

For the third quarter 2009, VBA's U.S. Pension Fund Composite Ranks:

**15th Percentile on the Nine-Year Basis,
 17th Percentile on the Five-Year Basis,
 5th Percentile on the Four-Year Basis,
 7th Percentile on the Two-Year Basis, and
 41st Percentile on the One-Year Basis**

It is again my pleasure to report on the continuing outstanding investment performance results of the U.S. Small-Cap Equity Management Division.

U.S. SMALL-CAP INVESTMENT PERFORMANCE

The following table shows the investment performance results of the Van Berkomp and Associates Inc.'s ("VBA") U.S. Pension Fund Composite for the period ended September 30, 2009 compared with the Russell 2000 Small-Cap Index as well as the S&P 500 Index.

VBA U.S. Pension Fund Composite Results
Total Time Weighted Rates of Return
Annualized for Periods Greater than One Year
(To September 30, 2009)
(in US dollars)

	3 Mos.	YTD	1 Yr.	2 Yrs.	4 Yrs.	5 Yrs.	7 Yrs.	8 Yrs.	9 Yrs.	Since
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	06/30/00
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
VBA U.S. Pension Fund	19.80	29.78	-3.17	-4.27	5.61	7.23	11.01	10.23	10.19	10.65
Russell 2000 Index	19.28	22.43	-9.55	-12.05	-1.14	2.41	8.99	6.51	3.01	3.05
S&P 500 Index	15.61	19.26	-6.91	-14.77	-1.61	1.02	5.86	2.14	-1.54	-1.61
Value Added (VBA U.S. Composite minus Russell 2000)	0.52	7.35	6.38	7.78	6.75	4.82	2.02	3.72	7.18	7.60

NOTE: Van Berkomp and Associates Inc. [an entity registered with the Quebec, Nova Scotia, Ontario, Alberta, and British Columbia Securities Commissions as Portfolio Manager and with the Securities and Exchange Commission (United States) as Investment Advisor] has prepared and presented the report in compliance with the Global Investment Performance Standards ("GIPS") of the CFA Institute. The CFA Institute has not been involved with the preparation or review of this report. As at September 30, 2009, the VBA U.S. Pension Fund Composite ("VBA U.S. Pension Fund") totalled US\$289.63 million in small-cap assets, which represented 100% of the firm's U.S. assets under management and 34.4% of the firm's total assets under management. The VBA U.S. Pension Fund Composite includes eight major pension fund accounts. A complete list of the firm's composites and a description of each are available.

COMPARATIVE INVESTMENT PERFORMANCE VERSUS THE RUSSELL INVESTMENT GROUP UNIVERSE OF U.S. SMALL-CAP MANAGERS

I have enclosed the comparative investment performance results of the VBA U.S. Pension Fund Composite in the Russell Investment Group Universe of U.S. small-cap equity managers. Also enclosed is the risk/reward chart showing the VBA U.S. Pension Fund Composite versus the Russell Investment Group Universe of 168 U.S. Small-Cap portfolios as evaluated by BNY Mellon Asset Servicing.

VBA's U.S. Pension Fund Composite Ranks 15th Percentile on the Nine-Year Basis; 17th Percentile on the Five-Year Basis; 5th Percentile on the Four-Year Basis, 7th Percentile on the Two-Year Basis, and 41st Percentile on the One-Year Basis for the period ended September 30, 2009.

REVIEW AND OUTLOOK OF U.S. SMALL-CAP STOCKS

Enclosed you will find the quarterly review and outlook for U.S. Small-Cap stocks for the third quarter 2009.

U.S. SMALL-CAP EQUITY DIVISION

It is also my pleasure, as President and Chief Executive Officer of VBA, to report that two new analysts joined the VBA U.S. Small-Cap Equity Division in the third quarter 2009.

Owen Gibbons, MPhil, is Senior Analyst, U.S. Small-Cap Equities. He is responsible for conducting research on the broad U.S. small-cap equity market. Prior to joining VBA, Owen worked over a 10-year period as a buy-side and sell-side Investment Analyst for such firms as Morgan Stanley, Deutsche Asset Management and, most recently, as Vice-President, Global Equities at Natcan Investment Management.

