QUARTERLY BULLETIN

AS AT JUNE 30, 2008

NATCAN COPORATE UNIVERSE BOND FUND

Management 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

After experiencing extreme volatility during the first quarter of 2008, the credit market stabilized after the bailout of Bear Stearns by the Federal Reserve and JPMorgan, and central banks' additional liquidity measures, which have helped greatly reduce the systemic risk. However, spreads widened toward the end of June due to renewed concerns of inflation and significant supply of products by financial institutions. The spreads of the DEX Corporate Universe Index widened by 5 basis points to end the quarter at +162. The latest round of new issuance has required concessions to secondary trading levels of 10-20 basis points in order to induce buyers.

The DEX Corporate Universe Index returned -0.47% during the second quarter compared to -0.89% for the DEX Federal Bond Index. The AAA/AA Bond Index outperformed during the quarter, returning 0.06% compared to -1.13% and -0.73 for the A and BBB Bond indices respectively.

PERFORMANCE REVIEW

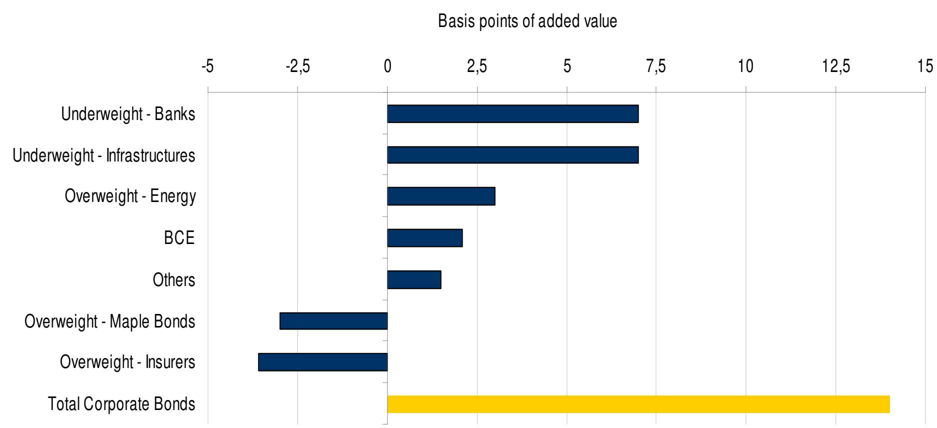
The portfolio generated 14 basis points of value added for the second quarter of 2008. Its underweight positions in banks and infrastructures as well as the overweight in Energy were favourable to performance. The only negative contributors resulted from the overweight in insurers and AAA Supranational Agency securities.

PERFORMANCE

	3 months	YTD	1 year	4 years	Since inception (2005-12)
Fund[1]	-0.33%	1.46%	4.02%	n/a	3.05%
Index[2]	-0.47%	1.62%	4.26%	4.95 %	3.23%
Added value	0.14%	-0.16%	-0.24%	n/a	-0.18%

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 THE INDEX



COPORATE UNIVERSE BOND FUND

OUTLOOK AND STRATEGY

At the beginning of the quarter, the portfolio had 7.7% of government bonds, which was used to participate in new issuances during the quarter following the bailout of Bear Stearns. By the end of the quarter, we had reduced this overweight to 2.4%. Despite the significant widening of spreads since the beginning of the year, we believe the current economic uncertainties along with new issuances at significant concession levels will continue to influence credit spreads in the coming months. The weight of the government bonds will remain above 2% given the ongoing uncertainty in the market.

We reduced the underweight in the Financial Services sector, and increased duration in energy producers. We will continue to participate in new issues at favourable pricing relative to secondary trading levels. Financial spreads are attractive on an historical basis. As such, we should move to an overweight in that area over the next quarters. We have increased the overweight in ABS as these securities trade at very attractive levels compared to bank notes, despite the fact that the latter benefit from a AAA rating. Not only are Canadian ABS less expensive than the U.S. counterparts, they also benefit from an advantageous history of losses.

We are uncomfortable with Bank of Montreal and CIBC's exposure to the U.S. sub-prime mortgage crisis. As such, we prefer to wait for signs of improvement before reducing the underweight in banks. Moreover, the risk/return ratio of hybrid securities is becoming increasingly attractive relative to bank notes.

TECHNICAL CHARACTERISTICS

Characteristics	Fund
Number of issuers	88
Yield to maturity	5.47%
Average spread (basis points)	193
Average credit rating	5.21

MAIN DEVIATIONS

Overweight	Natcan Weight	Index Weight	Weight Deviation	Natcan Duration	Index Duration	Dollar / Duration
Canada Mortg. Accept. Corp.	2.53%	0.00%	2.53%	0.850	0.000	-0.02
Canada Government	2.42%	0.00%	2.42%	5.783	0.000	-0.14
XCEED (TACM mortgage Cad)	2.06%	0.00%	2.06%	1.892	0.000	-0.04
Broadway Credit Card Trust	2.54%	0.50%	2.04%	3.772	3.726	-0.08
Daimler AG	2.23%	0.27%	1.96%	1.296	1.296	-0.03
STARTR (TACM receivables)	1.86%	0.00%	1.86%	1.623	0.000	-0.03
Enmac Corporation	1.50%	0.14%	1.36%	7.377	7.377	-0.10
Honda Canada Finance Corp.	2.12%	0.91%	1.21%	3.724	3.156	-0.05
BCE	2.63%	1.56%	1.07%	4.169	6.711	-0.01
CCARAT (TACM auto loans)	1.23%	0.18%	1.05%	1.684	1.422	-0.02

Underweight	Natcan Weight	Index Weight	Weight Deviation	Natcan Duration	Index Duration	Dollar / Duration
Bank of Montreal	3.71%	6.17%	-2.45%	5.657	4.683	0.08
Hydro One	0.08%	2.32%	-2.24%	14.251	8.752	0.19
CIBC Bank	2.68%	4.80%	-2.12%	5.095	3.362	0.02
National Bank	0.00%	1.38%	-1.38%	0.000	5.118	0.07
Greater Tor. Airport Author.	1.71%	3.03%	-1.32%	7.136	8.270	0.13
Spectra Energy	0.46%	1.70%	-1.24%	10.257	6.909	0.07
HSBC	0.79%	1.74%	-0.95%	4.773	3.160	0.02
Trans Canada Pipeline	1.26%	2.21%	-0.95%	8.862	7.194	0.05
407 International Inc.	0.55%	1.45%	-0.90%	10.857	7.130	0.04
Glacier Credit Card Trust	0.00%	0.82%	-0.82%	0.000	2.666	0.02