

Quarterly Bulletin as of September 30, 2010

Natcan Corporate Universe Bond Fund

INVESTMENT APPROACH: Based on rigorous risk management, our approach focuses on capital preservation. Our experts share a global market perspective, and favour a disciplined investment process rooted in the belief that security and industry selection plays a central role in portfolio performance. The portfolio is actively managed without duration deviations. Our management process begins with the duplication of the index through vigorous security selection. We then proceed to an in-depth analysis of relative values with the help of derivatives in order to increase the yield of the portfolio while avoiding additional credit risk. We then analyse economic, fundamental, and technical factors to try to predict Canada and U.S. credit spreads over a 6-month horizon. Finally, we initiate different tactical deviations, and conclude with the management, in real time, of these deviations by evaluating the risk and expected return of the portfolio.

MARKET OVERVIEW

Following a rally in spreads during the month of July, the tone in the corporate bond market turned softer for the end of the quarter. Global concerns over the European sovereign credit crisis combined with weaker economic data contributed to a widening of the spreads in August and September. Overall, the spreads traded range-bound for the quarter. The lack of new issuances helped to keep the spreads stable due to the significant amount of cash on the sidelines. In September, new disclosures by the Basel III committee prompted fears of an early par call redemption for Banks and Insurers hybrid securities which made their spreads widened significantly. Insurers were also under pressure during the quarter following poor financial results from Manulife.

The DEX Universe Corporate Index posted a return of 3.16% for the third quarter of 2010, which represents an outperformance of 75 basis points over its federal counterpart DEX Universe Federal Bond Index. A and AA-rated short-term corporate issues made the strongest positive contribution to the index's return during the quarter.

PERFORMANCE ANALYSIS

The portfolio's return for the quarter was positive, but slightly lower than that of its reference index DEX Universe Corporate Index. This underperformance can be largely attributed to the portfolio's overweight position in Insurers and Sub-Debt and underweight position in Utilities. Conversely, the portfolio's relative performance benefited from the weight of Provincial bonds and the overweight position in Real Estate sector.

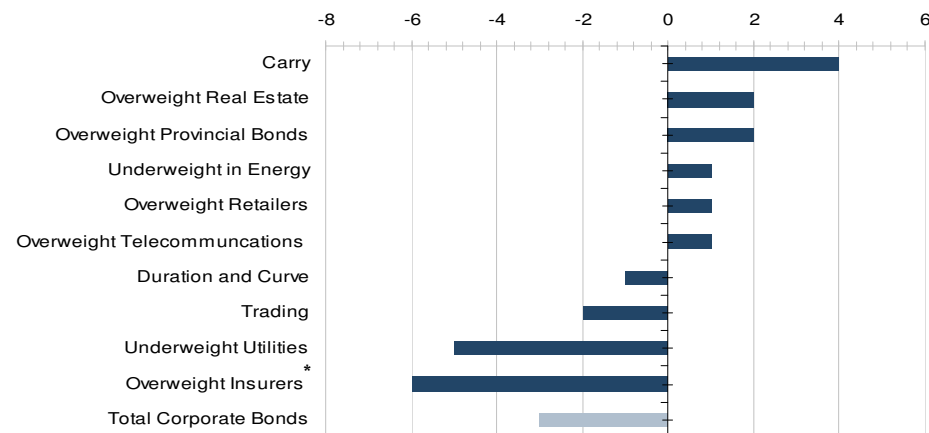
PERFORMANCE (%)

	3 months	YTD	1 year	4 years	Since Inception (2005-12)
Fund ¹	3.14	8.46	10.09	7.50	7.05
Index ²	3.16	7.83	8.89	6.58	6.27
Added Value	-0.02	0.63	1.20	0.92	0.78

1 - Everywhere in this bulletin, "Fund" refers to the Natcan Corporate Universe Bond Fund.

2 - Everywhere in this bulletin, "Index" refers to the DEX Universe Corporate Bond Index.

PERFORMANCE ATTRIBUTION VS INDEX



*Includes Sub-Debt.