Ammar Ali, CFA is Analyst, U.S. Small-Cap Equities. He is responsible for conducting fundamental research on the broad U.S. small-cap equity market. Ammar worked as a Financial and Investment Analyst for two investment institutions before joining Montrusco Bolton Investments Inc. in Montreal.

Also, Philippe Hynes, Senior Analyst, left the firm to become a partner in a start-up investment firm.

If you would like to learn more about VBA and our U.S. Small-Cap Equity Management Division, please visit us on our web site at www.vbassociates.com or call me at 1 888 VBA-5759, extension 223 or at (514) 985-5759, extension 223, Mathieu Sirois at extension 237 or Benoît Durand at extension 226 or by e-mail at contact@vbassociates.com.

Sincerely yours,



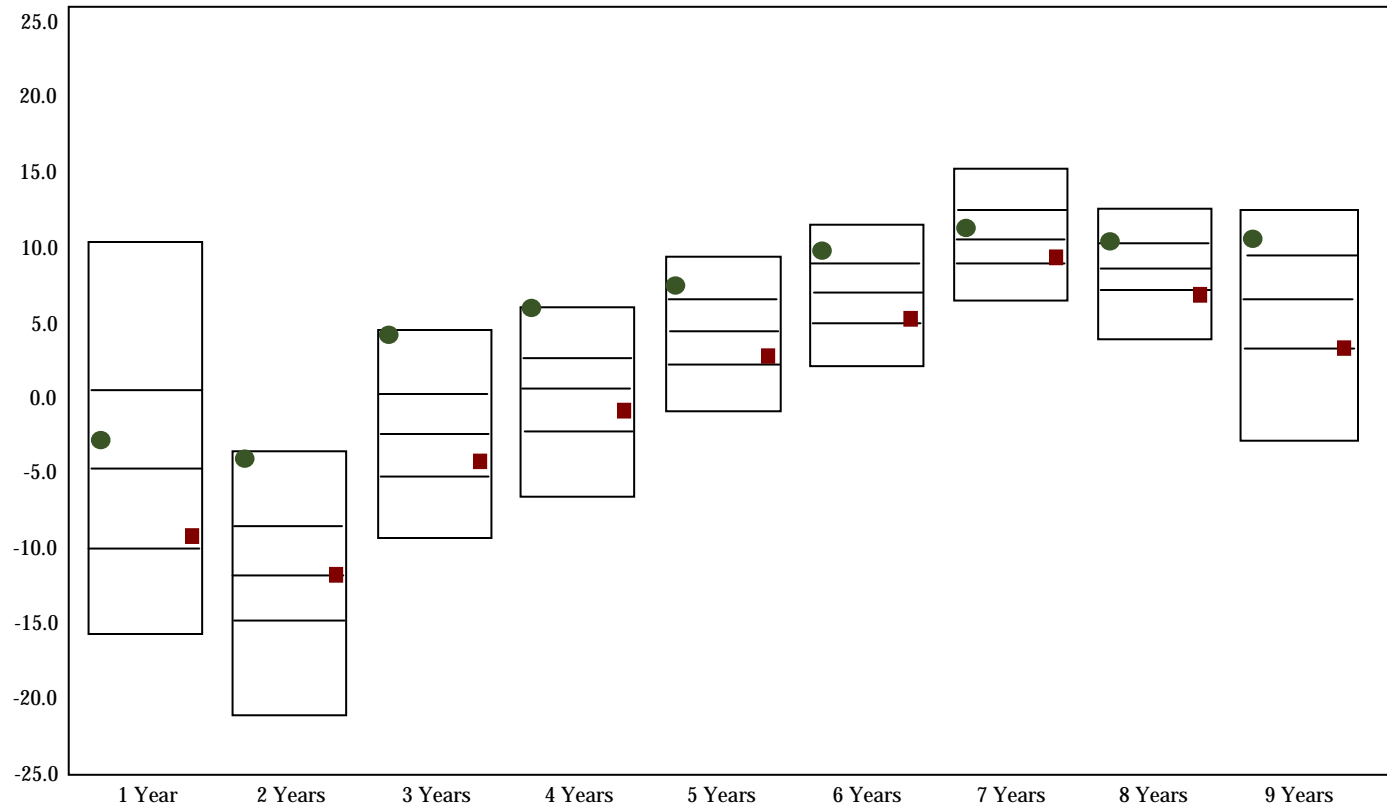
J. Sebastian van Berkum
President and Chief Executive Officer

