QUARTERLY BULLETIN

AS AT JUNE 30, 2008

NATCAN SOCIAL VALUE CANADIAN EQUITY FUND

Management Approach Our goal is to drive the social rating of our fund beyond that of the S&P/TSX. To do so, we rely on three strategies. The first one consists in excluding companies whose primary mission is linked to arms production, tobacco, alcohol, nuclear energy, pornography, or gambling. The second one calls on social value criteria to determine the ethical strengths and weaknesses of companies in different areas, such as community involvement, diversity, employee relations, environment, and commercial practices and products. The third strategy aims at utilizing our shareholder rights through proxy voting. Guidelines are based on the policies developed by certain shareholder groups with ethical and social focus.

MARKET OVERVIEW

While most equity markets around the world were down, the S&P/TSX Index closed the quarter with a robust performance of +9.09%. Once again there was an acute polarization of investors toward resources, namely oil and fertilizers. Canada mitigated the global pullback with the strong quarterly performance of Materials (+17.55%) and Energy (+22.88%), two sectors that represent over 50% of the Index. Health Care (-10.89%) and Consumer Discretionary (-10.74%) were the period's main laggards.

The winning sectors of the Canadian market are powered by two key trends: increasing prices for oil and for agricultural materials in the form of fertilizer ingredients. Crude oil notched its largest ever one-day increase on Friday June 6 with an $11 advance, thereby exceeding the price of an entire barrel at its late 1990s trough. Oil consumers are reacting to such high prices. Emerging countries have begun to reduce or abandon price subsidies; China mandated price increases while India abandoned certain subsidies. The Financial Times has reported that the value of oil subsidies in India had reached a level equivalent to the sums spent on education nationwide! One need only think of the fact that only wealthy individuals can afford automobiles in a country like India to realize how distorted the situation has become.

PERFORMANCE REVIEW

For the quarter, the portfolio generated a very positive absolute return on the back of good stock selection in Energy and Materials. Yet, we did not manage to outperform the Index as the absence of Potash Corporation of Saskatchewan and Canadian Oil Sands Trust along with our overexposure to WestJet, Astral, CIBC, and Magna weighed the portfolio down. Top contributors to relative performance this quarter were Agrium, Canadian Natural Resources, and EnCana.

PERFORMANCE

	3 months	YTD	1 year	4 years	Since inception (2004-02)
Fund[1]	7.43%	0.89%	-1.75%	12.97%	11.17%
Index[2]	9.09%	5.99%	6.75%	16.63%	14.69%
Added value	-1.66%	-5.10%	-8.50%	-3.66%	-3.52%

1 - Everywhere in this bulletin, "Fund" refers to the Natcan Social Value Canadian Equity Fund.
2 - Everywhere in this bulletin, "Index" refers to the S&P/TSX Index.

PERFORMANCE ATTRIBUTION VS THE INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Cash	-65	**Positive**	
Energy	-25	Agrium Inc.	153
Materials	91	EnCana Corporation	42
Industrials	-50	Canadian Natural Resources	40
Consumer Disc.	-38	Fording Cdn Coal Trust	34
Consumer Staples	-29	Bombardier Inc.	26
Health Care	-1	**Negative**	
Financials	-38	Potash Corp. of Sask.	-167
Technology	-2	Canadian Oil Sands Trust	-47
Telecommunications	-17	WestJet Airlines	-39
Utilities	4	Astral Media Inc.	-28
Total	**-170**	CIBC Bank	-24

Sector attribution includes sector allocation and stock selection. In green: not a Fund portfolio holding.

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OUTLOOK AND STRATEGY

During the quarter, we moved to reduce our exposure to the Energy sector as we feel the paroxysm of the energy bubble is behind us. We also decreased the portfolio's weight in Financials and Telecommunications. Conversely, we upped the portfolio's exposure to gold to take advantage of the only commodity that has not yet corrected upward since the beginning of the current inflationary trend.

We view the Canadian market as currently adjusting to a slowdown in the Financials and Consumer sectors as a result of the increasing price of oil and the sheer dominance of raw materials over global markets. With the price of oil escalating to unprecedented heights, emerging countries have begun to reduce or abandon price subsidies. Yet, prices continue to climb as investors are adamant to believe demand in emerging countries will keep moving forward.

