

December 10, 2004

Dear Sir or Madam,

RE: Holders of Protected Funds limited to transfers and purchases

In recent years, the financial services industry has undergone major changes resulting in the creation of a number of investment solutions that offer both guaranteed capital and the potential for high returns. National Bank Securities currently offers a complete line of guaranteed products with high return potential and is preparing to roll out two new products with the same features: the Multi-managed GIC and the Global Blue Chip Note (January 2005).

Together, these new investment solutions will present an attractive alternative to the Bank's series of Protected Funds. To streamline its array of capital-guaranteed products, National Bank Securities has decided to close the Protected Funds to new subscribers as of March 31, 2005. This decision will affect the following funds:

NB Protected Canadian Bond Fund
NB Protected Retirement Balanced Fund
NB Protected Balanced Growth Fund
NB Protected Canadian Equity Fund
NB Protected RSP Global Fund

Closing the above funds to new purchases will carry certain implications for unitholders who will nevertheless be able to choose from the following options between now and March 31, 2005:

- You can immediately sell your units of Protected Funds and transfer the capital to a new investment solution. In fact, we can offer you a number of alternatives that guarantee your capital and also offer a very attractive potential return. Your branch advisor or one of our advisors at National Bank Securities Advisory Services will be pleased to help you choose a solution that is geared to your needs.
- You can keep your units in Protected Funds past the cutoff date, but you will not be able to purchase additional units or transfer your existing holdings to another Protected Fund after March 31, 2005. You will however be free to sell your units whenever you want. What's more, we undertake to protect your capital for the remainder of the term (maximum 10 years).
- Until March 31, 2005, and only until that date, you will be entitled to reset your capital guarantee, which will extend the guarantee period another 10 years.

Please note that selling your units, transferring them to another fund or transferring your Protected Funds to an RRSP, could have tax consequences. We therefore recommend that you speak with your branch advisor or one of our advisors at National Bank Securities Advisory Services to find out more about the tax provisions applicable to the disposal of your fund(s). We also suggest that you take advantage of this opportunity to review your investment objectives using our new *Personalized Investment Plan*.

Please feel free to call your branch advisor or call National Bank Securities Advisory Service directly at 1-888-270-3941 (toll free) or (514) 871-2082.

Sincerely,



Charles Guay
President and Chief Operating Officer
National Bank Securities