

Quarterly Bulletin as at December 31, 2009

Natcan Social Value Canadian Equity Fund

INVESTMENT 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

With positive economic indicators and an encouraging outlook, the S&P/TSX posted a performance of 3.86% for the quarter, ending the year up 35.05%. From its market bottom in March, the index has staged a remarkable 57% comeback.

Overall, most sectors contributed to the index's performance, only Financials and Health Care delivered negative returns during the quarter. Expectations of a tighter monetary policy and new regulations concerning bank capital are factors that contributed to the decline in Financials. On the other hand, utilities returned 13.33% for the quarter; the cyclical sectors reacted well to the across-the-board increase in resource prices.

PERFORMANCE ANALYSIS

The portfolio outperformed its benchmark index during both the bear market and the recovery; It also delivered added value for the quarter. Stock selection played a key role in the portfolio's performance.

More specifically, a portion of the added value is attributable to the overweight in the Consumer Discretionary sector - notably Magna, Quebecor and Dorel - and the slight overweight in Consumer Staples - George Weston and Saputo. At the other end, an underweight in Financials - notably Toronto Dominion - was profitable in relative terms.

PERFORMANCE (%)

	3 months	YTD	1 year	4 years	Since Inception (2004-02)
Fund ¹	4.33	36.85	36.85	5.11	8.02
Index ²	3.86	35.05	35.05	3.90	8.33
Added Value	0.47	1.80	1.80	1.21	-0.31

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 INDEX

Sectors	Attribution (basis points)	Securities	Attribution (basis points)
Cash	-13	Positive	
Energy	-71	Magna Intl Inc.	33
Materials	18	Agrium Inc.	31
Industrials	3	Quebecor Inc.	27
Consumer Disc.	48	Dorel Industries Inc.	22
Consumer Staples	23	Kinross Gold Corp.	21
Health Care	3	Negative	
Financial Services	40	Teck Resources Ltd	-29
Technology	-13	Enbridge Inc.	-23
Telecommunications	-10	BCE Inc.	-19
Utilities	-13	Sun Life Financial Inc.	-17
Total	15	Transcanada Corp.	-17

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

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OUTLOOK AND STRATEGY

We remain positive for the months ahead but may have to adopt a more prudent strategy in the future. For the moment, economic indicators are encouraging and monetary authorities have not adopted a tighter monetary policy. Any change in one of these two factors could dampen the stock market's upward momentum.

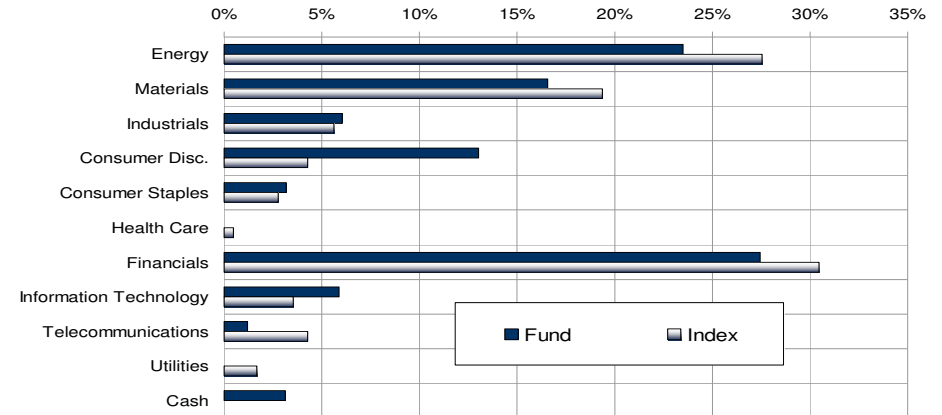
We also have to consider that even if there has already been a fairly strong turnaround, markets still have a long way to go to fully recoup the losses of 2008. Over the course of this recent market meltdown, the world's major stock indices lost close to half of their value, and history tends to show that market recoveries are generally inversely proportional to the bear markets preceding them.

The major cost-cutting programs we have seen in a number of companies over the past two years lead us to forecast that the current economic recovery will have a major impact on corporate earnings.

We have made a number of adjustments over the last quarter. By trimming our positions in Barrick, Goldcorp and Yamana we have reduced our weight in Base Materials and Golds. We have increased our exposure to energy by adding Precision Drilling to the portfolio, and have also raised our cash position.

Over the next year we will be on the lookout for any signs of inflationary pressure, and paying close attention to any changes in U.S. monetary policy. These are two factors that could have a determining impact on the long-term trends for stock markets.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Securities	Weight
Suncor Energy Inc.	6.6%
Royal Bank of Canada	5.8%
Barrick Gold Corp.	4.4%
Canadian Natural Resources	4.3%
Bank of Montreal	4.0%

MAIN ACTIVE WEIGHTS

Overweight		Underweight	
Quebecor Inc.	2.4%	Toronto Dominion Bank	-4.4%
Suncor Energy Inc.	2.4%	Transcanada Corp.	-1.9%
Magna Intl Inc.	2.2%	BCE Inc.	-1.7%
Rona Inc.	2.0%	Enbridge Inc.	-1.4%
Astral Media Inc.	1.9%	Teck Resources Ltd	-1.4%

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