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OUTLOOK AND STRATEGY

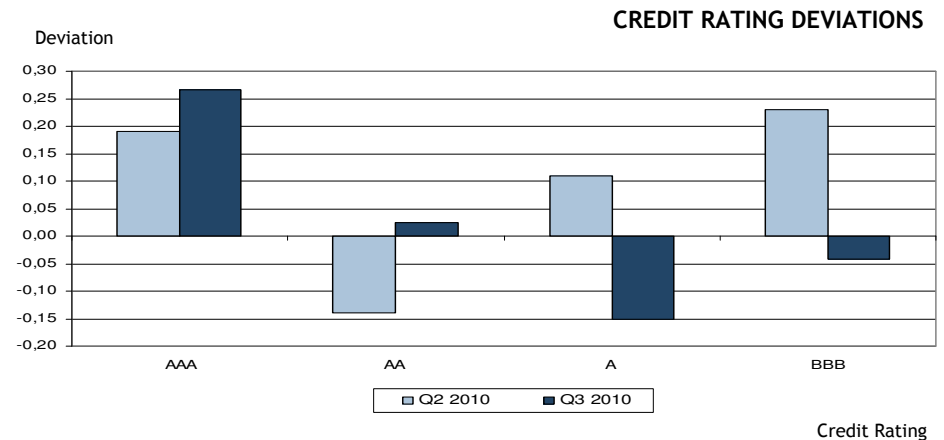
During the third quarter, the main theme was to lower the risk of the portfolio and therefore we reduced our overweight of BBB credits. We participated in new issuances by reducing the weight of Federal government and Provincial bonds.

Provincial bonds were kept mostly for liquidity purposes and used as a substitute for Canadian bank deposit notes. We use Government of Canada bonds as a cash substitute while we are waiting for attractive new corporate issues.

Our biggest overweight is in the Industrials sector. It is largely due to a position in Loblaw, a food retailer with an attractive spread and a turnaround story. We reduced the dollar-duration of this sector during the quarter as we reduced the risk of the portfolio during the quarter by lowering our exposure to BBB credits.

We are also overweight in Insurance Companies' debt rather than bank deposit notes because there is currently a pick between 50 and 100 basis points between these two. We reduced our underweight in Tier 1 and senior bank debt during the quarter by participating in Royal Bank new issuance. We increased our underweight in Energy sector during the quarter while reducing our BBB exposure.

Our strategy for the coming months is to keep a good cash position in Provincial and Federal government bonds that will allow us to participate in the new issues. We anticipate new issuances to be more significant in the coming months than what we experienced in the summer months of the last quarter.



Note: Dollar duration = duration spread x weighting spread

MAIN DEVIATIONS

Overweights	Natcan	Index	Deviation	Natcan Duration	Index Duration	DV01
Government of Canada	2,86%	0,00%	2,86%	2,9		0,08
First Capital Realty	2,49%	0,24%	2,24%	2,8	3,0	0,06
BMW Canada Inc	2,14%	0,28%	1,86%	2,4	2,4	0,04
Intact Financial Corp	1,94%	0,20%	1,74%	13,5	10,4	0,24
Sun Life	4,08%	2,36%	1,73%	4,9	4,8	0,09
General Electric Capital Canada	5,21%	3,60%	1,61%	5,0	5,5	0,06
Manulife	4,33%	2,75%	1,58%	5,9	4,9	0,12
CI Financial Corp	1,67%	0,17%	1,50%	3,4	2,9	0,05
American Express Canada	1,83%	0,52%	1,31%	3,3	3,1	0,04
Province of Ontario	1,30%	0,00%	1,30%	5,3		0,07

Underweights	Natcan	Index	Deviation	Natcan Duration	Index Duration	DV01
Hydro One Inc	0,00%	2,95%	-2,95%		8,866	-0,26
CIBC	3,09%	5,17%	-2,08%	4,519	3,848	-0,06
Enbridge Inc	0,86%	2,86%	-2,00%	13,538	8,773	-0,13
Bank of Montreal	3,14%	5,06%	-1,92%	3,842	4,377	-0,10
Toronto Dominion Bank	4,97%	6,69%	-1,72%	5,479	4,330	-0,02
Wells Fargo Finance Canada	0,00%	1,49%	-1,49%		3,060	-0,05
CU Inc	0,00%	1,17%	-1,17%		9,927	-0,12
Greater Toronto Airport Authority	1,80%	2,93%	-1,13%	7,925	8,146	-0,10
Spectra Energy	0,58%	1,62%	-1,04%	10,597	8,399	-0,08
Fortis Inc	0,51%	1,54%	-1,03%	14,303	11,605	-0,11

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