PERFORMANCE OF THE VBA U.S. PENSION FUND COMPOSITE VERSUS RUSSELL INVESTMENT GROUP UNIVERSE



Small-Cap Equity Universe

Rates of Return for Periods Ending September 30, 2009



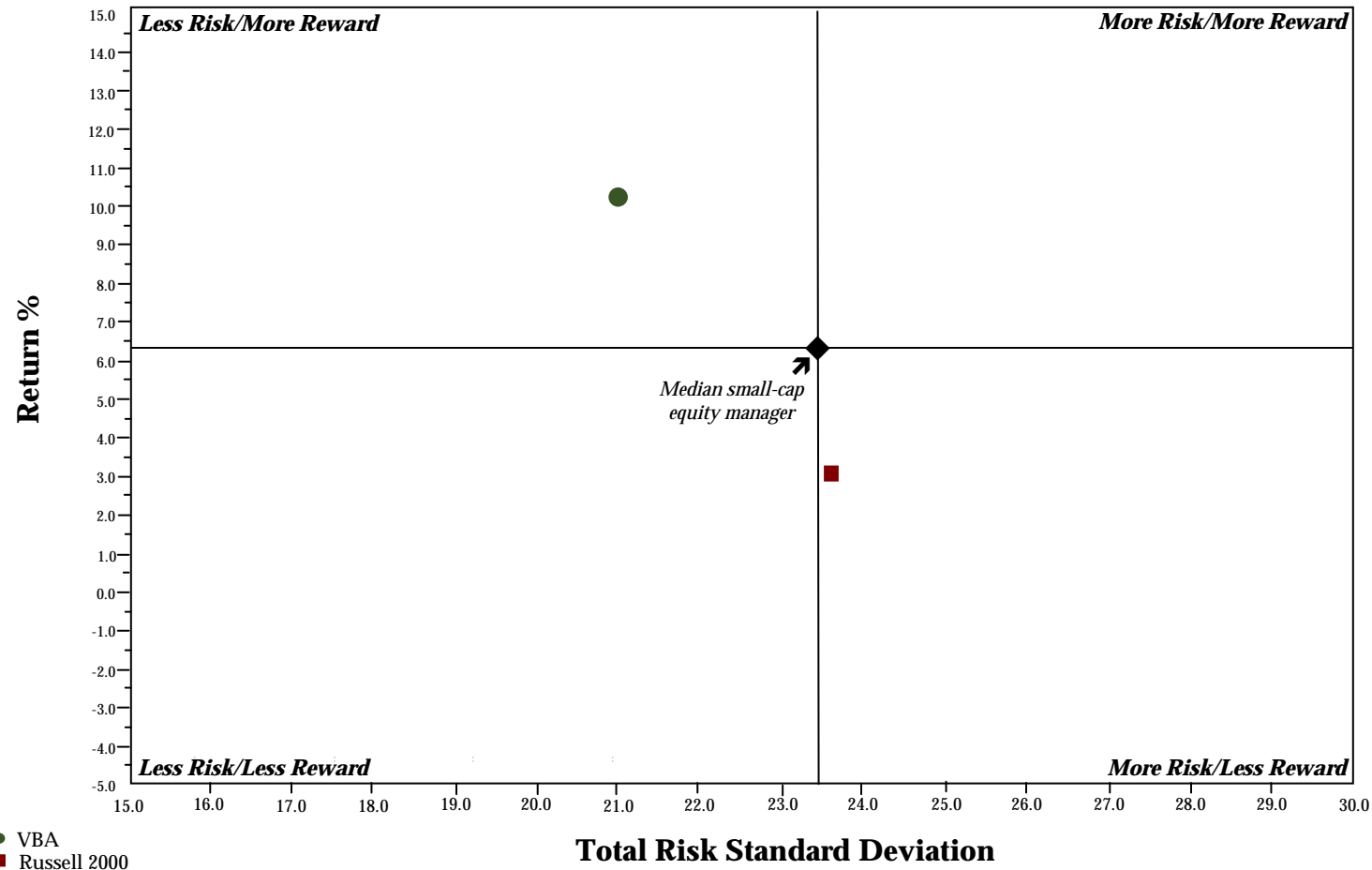
	Value	% Tile	Value	% Tile	Value	% Tile	Value	% Tile	Value	% Tile	Value	% Tile	Value	% Tile	Value	% Tile
5 th Percentile	10.1		-3.8		4.2		5.6		9.1		11.3		14.8		12.5	
25 th Percentile	0.3		-8.8		-0.1		2.4		6.3		8.6		12.2		9.9	
Median Percentile	-5.0		-12.1		-2.7		0.3		4.2		6.8		10.2		8.3	
75 th Percentile	-10.3		-15.1		-5.5		-2.5		2.0		4.6		8.6		6.8	
95 th Percentile	-16.1		-21.5		-9.6		-6.9		-1.3		1.8		6.2		3.7	
# of Portfolios	373		364		336		302		272		248		214		188	
● VBA U.S. Pension Fund Comp	-3.2	41	-4.3	7	3.9	6	5.6	5	7.2	17	9.4	17	11.0	42	10.2	21
■ Russell 2000 Index	-9.5	73	-12.0	50	-4.6	68	-1.1	64	2.4	70	5.0	71	9.0	71	6.5	80

