NATCAN GLOBAL EQUITY FUND

Management Approach Company evaluation is at the core of our strategy as this is the source of our value added. Not all companies are created equal. We only buy the best business models, firms with a lasting competitive edge that will surpass their peers over the long run (3-5 years). We believe that the best strategy is to buy quality and avoid speculative issues. We favor sectors that display consistent growth and lower volatility over time. We do not speculate and as such, we avoid highly volatile sectors or stocks. Part of our investment process consists of creating a universe of companies that meet our criteria for investment. This pre-selected universe is the cornerstone of our "bottom-up" approach and is indicative of the emphasis we put on security selection (what we believe is our source of value added). Our typical investment horizon is 4 to 5 years.

MARKET OVERVIEW

Global equity markets saw significant volatility in the first quarter of 2008 as rate cuts and a weak earnings season in the U.S. gave way to significant pressure on stock markets. There was little in the way of a consistent theme other than the weakening of the Canadian dollar and high levels of volatility. The Materials sector finished the quarter as the best performing sector, gaining strength on the back of USD volatility and increased margin requirements for many of the global futures and commodity exchanges during the quarter, a situation that forced many speculators to liquidate positions in commodity futures.

The MSCI World Index fell 5.3% in Canadian dollars for the quarter. Return divergence in the major regions and countries was relatively narrow with the U.S. down 5.7%, Europe down 4.9%, Japan down 4.1% and Asia ex.-Japan down 11%. In terms of global sectors, Telecommunications, Information Technology, and Financial Services were the weakest; each have fallen more than 8% since the beginning of the year. The best performing sectors were Materials, Consumer Staples, and Industrials.

PERFORMANCE REVIEW

The Fund returned -7.8% for the first quarter of 2008, 222 basis points less than the MSCI World Index. The main drivers of this underperformance were the Financials and Information Technology sectors, where portfolio holdings were the hardest hit by current market conditions. Two major U.S. names, American International Group and Goldman Sachs, eased more than 20% during the quarter.

Stock selection in Consumer Staples was also a negative factor to portfolio performance, as substantiated by Bunge's 22% plunge. Nevertheless, our overweight in the sector – the top performer of the Index this past quarter – allowed us to partially offset this selection.

PERFORMANCE

	3 months	YTD	1 year	4 years	Since inception (2004-06)
Fund[1]	-7.80%	-7.80%	-11.41%	n.a.	1.03%
Index[2]	-5.58%	-5.58%	-14.65%	n.a.	2.29%
Added value	-2.22%	-2.22%	3.24%	n.a.	-1.26%

1 – Everywhere in this bulletin, the "Fund" refers to the Natcan Global Equity Fund.
2 – Everywhere in this bulletin, the "Index" refers to the MSCI World ex-Canada.
Sources : MSCI-Barra, Thomson Financial

PERFORMANCE ATTRIBUTION VS THE INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Energy	-9	**Positive**	
Materials	-10	Kurita Water Inds.	33
Industrials	-40	Syngenta	26
Consumer Disc.	3	Shimano Inc.	24
Consumer Staples	-44	Nestle SA	24
Health Care	-20	Google Inc.	21
Financials	-59	**Negative**	
Technology	-77	Apple Inc.	-47
Telecommunications	42	Veolia Environnement	-42
Utilities	-29	Siemens AG	-42
Total equities	-243	Bunge Limited	-30
Foreign exchange/Liquidity	21	Nintendo Co	-29
Total	**-222**		

Sector attribution includes sector allocation and stock selection. Please note MSCI World ex-Canada data is gross and estimated.

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STRATEGY

We continue to favour relatively defensive sectors, such as Health Care and Consumer Staples, where we have a high degree of conviction regarding the quality and sustainability of returns. The portfolio's main underweights are Industrials, Consumer Discretionary, and Financials, though the extent of these deviations has been narrowed over the course of the quarter. We maintain the underweight in the UK, Japan, and many of the Eurozone countries where we feel a slowdown will hit in the second half of 2008.

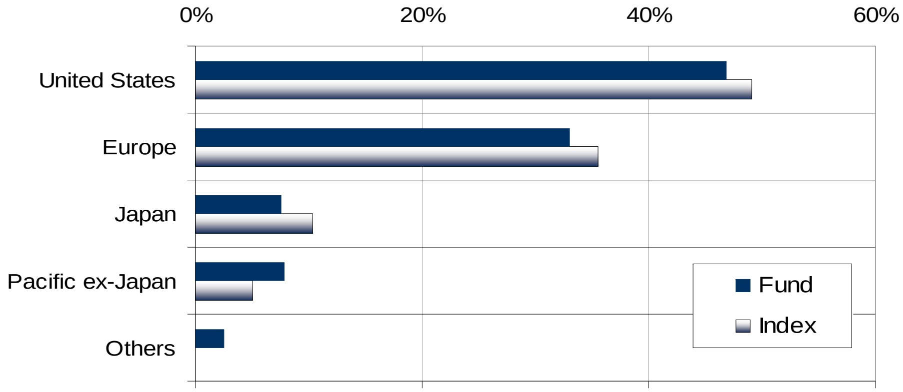
Our strategy over the next quarter will be influenced by signs of a recovery in the U.S. and the potential slowdown in Europe. The portfolio is well positioned, unless there is a very rapid recovery in the U.S. economy. This is however unlikely to be the case given many of the leading indicators continue to be weak or trending down.

We will also continue to watch for signs of a U.S. dollar recovery. It is now past its 30-year low against a basket of major currencies. A big rally in the USD could have profound implications for commodity prices and equity markets.

TECHNICAL CHARACTERISTICS

	P/E	Div.	Net Margin	ROE	Growth Pot.	Net Debt/ Equity
Fund	17.8X	2.3%	11.1%	21.4%	12.8%	25.9%
Index	16.8X	2.4%	7.5%	17.4%	10.5%	40.2%

GEOGRAPHICAL ALLOCATION



TOP TEN HOLDINGS

Securities	Weight
Exxon Mobil	3.2%
Nestle SA	3.0%
Novo-Nordisk AS	2.3%
BG Group	2.1%
Philip Morris Intl	1.9%
Johnson & Johnson	1.9%
AT&T	1.8%
CVS Caremark Corp.	1.8%
Syngenta	1.8%
Exelon Corp.	1.7%

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