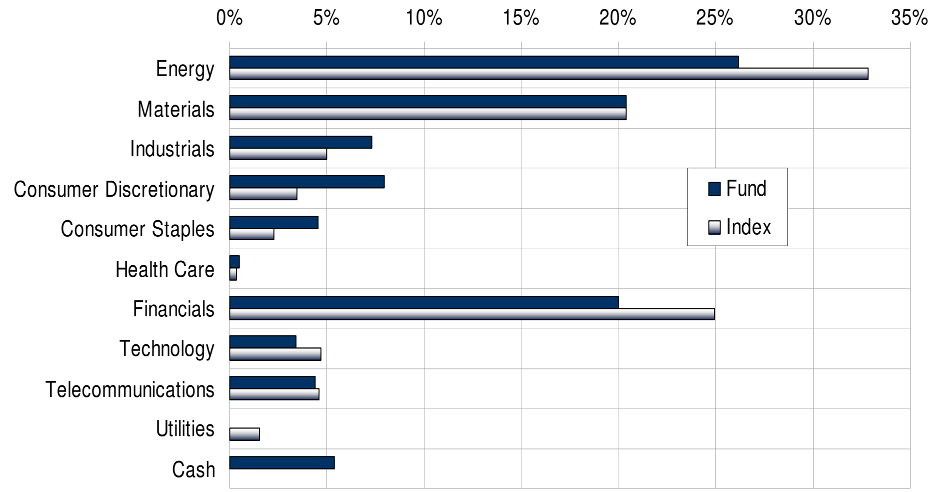
The clear split in sector returns has strongly affected our Value style; investors have turned to Growth investing and shunned solid sectors and names in the process, despite sound fundamentals and cheap valuation levels. It is our opinion that this situation cannot last for much longer. U.S. consumers may in fact hold the key to oil's future prices. Constituting about half of domestic energy demand in the world's most voracious consumer of oil, their actions undertaken to curb consumption could well be the swing factor over the coming months. As such, we continue to build a portfolio of Value stocks which we believe will yield great returns in the long term, once this momentum cycle has ended.

SOCIAL VALUE INDEX

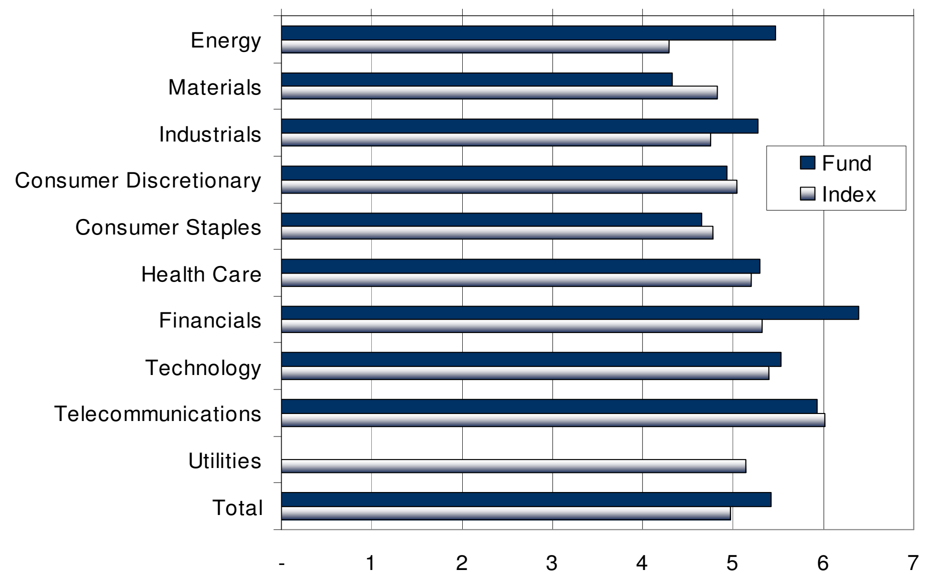
As at June 30, 2008, the Fund's weighted ESG score was slightly inferior to that of its index: 5.59 against 5.64 for the S&P/TSX Index.

This slight underperformance resulted from certain changes made to the portfolio and a sector rotation that caused a temporary inbalance. We are striving to resolve the situation so that the Fund's ESG score once again exceeds that of the benchmark.

SECTOR ALLOCATION



AVERAGE OF ESG PERFORMANCE PER SECTOR



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