Universe Source: Russell Investment Group

PERFORMANCE OF THE VBA U.S. SMALL-CAP PENSION FUND COMPOSITE VERSUS THE BNY MELLON UNIVERSE



Small-Cap Equity Universe
Risk / Reward
9.0 Years Ending September 30, 2009



VBA has delivered significant long-term excess returns versus its peers and its benchmark while taking on less risk.

Performance figures are gross of fees.

Source: Universe Source: Russell Investment Group



REVIEW AND OUTLOOK OF U.S. SMALL-CAP STOCKS

Market participants had the time of their life this summer. Not only did investors not sell in May, but they certainly did not go away during the summer months, participating enthusiastically in a splashing rally of a magnitude rarely matched in previous recoveries following bear markets. It seems like investors had every reason to cheer and bid stocks up with a steady flow of encouraging news hitting the tape every week or so. It was indeed a perfect backdrop to fuel a dazzling rally. First, we had enormous liquidity flooding the market, and incredibly low interest rates, both conducive to a strong stock market. More importantly, green shoots indicative of a global recovery in the world economy were spreading globally, with clear signs of life in U.S. housing, auto, manufacturing and consumer confidence. With most leading and concurrent economic indicators all pointing in the same upward direction, most economists and market observers have recently come to a clear consensus that the recession in the U.S. most likely ended some time this summer, marking the end to the longest economic downturn since World War II. For the first time in several quarters, these obvious signs of thawing in the economy have led to numerous upward revisions to top-down earnings estimates for key stock market benchmarks as well as for GDP growth targets globally, after a dreadful series of meaningful downward revisions since this recession and financial crisis first hit us.

Lastly, for the second straight quarter, corporate profits, despite being down year-over-year for eight straight quarters, broadly exceeded expectations in the most recent reporting period, with an impressive number of companies outperforming analysts' expectations. With all these upbeat headlines, it is no wonder we witnessed one of the most impressive stock market rallies of all time, with the U.S. small-cap market posting a breathtaking 76% return since the stock market low of March 9, 2009, completely dwarfing the "meager" 40% historical average rebound typically experienced in the first year after a bear market. The breadth of this bull market was just as strong as what was experienced during the bear market last year, with a continued high level of correlation between stocks across sectors. It was also a beautiful thing to watch this stock market rally spread across marketplaces around the world in a synchronized fashion, a few tiny months after the world stock markets and economies were free falling in tandem. Was it ever amazing to witness the dramatic reversal in investors' mindset versus a year ago: last year, at this time, the very foundation of our financial system was on the verge of complete collapse and the dreaded "R" word for recession, or even the "D" word for depression was on everybody's mind, leading to a complete free fall in the stock markets. Nowadays, investors are cheering a huge bull market and the "R" word now stands for recovery, with the meaning of the "D" word having changed to probably delirium.

