NATCAN GLOBAL 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

Global equity markets had another negative quarter as continued strength in Energy and Materials was not enough to offset weakness in the Financial Services sector. Economic sentiment continued to weaken through the quarter as higher inflation due to rising energy, food, and raw material costs continued to dampen consumer spending.

Global equity markets fell 3.1% (CAD) in the second quarter of 2008. However there was an unusual deviation between the best and the worst markets with Norway up 13.1% and Belgium down 19.6%. In terms of sectors, Energy and Materials were significantly ahead of all other sectors with returns of 17.3% and 9.2% respectively. Main laggards were Financials (-13.3%), Consumer Discretionary (-9%), Consumer Staples (-7.8%), and Industrials (-6.1%).

PERFORMANCE REVIEW

The portfolio returned -4% for the quarter mainly because of stock picking in Financials (Dexia, Prudential Financial, Ameriprise, JP Morgan) and Health Care (Novo-Nordisk and Allergan).

Positive contributors were the Materials (BHP, Rio Tinto) and Consumer Discretionary (Shimano and Staples) sectors.

PERFORMANCE

	3 months	YTD	1 year	4 years	Since inception (2004-06)
Fund[1]	-4.06%	-11.54%	-13.38%	n/a	-0.08%
Index[2]	-3.33%	-8.73%	-15.74%	n/a	-1.60%
Added value	-0.73%	-2.81%	2.36%	n/a	1.52%

1 - Everywhere in this bulletin, "Fund" refers to the Natcan Global Equity Fund.
2 - Everywhere in this bulletin, "Index" refers to the MSCI World ex-Canada.
Sources: MSCI-Barra, Thomson Financial

PERFORMANCE ATTRIBUTION VS THE INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Energy	-33	**Positive**	
Materials	34	Petroleo Brasileiro	38
Industrials	14	General Electric Co.	33
Consumer Disc.	33	Bank of America Corp.	24
Consumer Staples	-11	BG Group	21
Health Care	-47	BHP Billiton Ltd.	21
Financials	-91	**Negative**	
Technology	25	Dexia	-46
Telecommunications	-30	Prudential Financial	-37
Utilities	-10	Ameriprise Financial	-34
Total equities	-116	JPMorgan Chase and Co.	-23
Foreign exchange/Liquidity	43	Barclays	-22
Total	**-73**		

Sector attribution includes sector allocation and stock selection.

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OUTLOOK AND STRATEGY

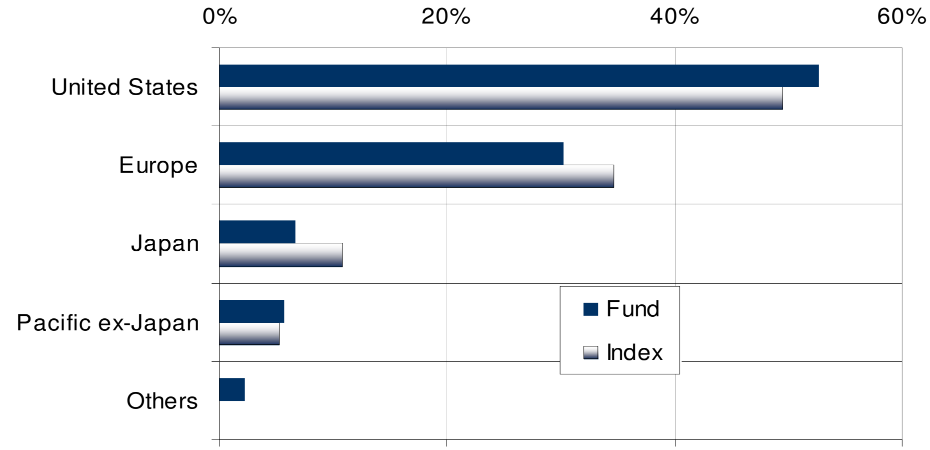
The portfolio is positioned relatively defensively with overweight positions in Consumer Staples and Health Care as well as a considerable cash level. Given the high level of uncertainty regarding the future price of oil, we do not currently have a large directional bet in the Energy sector. We remain underweight Financials as we believe the problems persist and the European housing market is showing signs of weakness. In our opinion, problems lay ahead for many of the European financials. The portfolio is also underweight in the Consumer sectors as we believe inflation is increasingly becoming a problem. With wage increases yet to show, the first response of the consumer might be to cut back on discretionary items.

The key issue driving strategy over the next quarter will be the outlook for economic growth and inflation. The dilemma the market currently faces is whether the strong performance in Energy and commodities will result in demand destruction, and push the Organization for Economic Co-operation and Development (OECD) economies into recession, or whether emerging economies will take up the slack. If it becomes clear that we are going into a global recession, the relatively neutral stance in Energy may be re-addressed as well as the position in the Industrial sector.

TECHNICAL CHARACTERISTICS

	P/E	Div.	Net Margin	ROE	Growth Pot.	Net Debt/ Equity
Fund	18.6X	2.4%	11.4%	23.0%	12.9%	23.7%
Index	16.2X	2.8%	7.9%	17.4%	9.6%	41.2%

GEOGRAPHICAL ALLOCATION



TOP TEN HOLDINGS

Securities	Weight
Nestle SA	2.7%
Exxon Mobil	2.7%
BG Group	2.5%
Exelon Corp.	2.3%
Nintendo Co.	2.2%
Apple Inc.	2.1%
CVS Caremark Corp.	1.8%
Johnson & Johnson	1.7%
Lockheed Martin Corp.	1.7%
BHP Billiton LTD	1.7%