financial Instruments – Presentation*. These sections replace section 3861, *Financial Instruments – disclosure and presentation* and enhance existing standards regarding financial instruments disclosure and presentation.

Application of section 3855, *Financial instruments – Recognition and Measurement*

As at October 1, 2006, the funds retroactively applied the requirements of CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, without restating prior years' financial statements. Since the funds are considered investment companies, the changes in accounting policy resulting from application of this section are, therefore, limited to such items.

Listed financial instruments are measured at fair value, defined as the bid price for assets and the asking price for liabilities at the close of markets. The bid and asking price at the close of markets should also be used to determine the fair value of derivative financial instruments, if any. Previously, these instruments were valued on the basis of the closing price.

To make it possible for the concerned parties to assess the impact of this new accounting standard on investment funds, Canadian Securities Administrators have granted an exemption authorizing the deferment of the application of Section 3855 for purposes of calculating the NAV of investment funds, which, however, is subject to the following conditions:

- each fund may continue to calculate its NAV for purposes other than the preparation of its financial statements (purchase and redemption of units or calculation of returns, for example) in accordance with Canadian GAAP without application of Section 3855;
- a note to the financial statements must present a reconciliation of the NAV of the funds presented in the financial statements with the NAV calculated for other purposes.

The exemption granted regarding the deferment of the application of Section 3855 must end at the earlier of i) September 30, 2008 or ii) the date on which will become effective the changes to be made to the securities legislation applicable to the calculation of the NAV of the funds for purposes other than the preparation of their financial statements.

The Section 3855, *Financial Instruments – Recognition and Measurement* has no impact on the presentation of the financial statements of these investment funds.

CICA Handbook Section 3865, *Hedges*, applies to interim periods and fiscal years beginning on or after October 1, 2006. This Section establishes standards for when hedge accounting may be applied. This Section has an impact on the presentation of the financial statements of these investment funds.

4- RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Investment activities of the funds expose them to some financial risks. The manager of the funds seeks to minimise these risks by employing experienced portfolio managers that will manage the security portfolios of the funds on a daily basis according to market events and the investment policy of each fund. The sensitivity analysis shown in the financial statements may differ from actual trading and the difference could be material.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the fund. The fair value of a financial instrument takes into account the credit rating of its issuer. A figure appears at the investment portfolio in order to show the credit rating of income securities for each fund having a significant exposure to credit risk at the end of the period.

All transactions in securities are settled or paid for upon delivery through brokers. The risk is considered minimal, as delivery of securities sold is made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Interest rate risk

Changes in market interest rates expose income securities, such as bonds, to interest rate risk. Funds that hold income securities are exposed to this risk since changes in prevailing market interest rates will affect the value of income securities. In order to quantify the interest rate risk, a figure appears at the investment portfolio of each fund having a significant exposure to interest rate risks at the end of the period.

Liquidity risk

Unitholders may redeem their units on each valuation date. Therefore, the funds invest their assets in investments that are traded in an active market and can be readily disposed. The funds retain sufficient cash and cash equivalent positions to maintain liquidity.

Notes to Financial Statements *(continued)*

As at March 31, 2008 and September 30, 2007

5- UNITS OUTSTANDING

The number of outstanding units of the Investor Series as at March 31, 2008 and September 30, 2007 is indicated in the following table:

Funds	Investor Series	
	2008	2007
Corporate Cash Management	60,001,785	60,937,752
Treasury Management	48,727,514	43,188,655

6- UNITS ISSUED AND REDEEMED

The number of units issued and redeemed of the Investor Series for the two 6-month periods ended March 31 is indicated in the following table:

Funds	2008		2007	
	Issued	Redeemed	Issued	Redeemed
Corporate Cash Management	37,689,555	38,625,522	109,784,546	117,022,140
Treasury Management	49,155,282	43,616,423	118,781,699	129,107,001

7- MANAGEMENT FEES AND OTHER EXPENSES

As manager of the funds, National Bank Securities Inc. provides investment and administrative services. In exchange for these services, each fund pays management fees based on the average daily net asset value of each fund for the year, up to the maximum indicated in the following table. These fees are paid monthly to the manager.

