

Quarterly Bulletin as at June 30, 2009

Natcan International 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

Globally, the results of certain economic indicators proved less negative than anticipated, pointing to a recovery following the recession. Reassured, investors regained their appetite for riskier assets, which led to a major resurgence in stock market activity since the low set in March. The progress observed in the second quarter was among the strongest in recent years, and the securities that had been hit the hardest by the crisis turned in the strongest performances.

The MSCI EAFE Index shot up +15.8% during the second quarter, despite the fact that its performance was slightly hindered by the loonie's 8.4% appreciation during the period. All sectors turned in positive results, with Financial Services leading the way at +30.3%, followed by Materials at +22.38% and Industrials at +17.79%. Health Care, Telecommunications and Utilities lagged, with respective returns of +2.99%, +5.20% and +6.35%.

PERFORMANCE REVIEW

For the quarter, the portfolio generated a positive return, albeit one that was inferior to that of the benchmark. Security selection within seven of the ten sectors, namely Materials, Technology and Consumer Discretionary, was the main factor behind this relative performance, while judicious stock selection in Telecommunications and Utilities helped counter part of this setback.

During the period, our asset allocation strategy proved disadvantageous in general, but most of the negative impact stemmed from the underweight position in Financial Services, the top-performing sector in the MSCI EAFE Index. The underweight in Utilities mitigated this setback, but its contribution was somewhat limited. Our currency stance, compared to the benchmark, proved beneficial and allowed us to enhance the portfolio's return.

PERFORMANCE (% - CAD)

	3 months	YTD	1 year	4 years	10 years
Fund ¹	10.09	-5.07	-27.04	-4.44	-0.01
Index ²	15.78	1.56	-21.42	-1.66	-1.25
Added Value	-5.69	-6.63	-5.62	-2.78	1.24

¹ - Everywhere in this bulletin, "Fund" refers to the Natcan International Equity Fund.
² - Everywhere in this bulletin, "Index" refers to the MSCI EAFE Index.

PERFORMANCE ATTRIBUTION VS INDEX

Sectors	Attribution (basis points)	Securities	Contribution (basis points)
Energy	-24	Positive	
Materials	-197	Banco Santander SA	69
Industrials	-57	Intertek Group	48
Consumer Disc.	-78	Assa Abloy	44
Consumer Staples	-6	Prudential	39
Health Care	-49	AXA	37
Financials	-156	Negative	
Technology	-124	HSBC Holdings	-52
Telecommunications	22	Nintendo Co	-27
Utilities	60	Synthes Inc.	-27
Total equities	-609	Rio Tinto Limited	-27
Foreign exchange/Liquidity	40	BNP Paribas	-23
Total	-569		

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

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OUTLOOK AND STRATEGY

We are maintaining the portfolio's defensive stance, but have slightly reduced it. The portfolio's main overweight positions remain toward the Industrials, Health Care and Information Technology sectors, while Financials and Utilities are the largest underweights. During the quarter, we reduced the underweight in Financials by acquiring new securities and adding to our existing positions. Overall, the deviations are minimal and primarily stem from the rotation of holdings within a sector, with preference given to high-quality companies that trade at low prices, rather than a change in sector weightings.

Seizing on all opportunities to improve the portfolio's quality and acquire securities with a favourable risk/return ratio, we made certain adjustments to the portfolio. Several new positions were initiated during the quarter, notably Samsung Electronics, Société Générale, and Wharf.

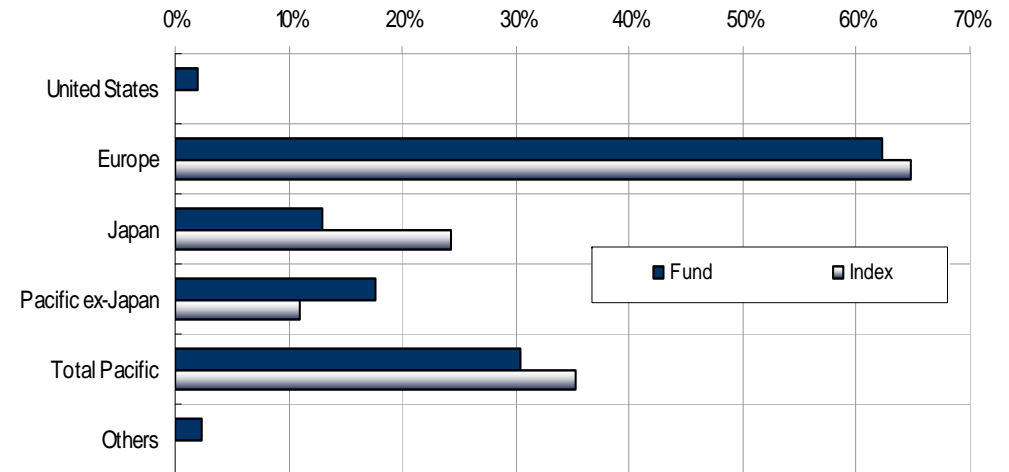
From a currency perspective, the portfolio has a sizeable overweight in Australian and Canadian dollars, with a commensurate underweight in Japanese yen. The underweight in yen is largely a function of our lower market exposure in the region, while the Australian and Canadian dollar deviation is the result of swapping out our underlying overweight positions in Hong Kong and US dollars.

Finally, we feel that the recent rally was too strong and does not fully reflect the current global economic outlook. Accordingly, we will continue to gradually increase our positions in quality securities that present attractive investment opportunities.

TECHNICAL CHARACTERISTICS

	P/E	Div.	Net Margin	ROE	Growth Pot.	Net Debt/Equity
Fund	12.2x	3.1%	8.2%	18.4%	11.4%	38.7%
Index	13.4x	3.1%	4.3%	13.7%	8.0%	48.1%

GEOGRAPHIC ALLOCATION



TOP 10 HOLDINGS

Securities	Weight
Banco Santander SA	3.5%
BHP Billiton Ltd	3.4%
Royal Dutch Shell	3.4%
Roche Holdings AG	2.7%
Telefonica SA	2.6%
Nestle SA	2.5%
Novartis AG	2.2%
British American Tobacco	2.2%
BG Group	2.1%
Experian	2.1%

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