

Quarterly Bulletin as at March 31, 2009

Natcan Canadian Equity Fund

INVESTMENT APPROACH: Our approach favours in particular undervalued stocks so as to minimize portfolio risk and preserve capital. Although this approach is usually associated with value investing, we also add a growth component to the portfolio by selecting businesses with an attractive profit-boosting catalyst. By not restricting our approach to a single style, we are able to stage a solid performance in all market phases. Moreover, we offer real active management by not hesitating to maintain sharp deviations. We believe that sector rotations are important, regardless of financial conditions. When warranted, we tend to go against market trends by moving into stocks and sectors shunned by investors. We exercise discipline when buying and selling securities, and we are convinced that it is just as important to avoid disaster as it is to hold star performers for generating spirited gains.

MARKET OVERVIEW

The S&P/TSX Composite ended the quarter on a positive note, increasing 7.79% in March alone. This was however not sufficient to offset the negative performances of January (-2.96%) and February (-6.31%). As such, the index lost 2.00% of its value during the first three months of the year.

Volatility played a major role during the period, triggering large variations among sector returns with some spreads exceeding the 20% mark. Technology (8.80%) and Materials (7.83%) were the two sectors that performed best over the quarter, while Utilities and Industrials were the period's main laggards, falling 11.89% and 10.25% respectively.

Investors agree a rebound in the economy will not occur until the end 2009, and could be meek at best. Yet, optimists reacted to signs of slower degradation in early cycle economic indicators, driving equity markets higher from March 10 on. Investors will have the chance to confirm or change their optimism during the coming weeks as first quarter earnings and economic data points get released.

PERFORMANCE OVERVIEW

For the quarter, the Fund registered a slightly inferior performance relative to the benchmark. We nevertheless managed to weather the wild fluctuations in the market.

It is especially challenging to dissect portfolio performance during the quarter, as sources of positive and negative contributions at the beginning were quite different from those at the close. Sectors such as Health Care, Utilities and Consumer Staples, which had benefited recently, surrendered major ground during March, as investors ploughed money back into the sectors that had suffered the greatest losses, such as Technology and Financials, and most particularly the banks.

PERFORMANCE (%)

	3 months	YTD	1 year	4 years	10 years
Fund ¹	-3.38	-3.38	-26.11	-0.25	8.09
Index ²	-2.00	-2.00	-32.42	0.14	4.91
Added value	-1.38	-1.38	6.31	-0.39	3.18

1 - Everywhere in this bulletin, "Fund" refers to the Natcan 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	23	Positive	
Energy	109	Petro-Canada	73
Materials	-132	ING Canada Inc.	26
Industrials	8	Royal Bank of Canada	26
Consumer Disc.	-56	Astral Media Inc.	24
Consumer Staples	-8	Talisman Energy Inc.	18
Health Care	-2	Negative	
Financial Services	-73	Dorel Industries Inc.	-73
Technology	-9	Sun Life Financial	-61
Telecommunications	-30	Potash Corp. of Sask	-43
Utilities	21	Toronto Dominion Bank	-28
Total	-149	Reasearch In Motion	-28

Note: Attribution includes sector allocation and stock selection.

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OUTLOOK AND STRATEGY

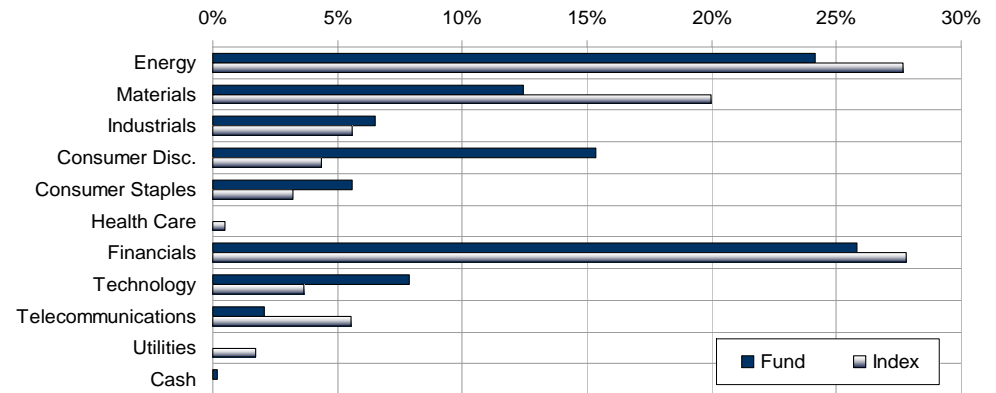
From its peak, the Canadian market declined more than 50% to March 10, 2009. Historically, such large market corrections were followed by long periods of prosperity. With inflation contained within its targeted level, the central bank should keep borrowing costs relatively low, making current valuations attractive. During the past few months, earnings expectations have been adjusted lower, to better reflect the new economic reality. However, signs that the economy has bottomed are beginning to emerge. Canadian companies are well situated to benefit from such a turnaround, with finished goods exported to the U.S. and raw materials shipped to the Far East. Encouraging signs of an economic turnaround are beginning to emerge, and the recent actions taken by fiscal and monetary authorities are encouraging. If conditions in the credit markets stabilize and economic activity turns positive, the gains recorded in the equity markets during March will be sustained and built upon.

Although it is difficult to accurately predict when we'll experience positive growth again, the Canadian stock market seems to have already factored in a great deal of the negative impact that the economic uncertainty could have on Canadian banks' profitability. As such, we believe it may be time to reduce our defensive stance so as to benefit from the cyclical rally that normally follows such a stock market correction.

Seizing every chance to improve the quality of the portfolio and purchase stocks that provide a positive risk/return ratio, we started to rebalance the portfolio's sector allocation at the beginning of the quarter. Namely, we increased our exposure to the Technology, Energy, and Financial Services sectors, and reduced the weight of Consumer Staples and Telecommunications. To do so, we invested in Research in Motion, Bank of Montreal, Royal Bank, Petro-Canada, and Nexen.

Although portfolio positioning is somewhat less defensive as a result of these changes, we remain cautious in our approach. Quality, value, opportunity, and focus will be our key drivers in the weeks ahead.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Securities	Weight
Royal Bank of Canada	7.9%
Petro-Canada	5.2%
Barrick Gold Corporation	5.1%
Research in Motion	4.9%
CIBC Bank	4.8%

MAIN ACTIVE WEIGHTS

Overweight		Underweight	
Petro-Canada	3,4 %	Toronto Dominion Bank	-4,0 %
Astral Media Inc.	3,3 %	Potash Corp. of Sask.	-3,3 %
CIBC Bank	2,9 %	Manulife Financial Corp.	-2,5 %
Rona Inc.	2,8 %	BCE Inc.	-2,1 %
Magna Intl Inc.	2,6 %	Transcanada Corp.	-2,0 %

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