

Quarterly Bulletin as of September 30, 2010

Natcan Social Value Canadian Equity Fund

INVESTMENT APPROACH: Our goal is to drive the social rating of our fund beyond that of the S&P/TSX. To do so, we rely on three strategies. The first one consists in excluding companies whose primary mission is linked to arms production, tobacco, alcohol, nuclear energy, pornography, or gambling. The second one calls on social value criteria to determine the ethical strengths and weaknesses of companies in different areas, such as community involvement, diversity, employee relations, environment, and commercial practices and products. The third strategy aims at utilizing our shareholder rights through proxy voting. Guidelines are based on the policies developed by certain shareholder groups with ethical and social focus.

MARKET OVERVIEW

The S&P/TSX Index closed out the quarter with an exceptional overall performance of 10.26%. The top performing sectors for the quarter were Materials (+18.24%), Utilities (+15.52%) and Consumer Staples (+15.42%). The weakest performances were recorded by Technology (-1.73%), Energy (7.01%) and Financials (+7.8%) sectors.

The performance of medium and small capitalisation equities largely outstripped other categories over the quarter, particularly in the Gold sector. The S&P/TSX Completion Index (medium capitalisation Canadian equities) notched a return of 15.20% for the quarter. This performance stacks up well against the 10.26% turned in by the overall S&P/TSX and the 8.70% performance for the S&P/TSX 60 (large cap). It therefore appears that small- and medium capitalisation equities have enjoyed a good deal of positive *momentum* in their outperformance of the third quarter.

Investors favoured securities projected to have high growth potential and dividend-paying equities in the short term. The hunt for dividend returns continued and resulted in an impressive return of 15.52% from Utilities, despite the sector's tendency to underperform during a recovery in favour of riskier areas.

PERFORMANCE ANALYSIS

For the third quarter, the portfolio underperformed the S&P/TSX Index by approximately 3.0%. Security selection was largely responsible for the underperformance and the impact of small and medium capitalisation securities in the Gold and Precious Metals sectors also had a material impact.

The strongest contributions to the portfolio's performance over the quarter came from Magna, Agrium and Quadra FNX Mining. Conversely, Potash, TD Bank and Rona were the main source of underperformance.

For more information about Natcan's Funds: 514-871-7600 or info@natcan.com

PERFORMANCE (%)

	3 months	YTD	1 year	4 years	Since Inception (2004-02)
Fund ¹	6.86	3.10	7.54	4.83	7.30
Index ²	10.26	7.46	11.60	4.21	8.01
Added Value	-3.40	-4.36	-4.06	0.62	-0.71

¹ - Everywhere in this bulletin, "Fund" refers to the Natcan Social Value Canadian Equity Fund.
² - Everywhere in this bulletin, "Index" refers to the S&P/TSX Index.

PERFORMANCE ATTRIBUTION VS INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Cash	-23	Positive	
Energy	-34	Magna Intl Inc	46
Materials	-119	Agrium Inc.	29
Industrials	-25	Quadra FNX Mining	21
Consumer Disc.	-48	Open Text Corp	17
Consumer Staples	-27	Astral Media Inc.	15
Health Care	-1	Negative	
Financial Services	-70	Potash Corp	-71
Technology	-1	<i>TD Bank</i>	<i>-37</i>
Telecommunications	10	Rona Inc.	-30
Utilities	-8	<i>Ivanhoe Mines</i>	<i>-20</i>
Total	-346	<i>Brookfield Asset Mgt</i>	<i>-19</i>

Performance attribution includes sector allocation and stock selection. In green: not a portfolio holding.

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OUTLOOK AND STRATEGY

We are maintaining our focus on *value* securities with solid business models and free cash flow returns.

A few adjustments were made to the portfolio over the quarter. We decided to sell Rona based on its recent disappointing financial results, the substantial slowdown in growth for consumer expenditures in Canada and a degree of inflationist pressure in the company's cost structure. We recently added Dollarama to the portfolio as we believe it offers excellent growth potential. The company is showing significant growth both in terms of number of stores, revenues per store and profits per share. We also increased the weighting in Research In Motion (RIM) as we feel it offers an excellent risk-return ratio at its current price.

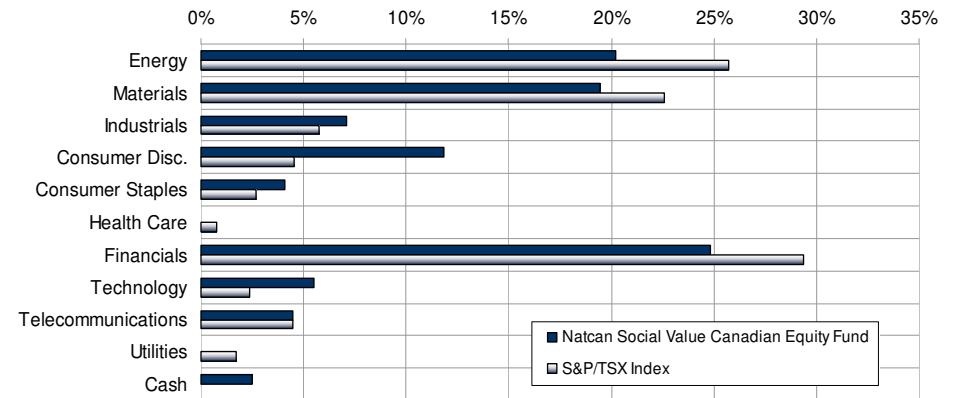
We anticipate modest but positive economic growth in the coming months. We do not feel that a return to recession is likely in the short term.

We believe that current and future dividend returns will contribute to total returns. Corporate dividends should continue to play a substantial part in future market returns. Companies that are able to increase their dividends may outperform the market as a whole.

We predict that large capitalisation companies will provide a certain degree of capital protection due to their established businesses, liquidity and access to financing, should our economic outlook prove overly optimistic.

The current market is not rewarding such a strategy, as proven by the returns of the various Canadian stock indexes. This phenomenon can be expected to continue for some time to come. We believe that the portfolio's current positioning could result in attractive opportunities by the end of the year.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Securities	Weight
Barrick Gold Corp	6.5%
Royal Bank	5.9%
Suncor Energy Inc.	5.2%
Scotia Bank	4.3%
Canadian Natural Resources	3.2%

MAIN ACTIVE WEIGHTS

Overweight		Underweight	
Barrick Gold Corp	3.3%	Toronto Dominion Bank	-4,6%
Magna Intl Inc.	2.5%	Transcanada Corp	-1,9%
Quebecor Inc.	2.2%	BCE Inc.	-1,8%
Astral Media	1.9%	Kinross Gold Corp	-1,5%
Brookfield	1.7%	Enbridge Inc.	-1,5%

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