QUARTERLY BULLETIN

AS AT DECEMBER 31, 2007

NATCAN SOCIAL VALUE CANADIAN EQUITY FUND

Management 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

Though the S&P/TSX Index closed the last quarter of 2007 with a return of -1.25%, the Canadian market outperformed global markets for the period. However, the unusual concentration of Canada's equity market performance did not reflect the overall state of the market as six stocks substantiate 98% of that return.

The quarter received positive contributions from a few sectors, namely Technology, Utilities, and Materials. The strong appreciation of RIM and the takeover of Cognos by IBM were key factors behind the increase in technology stocks. The Health Care sector was severely injured during the period.

PERFORMANCE OVERVIEW

For the quarter, the portfolio return was slightly inferior to that of the market. Stock selection partially offset the negative impact of the portfolio's overall sector allocation. The Financials sector had a positive influence through its allocation and stock selection. In fact, the absence of CIBC in the portfolio, a stock that pulled back 29% over the period, ranks as one of the top contributors this quarter. Our industrial holdings (e.g, WestJet, up 31%) were also beneficial, as was our cash allocation, especially at a time of such high volatility.

Negative contributions came primarily from the absence of two stocks in the portfolio: Potash and Research In Motion, which increased 37% and 15% respectively. Had it not been for RIM and Potash, the market would have increased by only 3.0% (S&P/TSX Price Index). Let us mention that these two names also explain a considerable part of the portfolio's underperformance for the year 2007 in general. The Materials sector was the worst performer of the fourth quarter as several of its stocks pulled back significantly (Teck Cominco, Ivanhoe Mines, Hudbay Minerals, etc.).

PERFORMANCE

	3 months	YTD	1 year	4 years	Since inception (2004-02)
Fund[1]	-1.55%	6.16%	6.16%	n.a.	12.45%
Index[2]	-1.25%	9.83%	9.83%	16.31%	15.00%
Added value	-0.30%	-3.67%	-3.67%	n.a.	-2.55%

1 - Everywhere in this bulletin, the "Fund" refers to the Natcan Social Value Canadian Equity Fund..
2 - Everywhere in this bulletin, the "Index" refers to the S&P/TSX Index.

PERFORMANCE ATTRIBUTION VS THE INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Cash	24	**Positive**	
Energy	-22	CIBC Bank	67
Materials	-105*	Cognos Inc.	42
Industrials	14	Agrium Inc.	38
Consumer Disc.	-27	WestJet Airlines	29
Consumer Staples	22	Saputo Inc.	16
Health Care	-11	**Negative**	
Financials	96	Potash Corp of Sask.	-87
Technology	0	Research in Motion Ltd	-49
Telecommunications	-9	Suncor Energy Inc.	-21
Utilities	-8	Canadian Oil Sands Trust	-21
Total	**-26**	Canadian National Railway	-18

*Sector attribution includes sector allocation and stock selection. In green: not a portfolio holding. *This number includes a negative currency contribution of 28 basis points further to a transaction on Alcan.*

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STRATEGY

The recent real estate and credit crises had a tremendous effect on the U.S.' economic development, and the situation remains a cause for concern. Yet, some discounts are now beginning to appear as a result, and we believe we can take advantage of these discounts in the medium term. The portfolio remains overweight in Consumer Discretionary, Consumer Staples, and Industrials sectors. We reduced its exposure to the Materials sector to an underweight position. Other key underweights are in Energy and Financial Services, despite the fact that the sums generated as a result of Alcan's acquisition by Rio Tinto were reinvested in Energy and life insurers.

The main risks of the current strategy refer to the strength of natural resources. The portfolio is underweight in natural gas, uranium, fertilizers, and gold stocks. Each of these resources has its own cycle, but they can periodically react to common factors, such as the strength of emerging economies or fluctuations in the value of the U.S. dollar. We believe the current economic slowdown has not yet been reflected in these sectors and as such, prefer to maintain the current underweight.

