Quarterly Bulletin as at September 30, 2009

Natcan Canadian Bond Fund

INVESTMENT APPROACH: We are active managers who apply a quantitative approach based on macroeconomic analysis where the emphasis is placed on the management of a reward/risk equation. Our objective is to maintain an asymmetry of expected returns versus the underwritten risks. Our management approach is a three-step process. The first step consists in a strategic replication of the benchmark in order to reduce tracking errors and to control the portfolio's risk. We select specific securities in order to capture liquidity and complexity premiums accessible on the market without adding credit or duration risks. Finally, the third and last step focuses on performing tactical management deviations relative to the benchmark.

MARKET OVERVIEW

During the quarter, investors' interest in bonds continued as a result of weak inflation prospects, a more moderate than expected economic recovery, and announcements by U.S. and Canadian central banks declaring that interest rates would be left unchanged. Additionally, bonds benefited from an abundant amount of cash at financial institutions that needs to be invested.

In this context, the overall performance of the fixed-income universe was positive and particularly lucrative in the longer-term segment of the yield curve. On the whole, the performance of Canadian bonds was mainly enhanced by the significant increase in corporate and provincial issues, (which resulted in a substantial narrowing of credit spreads), rather than by the trend in bond rates (which remained practically unchanged from the start to the end of the period). The increased demand for securities offering better yields than government and federal bonds led to the robust performance of corporate and provincial securities.

To this extent, longer-term corporate securities turned in the best performance, followed by municipal and provincial issues. By contrast, federal and government bonds posted more modest returns.

ANALYSIS

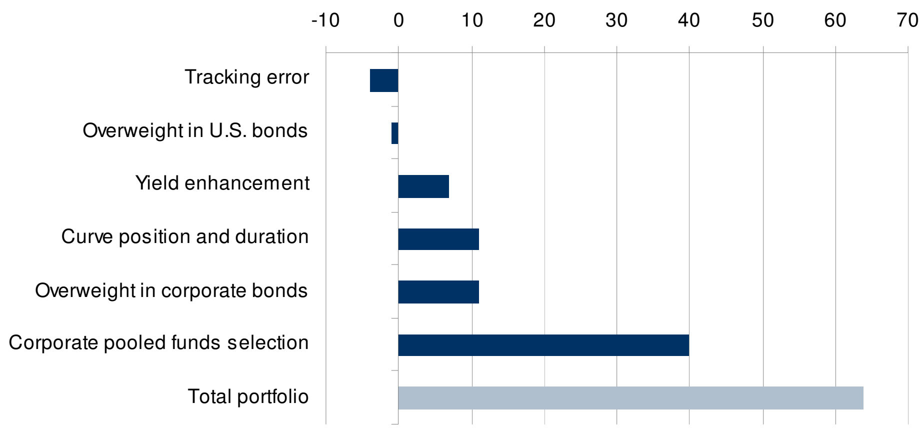
For the quarter, the portfolio outperformed its benchmark, mainly as a result of its exposure to and sound selection of corporate securities, as well as an overweight in provincial securities. Furthermore, returns over the period were enhanced by tactical and strategic duration positioning.

PERFORMANCE (%)

	3 months	YTD	1 year	4 years	10 years
Fund[1]	3.35	6.96	11.63	5.36	6.68
Index[2]	2.71	5.58	10.34	5.11	6.59
Added Value	0.64	1.38	1.29	0.25	0.09

1 - Everywhere in this bulletin, "Fund" refers to the Natcan Canadian Bond Fund.
2 - Everywhere in this bulletin, "Index" refers to the DEX Universe Bond Index.

PERFORMANCE ATTRIBUTION VS INDEX



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Natcan Canadian Bond Fund as at September 30, 2009

OUTLOOK AND STRATEGY

During the quarter, we took advantage of the significant increase in corporate and provincial bonds to reduce their weighting and crystallize profits. The speed with which credit spreads narrowed and the high probability of an eventual correction in these sectors justify this decision. As a result, the overweight in corporate securities was reduced from 3% to 1.5 %, and provincial bonds were underweighted at the end of the period. Elsewhere, the weighting in federal bonds was increased and is neutral with regard to the index. Readjustments could, however, still be made in the coming months should attractive opportunities materialize in terms of credit spreads or the yield curve in the corporate and/or provincial sector.

