

Quarterly Bulletin as of March 31, 2011

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.

PERFORMANCE (%)

MARKET OVERVIEW

The overall theme of the quarter was one of credit spread tightening and rising interest rates set to a backdrop of improving economic fundamentals. In addition, a flare-up in European sovereign risk and the impact and subsequent fallout of the Japanese earthquake soured the market's appetite for risky assets.

Significant issuance came to market over the quarter, particularly in the financial, high yield and telecommunication sectors. Canadian banks looked to get a leg up on their substantial refinancing needs in the first quarter of the year. Also seen in the new issue docket were maple issuers and Public and Private Partnership project financing. The very heavy issuance volumes pushed spreads wider across the board, particularly in sectors such as telecommunication and cable.

The DEX Corporate Bond Index ended the first quarter of 2011 up 0.33%, which represents an outperformance of 73 basis points over the DEX Federal Index and 106 basis points over the DEX Provincial Index. The short to medium term A-rated companies, mostly in the Financial sector, were the stronger performers during the quarter. The worst performing sectors were Energy and Infrastructure in the longer part of the curve.

PERFORMANCE ANALYSIS

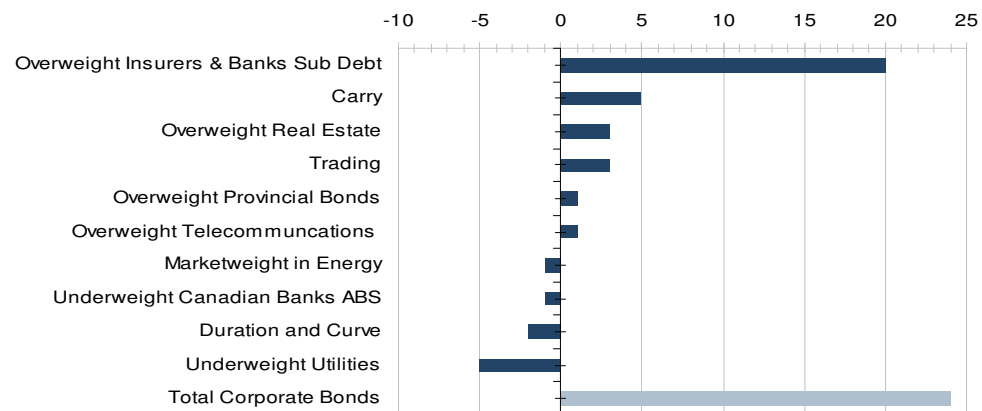
For the first quarter, the portfolio outperformed its benchmark, the DEX Universe All-Corporate Index by 0.24%. This outperformance can be mainly attributed to the portfolio's overweight position in Insurers and bank hybrid securities. Conversely, the underweight in Utilities, the duration and curve positioning proved less lucrative.

	3 months	YTD	1 year	4 years	Since Inception (2005-12)
Fund ¹	0.57	0.57	5.77	7.03	6.36
Index ²	0.33	0.33	5.37	6.03	5.63
Added Value	0.24	0.24	0.40	1.00	0.73

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



Natcan Corporate Universe Bond Fund as of March 31, 2011

OUTLOOK AND STRATEGY

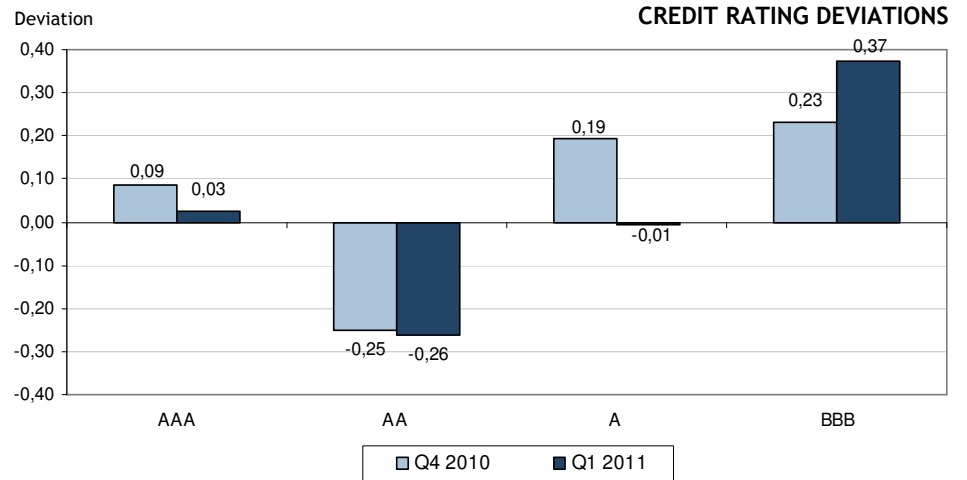
During the quarter, we decreased the credit duration of the total portfolio by approximately 0.10 year to bring down the risk to a market neutral position. We participated in new issuances in the Energy, Financial, Communication, Infrastructure, Provincial and Municipal sectors.

