

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

To Canadian investors, 2008 was a vertigo-inducing rollercoaster year. The S&P/TSX Index moved up to reach a record high of 15,074 on June 18, yet closed the year with a return of -33.00%. This amounted to the second worst performance on record, and the most difficult year since 1931 (-37%), as well as put an end to a 4-year bull market during which the index value had more than doubled.

The last quarter of the year was particularly difficult with the Index falling 22.71%. All but one sector closed the quarter in negative territory: Financial Services registered the worst performance with a return of -30% while Information Technology and Energy both registered a loss of 27%. Consumer Staples reacted according to textbook, outperforming the Index.

PERFORMANCE REVIEW

In the last quarter, the portfolio succeeded to outperform its benchmark by a considerable margin due to good stock selection.

Many elements contributed to this positive performance: a relatively high cash flow level in the context of a bear market and Financial Services adding several basis points in both sector allocation (the portfolio was underweight in this sector which resulted in the worst quarterly performance) and stock selection. The portfolio also benefited from good selection in Information Technology and Telecommunications. On an individual stock basis, Research in Motion and BCE fell almost 30% during the period.

PERFORMANCE

	3 months	YTD	1 year	4 years	Since inception (2004-02)
Fund ¹	-18.19%	-28.11%	-28.11%	1.75%	2.51%
Index ²	-22.71%	-33.00%	-33.00%	1.73%	2.83%
Added value	4.52%	4.89%	4.89%	0.02%	-0.32%

¹ - Everywhere in this bulletin, "Fund" refers to the Natcan Social Value Canadian Equity Fund.

² - Everywhere in this bulletin, "Index" refers to the S&P/TSX Index.

PERFORMANCE ATTRIBUTION VS THE INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Cash	62	Positive	
Energy	63	Potash Corp. of Sask	104
Materials	-95	BCE Inc.	90
Industrials	40	Research in Motion	78
Consumer Disc.	11	Canadian Oil Sands Trust	68
Consumer Staples	100	Bank of Montréal	65
Health Care	0	Negative	
Financials	116	Astral Media Inc.	-73
Technology	74	Magna Intl Inc.	-64
Telecommunications	54	Industrial Alliance	-58
Utilities	-22	Kinross Gold Corp.	-55
Total	403	CIBC	-49

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

NATCAN SOCIAL VALUE CANADIAN EQUITY FUND

OUTLOOK AND STRATEGY

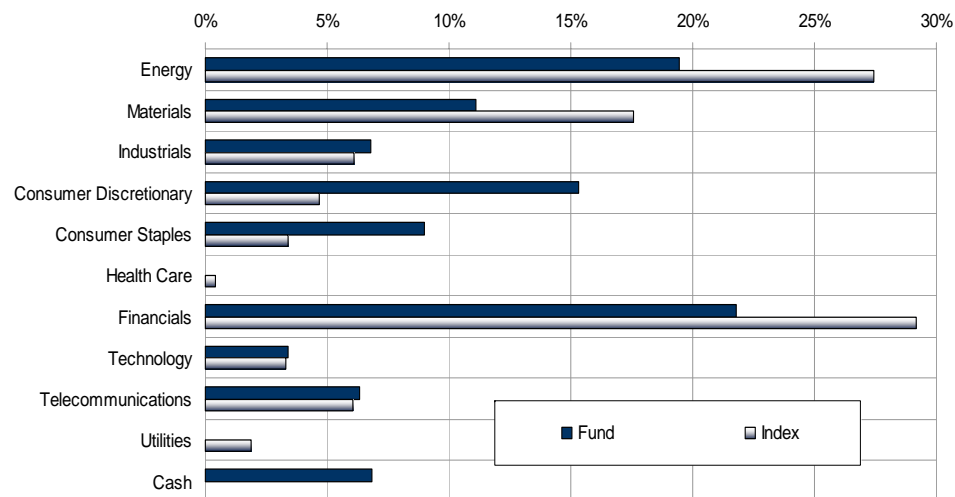
First and foremost, we are thrilled to see attractive valuations reappear after several years of the overall Canadian market benefiting from unique global economic circumstances. Market opportunities often materialize through attractive valuations. While valuation is not a timing indicator, it provides the all-important safety margin required to allow for portfolio positioning to lead to sustained outperformance.

Despite significant risks surrounding the economy and anticipated corporate earnings, we can now view the market from a more positive perspective than in the previous two years. Nonetheless, we remain cautious, and are closely monitoring indicators in order to make the necessary adjustments amid the current environment. We favour early cyclical sectors, those most often associated with consumers.

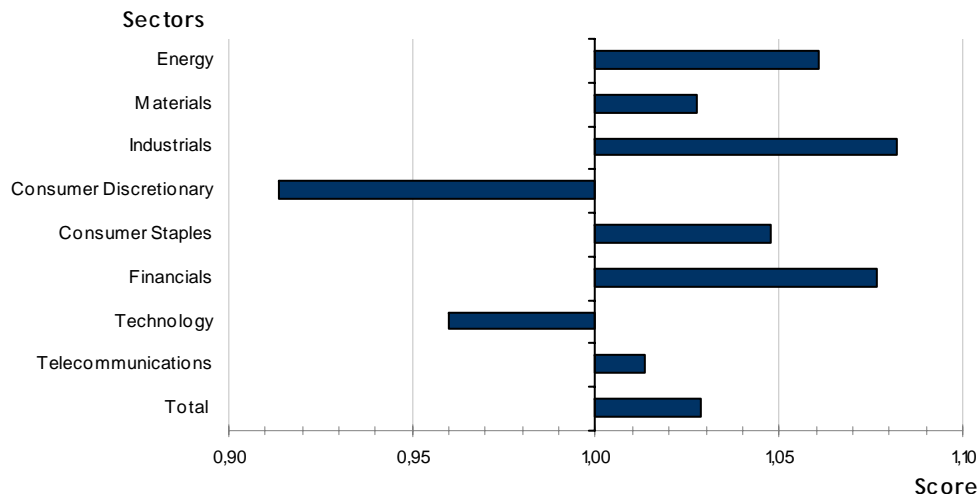
In recent months, we increased the portfolio's weight in Consumer Staples and Telecommunications. We opportunistically initiated selective purchases in the Energy sector, although the portfolio remains underweight in that sector. Finally, we reduced our exposure to Materials and Financial Services. The largest overweight at this time is to Consumer Discretionary, the sector that tends to register the greatest relative performance in a context of economic recovery.

The recent correction ranks among the three worst in more than a century. Such market conditions provide long-term investors, like us, with an attractive environment filled with arising opportunities.

SECTOR ALLOCATION



ESG SCORE AVERAGE PER SECTOR



Sources: Jantzi Research, Natcan

This publication is intended for your private information. The information and opinions herein are provided for informational purposes only, are subject to change based on market and other conditions. The views expressed should not be relied upon as the basis for your investment decisions. Past performance is not necessarily indicative of future performance. This document is not and should not be construed as a solicitation or offering of units of any fund or other security in any jurisdiction. No part of this publication may be reproduced in any manner without the prior written permission of Natcan Investment Management Inc. The Natcan Pooled Funds performance returns are calculated on a net of fees basis. All market index returns presented in this document were provided by Thomson Reuters.