QUARTERLY BULLETIN AS AT JUNE 30, 2008

NATCAN INTERNATIONAL EQUITY FUND

Management Approach Company evaluation is at the core of our strategy as this is the source of our value added. Not all companies are created equal. We only buy the best business models, firms with a lasting competitive edge that will surpass their peers over the long run (3-5 years). We believe that the best strategy is to buy quality and avoid speculative issues. We favor sectors that display consistent growth and lower volatility over time. We do not speculate and as such, we avoid highly volatile sectors or stocks. Part of our investment process consists of creating a universe of companies that meet our criteria for investment. This pre-selected universe is the cornerstone of our "bottom-up" approach and is indicative of the emphasis we put on security selection (what we believe is our source of value added). Our typical investment horizon is 4 to 5 years.

MARKET OVERVIEW

International markets declined 3.0% (in Canadian currency) for the quarter. Ongoing concerns about further write-downs and the potential need for additional capital drove Financials down 11.3%, followed by Consumer Staples (-10.0%) and Consumer Discretionary (-8.8%). Energy (16.4%), Materials (+8.6%), and Health Care (+0.9%) were the only sector with positive quarter returns.

Three themes dominated the period: the continuation of the run-up for energy, raw materials and agriculture products resulting in the outperformance of the Energy and Materials sectors; the absence of signs pointing to an easing of the global credit market turmoil, leading to the underperformance in Financials; and signs of decline in the housing markets of many of the world's developed countries, which led to concerns regarding consumers' balance sheets and consequently, to the underperformance in both Consumer sectors.

PERFORMANCE REVIEW

For the quarter, the portfolio underperformed its benchmark with a return of -5.2%. Despite a profitable underweight in the sector, the poor performance of our financial holdings (Dexia, UBS, Prudential Financial) harmed performance. The only positive contributions were in the Materials and Consumer Discretionary sectors. Top performing stocks for the quarter include Arcelor Mittal, Petroleo Brasileiro, and BG Group while main laggards were Dexia, Prudential, and Veolia Environnement.

PERFORMANCE

	3 months	YTD	1 year	4 years	10 years
Fund[1]	-5.20%	-10.46%	-13.25%	3.98%	4.32%
Index[2]	-3.35%	-8.47%	-14.75%	5.43%	1.97%
Added value	-1.85%	-1.99%	1.50%	-1.45%	2.35%

1 - Everywhere in this bulletin, "Fund" refers to the Natcan International Equity Fund.
2 - Everywhere in this bulletin, "Index" refers to the MSCI EAFE Index.

PERFORMANCE ATTRIBUTION VS THE INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Energy	-3	**Positive**	
Materials	35	Arcelor Mittal	38
Industrials	-3	Petroleo Brasileiro	33
Consumer Disc.	13	BG Group	31
Consumer Staples	-41	Syngenta	25
Health Care	-38	Saipem	23
Financials	-203	**Negative**	
Technology	-1	Dexia	-83
Telecommunications	-27	Prudential Financial	-35
Utilities	-20	Veolia Environnement	-32
Total equities	-288	Aviva	-31
Foreign exchange/Liquidity	103	UBS AG	-31
Total	**-185**		

Sector attribution includes sector allocation and stock selection.

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OUTLOOK AND STRATEGY

The portfolio remains defensively positioned with a strong overweight in Health Care and a high cash level. There are increasing signs that Europe is beginning to feel the impact of a slowing U.S. economy, a strong euro, and increasing input costs. Retail demand is already suffering in some areas, and housing markets are under pressure in most countries. Inflationary pressures are expected to increase going forward, driven by continued price increases for oil, food, and many raw materials. In this context, the Financial Services sector remains vulnerable, substantiating the portfolio's underexposure to the sector.

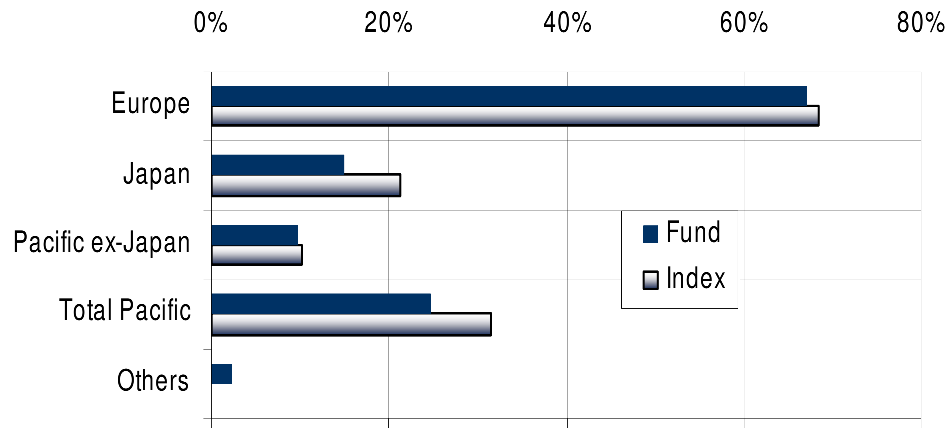
We trimmed the position in Veolia due to concerns over its ability to pass through increasing costs, and invested the proceeds in existing positions of E.ON and International Power. Signs of increasing stress for EFG Eurobank and Dexia led us to reduce these positions as well. Conversely, we initiated a position in Santander, one of the few banks unlikely to face significant write-downs as a consequence of the credit turmoil. In the Industrials sector, we trimmed Siemens and Schneider. We invested these proceeds in Daikin, ABB, and Alstom, three beneficiaries of global infrastructure built out.

We are seeking new ideas in Japan, the only country where an increase in inflationary readings could be welcome news. Should we get tangible evidence that credit markets are recovering we would stand ready to decrease our underweight in Financials.

TECHNICAL CHARACTERISTICS

	P/E	Div.	Net Margin	ROE	Growth Pot.	Net Debt/ Equity
Fund	15.0X	3.3%	11.0%	22.2%	11.3%	32.2%
Index	15.0X	3.2%	7.9%	16.7%	8.7%	41.5%

GEOGRAPHICAL ALLOCATION



TOP TEN HOLDINGS

Securities	Weight
BG Group	3.8%
Nestle SA	3.6%
Nintendo	3.6%
E.On Ag	3.0%
Syngenta	2.9%
Arcelor Mittal	2.5%
Rio Tinto Plc	2.3%
Telefonica SA	2.3%
Komatsu	2.3%
Novo-Nordisk AS	2.2%