We continue to hold Provincial bonds for liquidity purposes and as a substitute for Canadian bank deposit notes. We use Government of Canada bonds as a cash substitute for the potential financing of attractive new corporate issues.

Our largest overweight remains in the Financial sector in which we made the most notable changes over the quarter and reduced credit duration. Moreover, we reduced our Senior Insurer position by selling some of our long Intact Financial paper, and exiting our position in Sun Life Financial 2016-36 bond. Likewise, we reduced our Senior Bank position by selling all of our National Bank of Canada 2014 paper, and sold some of our CIBC position to reduce our Bank Tier 1 exposure to become market neutral.

We maintain our underweight in Infrastructure as it is a very expensive sector, with bonds often trading at their Canada call yield. In the Energy sector, we sold all of our position in Transalta Corporation as the risk-reward had become less interesting.

In the coming weeks, we will monitor how the new issuances of 2011 will build up. We significantly reduced our cash position in the last quarter but it may change quickly, should investment opportunities materialize in new corporate issues. Going forward, we expect corporate bonds to continue outperform and experience continuous inflows, given the positive outlook for rates across the curve, solid corporate fundamentals, and investors' appetite for yield.



Note: Dollar duration = duration spread x weighting spread

MAIN DEVIATIONS

Overweights	Natcan	Index	Deviation	Natcan Duration	Index Duration	DV01
First Cap Realty Inc	2.68%	0.31%	2.37%	3.7	4.4	0.09
CI Financial Corp	2.55%	0.26%	2.29%	3.4	3.1	0.08
Manulife Financial	4.61%	2.52%	2.09%	5.7	4.7	0.14
General Electric Capital Canada	5.50%	3.53%	1.97%	4.6	5.0	0.08
American Express Canada	1.78%	0.48%	1.30%	2.9	2.6	0.04
Sun Life Financial	3.06%	1.84%	1.22%	4.6	5.1	0.05
Xceed Mortgage Trust	1.09%	0.00%	1.09%	0.7		0.01
Inter Pipeline Corridor	1.31%	0.31%	1.00%	7.8	7.1	0.08
Gouvernement du Canada	0.96%	0.00%	0.96%	5.0		0.05
Intact Financial Corp	1.46%	0.51%	0.94%	10.1	9.3	0.10

Underweights	Natcan	Index	Deviation	Natcan Duration	Index Duration	DV01
Hydro One Inc	0.00%	2.66%	-2.66%		8.5	-0.23
Bank of Montreal	3.13%	5.52%	-2.40%	3.8	4.2	-0.11
Enbridge Inc	0.68%	2.73%	-2.05%	14.0	8.5	-0.14
CIBC	3.59%	5.53%	-1.95%	3.8	3.9	-0.08
Greater Toronto Airport Authority	1.02%	2.57%	-1.55%	9.6	9.0	-0.13
National Bank	0.00%	1.37%	-1.37%		4.1	-0.06
Canadian Utilities Inc	0.00%	1.10%	-1.10%		9.8	-0.11
Fortis Inc	0.48%	1.50%	-1.02%	13.9	11.5	-0.11
Spectra Energy	0.54%	1.55%	-1.01%	10.1	7.8	-0.07
Capital Desjardins Inc	0.00%	1.00%	-1.00%		4.7	-0.05

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