Quarterly Bulletin as at June 30, 2009

Natcan Social Value Canadian Equity Fund

INVESTMENT 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

Buoyed by better-than-expected results and the improved global economic situation, investors showed renewed confidence in the markets and drove the strong surge in stock market activity since the low recorded in March. From March 9 to the end of June, the Canadian stock market gained about 38%, with the highest returns posted by the stocks that were hit the hardest during the crisis, thereby explaining the exceptional 19.97% advance in the S&P/TSX Composite Index in the second quarter — the seventh best quarterly performance in 90 years.

The volatility that reigned throughout the quarter resulted in significant variances in sector returns. Technology, Financials and Energy led the way, while Telecommunications, Materials and Health Care were the main laggards.

After staging an impressive rally since March, the stock market paused in June. There may be a period of consolidation or a moderate correction in the short term, but the consensus among investors is that there will be no economic recovery before the end of the year and that any recovery is expected to be weak.

PERFORMANCE OVERVIEW

The portfolio outperformed its benchmark during the second quarter. The most important contributions came from the underweight in Materials and Telecommunications as well as the judicious overweight in Technology. Our selection of Consumer Discretionary and Energy stocks also proved beneficial, allowing us to offset the negative impact of our allocation within these sectors and of stock selection in Technology, Financials and Industrials.

These positive contributions were partially countered by the overweight in Consumer Discretionary and by the underweight in the Financials and Energy sectors. The security selection in certain sectors, especially Technology, Financials and Industrials, has also significantly reduced the return of the portfolio.

PERFORMANCE (%)

	3 months	YTD	1 year	4 years	Since Inception (2004-02)
Fund[1]	22.86	18.67	-15.45	4.31	5.94
Index[2]	19.97	17.56	-25.69	3.89	6.35
Added Value	2.89	1.11	10.24	0.42	-0.41

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 INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Cash	-21	**Positive**	
Energy	100	Research in Motion	118
Materials	83	Magna Intl Inc.	113
Industrials	-56	Petro-Canada	105
Consumer Disc.	129	Dorel Industries Inc.	66
Consumer Staples	-58	CIBC Bnak	57
Health Care	6	**Negative**	
Financial Services	-99	Toronto Dominion Bank	-145
Technology	43	Manulife Financial	-107
Telecommunications	87	Teck Resources Ltd	-57
Utilities	10	Potash Corp. of Sask	-37
Total	**224**	Cameco Corp.	-34

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

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OUTLOOK AND STRATEGY

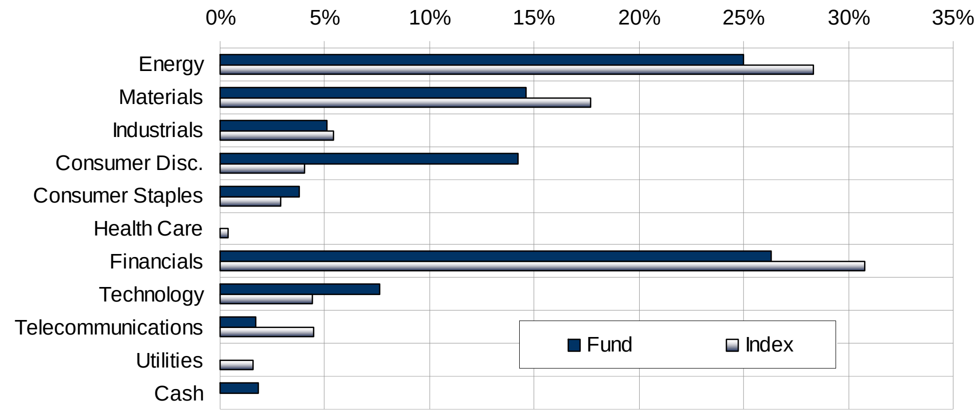
We believe that, after rebounding approximately 40% since the low reached in March 2009, activity on the Canadian market could wane somewhat in the short term. We however remain optimistic about potential stock market gains in the medium term. As for the long term, we doubt that the low point in March marked the start of a new market upswing, as we are expecting high cyclical volatility in the North American economy and across stock markets in general.

While it is very difficult to accurately predict when there will be a return to positive growth, the Canadian stock market seems to have already priced in much of the impact that such economic uncertainty could have on the profitability of Canadian companies. In a context where Technology, Financials and Energy accounted for the highest returns in the quarter, we are expecting changes in the top performing sectors over the next few months. Consumer Discretionary could emerge as one of the new leaders in terms of sector performance. This justifies our overweighting of the sector, which was largely based on attractive stock prices and their strong growth potential.

In a move to take advantage of all these opportunities to improve the quality of the portfolio and acquire stocks with a favourable risk/return ratio, we rebalanced the portfolio's sector allocation. More specifically, we increased our exposure to cyclically sensitive sectors, such as Materials and Energy, and scaled back on the Industrials and Telecommunications sectors as well as on the weighting of more defensive consumer sectors. Moreover, we reduced the overweight in Research in Motion after it contributed significantly to the portfolio with a return of 51.7% in the second quarter.

While these changes have made the portfolio less defensive, we will continue to take a cautious approach. Quality, value, opportunity and concentration will be the watchwords for the weeks to come.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Securities	Weight
Royal Bank of Canada	6.0%
Petro-Canada	5.6%
Barrick Gold Corp.	5.0%
Research in Motion	4.7%
Canadian Natural Resources	4.3%

MAIN ACTIVE WEIGHTS

Overweight		Underweight	
Petro-Canada	3.7%	Toronto Dominion Bank	-4.6%
Magna Intl Inc.	2.9%	Manulife Financial	-2.9%
Astral Media Inc.	2.4%	Transcanada Corp.	-1.9%
Quebecor Inc.	2.2%	BCE Inc.	-1.7%
Rona Inc.	2.1%	Enbridge Inc.	-1.4%

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