The portfolio's duration was increased in the second half of the quarter, as we believe that inflationist pressures will probably not manifest themselves in the near future, which should bolster the bond sector. The significant flows of capital already invested in this asset class since the start of the year should continue in our opinion, providing further support on the upside.

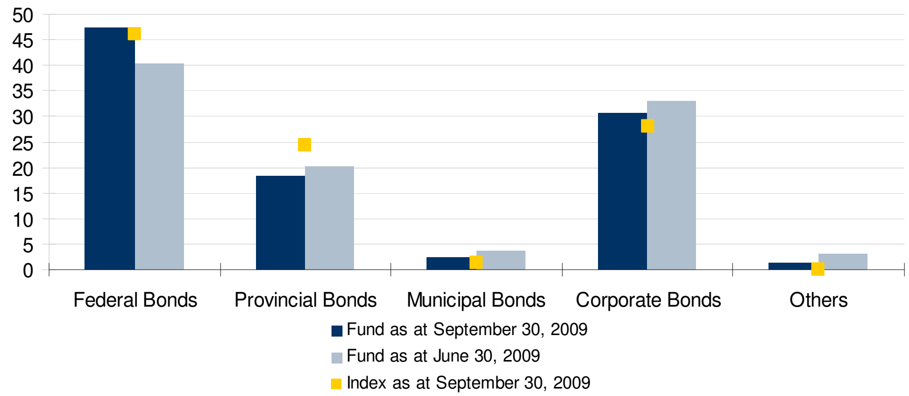
As at September 30, 2009, the portfolio was underweight in the 2-year segment, overweight in the 5 to 10-year segment and neutral for the 30-year segment of the curve. On the whole, the portfolio's duration was greater than that of the index at the end of the quarter, a positioning that may be modified, depending on the economic situation and interest rates.

Although interest rates could eventually rise, we believe the downward trend should continue in the coming months. In this context, the longer duration favoured at the end of the quarter should boost the portfolio's progress. If demand for this asset class persists, key bank rates remain unchanged, inflationist fears dissipate and the recovery proves moderate, this asset class should perform well.

MODIFIED DURATION

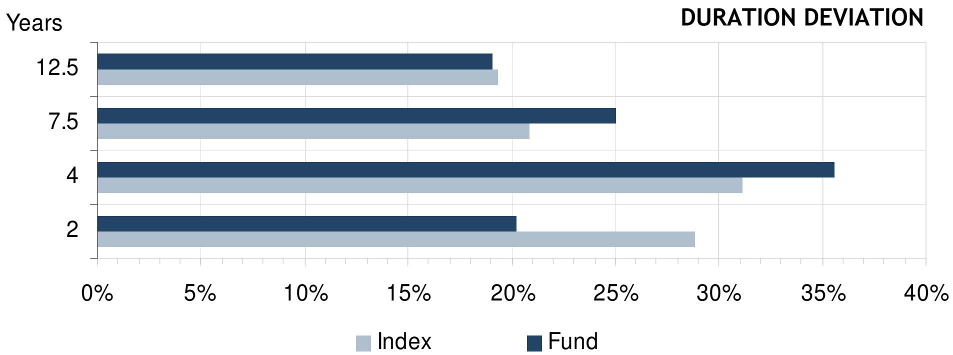
	As at September 30, 2009	As at June 30, 2009
Fund	6.30 years	6.08 years
Index	6.01 years	5.98 years

SECTOR ALLOCATION



Note: Most Supranational Agency bonds issued in Canadian currency are considered under Federal bonds. A small percentage can also be found under Corporate bonds.

DURATION DEVIATION



Note: Duration points are interpolated between these four points. Shorter and longer bonds are placed in the 2 and 12.5 buckets respectively.

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