Funds	Annual Management Fees (Maximum)
Corporate Cash Management	0.40%
Treasury Management	0.25%

8- TRAILER AND SALES CHARGES

As of the manager of the funds, National Bank Securities Inc. pay trailer and sales charges to the broker as of the rate indicated in the following table:

	Advisor Series						Investor Series
	Front-end load		Low Sales charge		Back-end load		No load
	Trailer charge	Sales charge	Trailer charge	Sales charge	Trailer charge	Trailer charge	
Corporate Cash Management	-	-	-	-	-	-	Up to 0.25%
Treasury Management	-	-	-	-	-	-	Up to 0.25%

9- BROKERAGE COMMISSIONS

Total commissions paid to brokers in connection with investment portfolio transactions for the two periods ended March 31, 2008 and 2007 are indicated in the following table.

Funds	Commissions	
	2008	2007
	\$	\$
Corporate Cash Management	-	379
Treasury Management	-	368

Soft dollars

There were no soft dollars affected to goods or services related to the National Bank Funds over the last two periods of 6-month ended March 31, 2008 and 2007.

10- INCOME TAXES

The funds qualify as mutual fund trusts under the *Income Tax Act* (Canada). Each trust distributes all of its net income in order not to be subject to income taxes.

As at March 31, 2008, there were no accumulated losses carried forward from previous years.

11- STATEMENTS OF DETAILED PORTFOLIO MOVEMENTS

Unaudited statements of detailed portfolio movements of the funds for the year ended March 31, 2008 may be obtained, without charge, by writing to National Bank Securities Inc., 1100, University Street, 10th floor, Montreal, Quebec, H3B 2G7.



Redemption of Units

When National Bank Securities Inc. (“NBSI”) receives your request to redeem units of a National Bank Mutual Fund (“fund” or “funds”), the redemption of the units is made at their net asset value. If the redemption request is received after 4:00 p.m., Montreal time, NBSI will redeem the units at their net asset value calculated on the following valuation day. Orders to redeem funds shall be made in accordance with the minimum redemption and the minimum balance requirements contained in the Simplified Prospectus.

Units of the funds may be redeemed:

- By mail, by sending a written request for redemption to National Bank Securities Inc., National Bank Securities Advisory Service, 1100 University Street, 10th Floor, Montreal, Quebec, H3B 2G7. A written request for redemption must indicate the unitholder’s name, the name of the subject fund, the number of units or the dollar amount to be redeemed and the address to which the redemption proceeds are to be sent. The request must be signed by the unitholder with the signature guaranteed by a Canadian chartered bank or trust company or by any member firm of a recognized stock exchange in Canada. NBSI may require further documentation from corporations, fiduciaries and partnerships. The redemption proceeds will be sent to the address specified in the request for redemption without charge.
- Through a representative in a branch of the National Bank of Canada (“Bank”) or in a CABN Investment Inc. (“Investments”) office by means of a form provided for such purpose.
- Through a representative of a Registered Dealer from whom unitholders have purchased units by completing formalities required by this representative of a Registered Dealer.
- By telephone or through Internet, provided the unitholder has completed the requisite forms.

Each fund will make payment for all units redeemed as soon as possible, but, in any event, within three business days after the valuation day upon which the net asset value used for purposes of the redemption was determined.

Should the unitholder requesting redemption of his units not comply with all the requirements of the subject fund that must be complied with prior to the payment by the subject fund of the redemption proceeds payable on the redemption of the units which have been redeemed within ten business days from the date of the determination of the net asset value for the purposes of effecting such a redemption, the subject fund shall be deemed to have received and accepted on behalf of the unitholder on the next business day an order for the purchase of the equivalent number of units which have been redeemed and shall apply the amount of the redemption proceeds to the payment of the purchase price of such units. If the amount of the purchase price of such units is less than the redemption proceeds, the excess shall belong to the subject fund. If the amount of the purchase price of the units exceeds the redemption proceeds, NBSI is required to pay to the subject fund the amount of the deficiency and is entitled to collect such amount together with its costs, charges and expenses in so doing and interest thereon from the registered dealer who placed the order. When no other registered dealer is involved, NBSI may collect such amounts from the unitholder who has failed to comply with all the requirements of the subject fund.

Please refer to the Simplified Prospectus and the Annual Information Form for more details on redemption of units.