As is usually the case in such environment, U.S. small-cap stocks were the main beneficiaries of this widely optimistic group of investors, easily surpassing the returns achieved by large-cap stocks during this third quarter, with the Russell 2000 being up more than 19%, about 400 basis points above the performance of the S&P 500. This outperformance occurred despite the fact that, for the second straight quarter, profits for small-cap businesses dropped significantly more year-over-year than for larger companies. This excess stock price performance combined with greater earnings declines have put the valuation of small-cap names at a premium to large-caps, unlike where relative valuation typically stands after a recession and at the onset of a small-cap outperformance cycle. Further analysis of the performance of the U.S. small-cap category clearly indicates that the names with the smallest market capitalization, the lowest quality (as measured by the return on equity), the non-earners and the higher beta, widely outperformed all other small-cap stocks and were the clear leaders of this furious rally. Also, this was yet another difficult environment for active managers to outperform their small-cap benchmark, as a majority of U.S. small-cap mutual fund managers underperformed the Russell 2000 in this third quarter.

While this all looks great on the surface, we cannot help to caution that such unanimous upbeat view of the world might be very shallow and subject to disappointments in coming periods. For one thing, the recovery in corporate profits has, to this point, been entirely driven by aggressive cost cutting by companies and huge productivity gains, rather than by a robust recovery in end-user demand and sales. Also, it seems obvious to us that most sectors of the economy that have been showing encouraging signs of thawing are the ones heavily supported, controlled or financed by the



government. The auto sector, for one, provided recent evidence of that viewpoint, as September's dismal auto sales demonstrated the widely anticipated "post-cash-for-clunkers' hangover". Similarly, even the most bearish observers cannot argue against the continued stabilization witnessed in real estate values and home transactions since the apparent trough in early 2009. Low home prices, government incentives and record-low mortgage rates have definitely improved affordability, and consumers' willingness and ability to get back in the housing market. However, it is reasonable to wonder how the heavily government-supported housing market will fare once the tax credit for first-time home buyers expires late this year, once interest rates start rising again, and as the unemployment rate keeps creeping up, as foreclosure activity relentlessly continues and as the government puts an end to its heavy mortgage debt buying spree. Also, we are certainly quite concerned by the fact that a shocking 11% of all mortgage loans outstanding in the U.S. are seriously delinquent, leading to a "shadow inventory" of homes potentially flooding the market in the form of "short-sales" or foreclosures in the next few years. Most government plans to entice mortgage lenders to modify loans to keep people into their homes have unfortunately proven largely ineffective so far. Hence, this ballooning shadow inventory of homes does not bode well for future home prices and housing starts.

The unemployment picture is also quite ugly, with the "underemployment rate" (those workers involuntarily working part-time and those that have given up searching for a job and that are excluded from the official unemployment calculation) continuing to creep up to 17%. Also, a deeper analysis of the unemployment data reveals a very troublesome fact: of the 15 million Americans that do not have a job today, about 5 million of those are long-term unemployed, meaning that they have been out of work for more than 27 weeks. Sadly, this is a record high percentage since World War II, and could very well be indicative of unemployment becoming more structural in nature, as workers that have been out of a job for more than half-a-year tend to be of much less value to prospective employers and therefore, are much harder to be reactivated in the workforce. As if the unemployment situation was not dire enough to worry about U.S. consumers, their well-publicized balance sheet issues are equally problematic. As they have been attempting to do so lately, any sustained effort by U.S. consumers to deleverage, so that their debt-to-income ratio goes back toward historical averages, would imply the elimination of between two and four trillions of debt. Unfortunately, it is typically very hard for consumers to delever quickly, especially with continued weakness in the labor market and in disposable income growth, unless they wipe out their debt through a bankruptcy filing, which in itself is not of tremendous help to the economy. Hence, it is fair to assume that this deleveraging will take years to unfold.

Therefore, there is no need to be a genius to figure out that the U.S. consumer, grappling with a murky outlook for housing, with a weak labor market, a poor income growth and an over-levered balance sheet, not to mention a negative real wealth effect from a 14.5% annualized decline in household net worth since the peak in the second quarter of 2007, will face stiff headwinds for the foreseeable future, severely impeding its ability or appetite to spend. Unfortunately, history shows that there has never been a strong economic recovery without robust consumer spending, as the two items have proven to be tightly correlated. Also, the broader "exit strategies" being discussed by the Federal Reserve and other major Central Banks to unwind their forceful interventions in the economy, and the likely consequences of such actions, are likely to increasingly become an unsettling and unnerving reality check and a top-of-mind issue for investors. That leads us to conclude, for what it is worth, that the economic recovery, while clearly in the works, is likely to be somewhat sluggish, inconsistent and modest.

