

Quarterly Bulletin as at June 30, 2009

Natcan U.S. Equity Fund

INVESTMENT APPROACH: We are bottom up stock pickers, searching for secular growth opportunities that are reasonably priced. Preference is given to sectors offering sustainable growth and low volatility. The managers seek out and invest in the best business models globally: companies generating stable and persistent earnings growth, expanding and above-average profit margins, and high returns on capital. This combination of attractive characteristics provides a margin of safety and a cushion against a host of inevitable economic and business uncertainties.

MARKET OVERVIEW

In the second quarter, investors' renewed interest in stock markets allowed various world indexes to record their best gains in recent years. After the pessimism and negative economic data of the past few months, investors were encouraged by a wave of positive economic news and corporate earnings indicating that the worst of the crisis may now be behind us.

Accordingly, the S&P 500 notched its highest quarterly return since 1998 at +15.9% in US dollars. However, due to the significant depreciation of the greenback against most leading currencies, including a nearly -8.4% slide against the loonie, the S&P 500's return in Canadian dollars was +6.9%.

Much of the S&P 500's gains were attributable to Financials, which returned an exceptional +25.1%. The sector's growth stems from the bailout plans and proposed measures, which appear to be bearing fruit, as well as better-than-expected results for U.S. financial institutions. The Technology, Industrials and Consumer Discretionary sectors also turned in attractive returns in the neighbourhood of +10%. Finally, although the sectors as a whole posted positive results, Telecommunications declined by -4.65%.

PERFORMANCE REVIEW

For the quarter, the portfolio underperformed its benchmark, due mainly to its underweight in Financials, the top-performing sector in the S&P 500. Stock selection in Technology, Industrials and Utilities enhanced returns, but proved less profitable in Health Care, Energy and Financials.

PERFORMANCE (% - CAD)

	3 months	YTD	1 year	4 years	10 years
Fund ¹	3.78	-2.54	-16.97	-6.07	-6.14
Index ²	6.89	-1.46	-15.84	-5.52	-4.53
Added Value	-3.11	-1.08	-1.13	-0.55	-1.61

1 - Everywhere in this bulletin, "Fund" refers to the Natcan U.S. Equity Fund.
2 - Everywhere in this bulletin, "Index" refers to the S&P 500 Index.

PERFORMANCE ATTRIBUTION VS INDEX

Sectors	Attribution (basis points)	Stocks	Contribution (basis points)
Energy	-84	Positive	
Materials	-39	Apple Inc.	45
Industrials	3	Goldman Sachs Group	38
Consumer Disc.	-20	Joy Global Inc.	30
Consumer Staples	-7	Philip Morris International	28
Health Care	-121	Yum Brands Inc.	28
Financials	-142	Negative	
Technology	33	Bank of America Corp.	-35
Telecommunications	-3	Wells Fargo & Co	-26
Utilities	15	Chevron Corp.	-22
Total Equities	-365	Celgene Corp.	-22
Foreign Exchange/Liquidity	54	Monsanto Co	-22
Total	-311		

Sector attribution includes sector allocation and stock selection.

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OUTLOOK AND STRATEGY

Recent statistics point to signs that the economy is stabilizing. Nevertheless, we are maintaining our defensive stance, as we believe that investors are underestimating the recapitalization needs of the financial sector, which is also our largest underweight. Due to the sharp surge in equity markets, we prefer to remain cautious, given the possibility of a market relapse.

In this context, we eased our defensive stance somewhat during the quarter to gradually position the portfolio for a potential recovery in economic activity, which we anticipate will occur in early 2010.

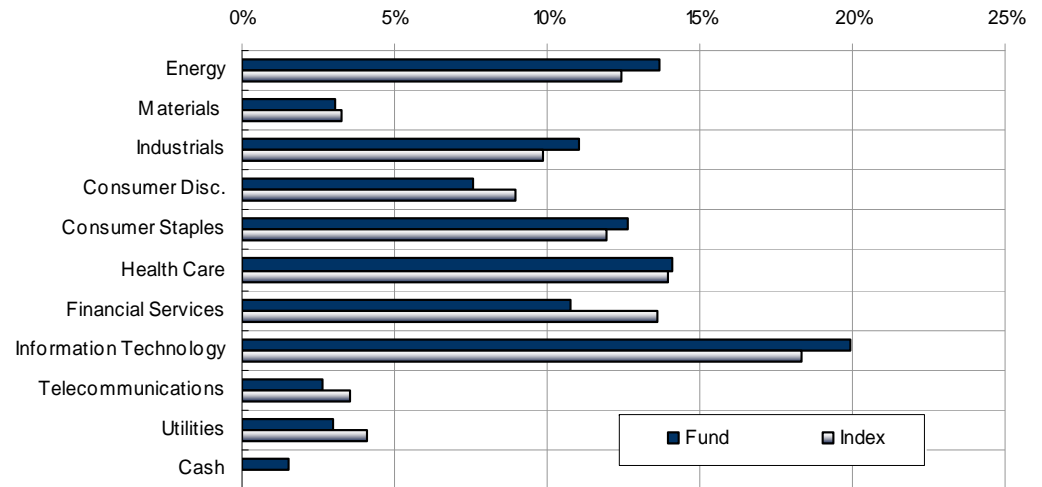
During the quarter, we established new positions in AES, Bank of America, Cameron, Deere, eBay, EMC Joy Global, McGraw Hill, Merck & Co, Morgan Stanley, Office Depot and Transocean. The weighting in Morgan, Time Warner and Petrobras was increased. We also liquidated positions in Celgene, CME, Covidien, ITW, Procter & Gamble, State Street and Wells Fargo and substantially reduced weightings in Chevron, Exxon and Monsanto.

Finally, further to various readjustments, the portfolio remains overweight in Technology, Energy and Industrials. The underweight in Consumer Discretionary and Utilities will also be maintained as well as that in Financials, which could be hampered by asset write-offs and deterioration in loans further to the liquidity crisis.

TECHNICAL CHARACTERISTICS

	P/E	Div.	Net Margin	ROE	Growth Pot.	Net Debt/Equity
Fund	13.5x	2.1%	8.1%	19.0%	13.6%	34.8%
Index	13.4x	2.9%	4.5%	17.2%	10.6%	46.4%

SECTOR ALLOCATION



TOP 10 HOLDINGS

Securities	Weight
Exxon Mobil Corp.	5.3%
JPMorgan Chase & Co	3.8%
Apple Inc.	3.8%
Microsoft Corp.	3.4%
Philip Morris International	3.2%
Johnson & Johnson	3.1%
CVS Caremark Corp.	2.8%
Hewlett Packard Co	2.7%
Oracle Corp.	2.7%
AT&T Inc.	2.7%

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