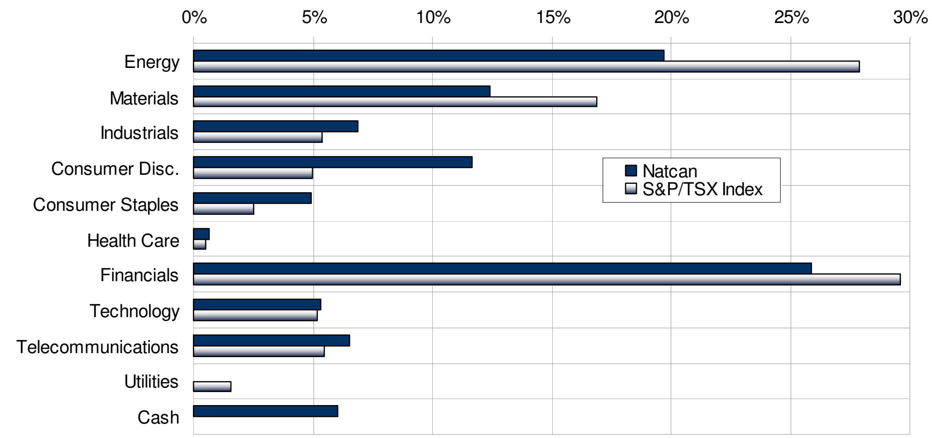
Over the coming quarter, we will seek to use some of the cash on hand, and sell a few of our holdings, namely BCE and Cognos, as discounts start to emerge. Research In Motion and Potash's vigorous increases mask the overall depreciation of many large cap Canadian equities. As such, at the beginning of 2008, we added a few holdings that were down considerably from their previous peak: Cameco, CIBC Bank, Métro, Rona, and Telus. We believe discounts are only starting to appear, and we are closely monitoring every opportunity that comes our way.

SOCIAL VALUE INDEX

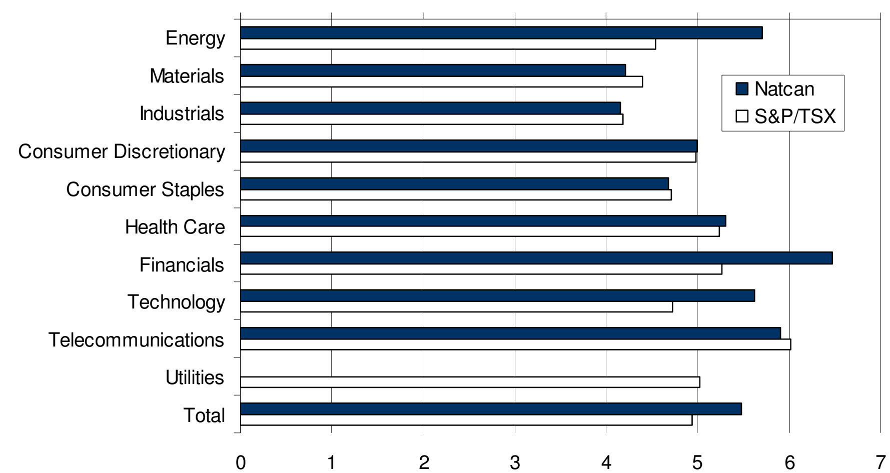
As at December 31, 2007, the Fund's weighted ESG[1] score was superior to that of its index: 5.78 against 5.68 for the S&P/TSX Index. From a contribution standpoint, Financial Services still constitute the most dominant sector as it is the largest weight in both the Index and the Fund. In terms of average ESG score, the Fund outperformed its index in the Financials, Health Care, Energy and Technology sectors. This relative ESG outperformance is the result of individual stock selection rather than sector allocation.

[1] *Environmental, social, and corporate governance.*

SECTOR ALLOCATION



AVERAGE OF ESG PERFORMANCE PER SECTOR



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