In last quarter's comment, we described our relative unease with the seemingly complacent investors' behavior in the second period and the clear disconnect between their upbeat mindset and the cautious sentiment of businesses and consumers. We witnessed more of that same disconnect in this period. While consumers' and businesses' confidence have clearly improved from rock-bottom levels, both constituencies remain, rightfully so, worried about the strength of this recovery and their prospects, as demonstrated by their rather lackluster spending levels. One other worrisome indicator of the relative bearishness of companies' executives or of their skepticism for this bull market is certainly the insider selling activity, having now reached dizzying levels. Companies' insiders have not rushed for the exits at this pace since the last market peak and the onset of the sub-prime debacle about two years ago.



Such sobriety demonstrated by businesses and consumers has certainly not prevented investors from embracing the “risk trade” again, with market participants increasingly chasing the higher beta, lower quality stocks and bonds and riskier asset classes in hopes of stronger returns, reminiscent of the good old days that we all miss so dearly. However, we are of the opinion that investors have become once again very complacent in light of all the uncertainties and mixed signals out there, and developed a false sense of security in rising stock prices as this bull market has progressed.

Fortunately and against all odds, our apparent unease with the striking market exuberance of the past few months has not prevented us from outperforming once again the Russell 2000 and the S&P 500 in the most recent period and since the market trough of March 9, 2009. Hence, our portfolio return of nearly 20% for the quarter has eclipsed both the 19% achieved by the Russell 2000 and the 15%+ delivered by the S&P 500 in the last three months. Even more striking is our significant outperformance since the March 9 stock market low, with our portfolio being up an astonishing 84% since then compared to 77% and 57% for the Russell 2000 and the S&P 500 respectively. Hence, these numbers clearly demonstrate that our apparent cautious stance on the stock market has not hurt our ability to generate excess returns for our clients in this environment, as we never let our views of the stock market and the economy take the forefront in our investment decisions, dictate our stock-picking efforts, or get in the way of our valuation discipline. Letting our macro views dictate our portfolio construction efforts would certainly be a recipe for disaster, as it is likely that we would be dead wrong most of the time. Rather, as we have said all year, we believe that a key ingredient to our success both in last year’s bear market and in this year’s bull market has been our barbell portfolio strategy of maintaining a few core positions in more defensive names, complemented by several holdings of high-quality companies that have a higher beta and that are more directly impacted by the state of the economy. Seemingly, never before have we achieved such optimal balance in our portfolio and reap such huge benefits from that approach than in the past two years.

Our outperformance in this third quarter was achieved despite what could have been characterized as a hostile environment to us, with the low-quality and low market capitalization stocks stealing the show and fueling the rally, against our positioning into largely out-of-favor high-quality and higher market capitalization holdings. Also, we think that our sector exposure was largely irrelevant to explain our excess returns, as on the one hand, we clearly benefited from our overweight position in Consumer Discretionary names, and our underweight position in Financials, but our overweight position in the lagging Healthcare sector and our lack of exposure to the skyrocketing Materials stocks should have been mitigating factors. Hence, once again one has to look at stock selection to explain such outperformance in this most recent period. We saw strong, broad-based performance by most of our holdings across the different sectors we are invested in, with only three of our stocks having achieved negative returns in the third quarter and a little over half of our names (nineteen stocks) having posted a return equal to or greater than 20% over that period. We believe that our outperformance largely stems from the relative undervaluation of our portfolio against the main benchmarks throughout this bear market and into the recovery, as stocks with low valuation multiples have achieved excess returns in the past several months. Also, we have already reaped huge benefits from our significant efforts to lower the valuation of our portfolio and further improve its quality by buying high-quality companies at severely depressed valuations during the heydays of the bear market. This is evidenced by the fact that 6 of our 15 best-performing stocks year-to-date are names that we bought late last year or this year.

Clearly, many of our high-quality, higher beta names that are more levered to the economy have continued to lead the way for us in this bull market. However, late this spring and into the summer months, as this stock market rally extended itself in a major way, it became apparent to us that there was a rapidly-increasing valuation gap between more defensive stocks or late cycle names and early cycle, higher beta stocks, as investors pulled money out of defensive stocks and poured it all into early cycle names that typically outperform at this stage of the cycle. While such early-cycle companies should indeed be the first to feel the positive impact of a broad economic recovery, leading the way for a typical stock outperformance from these entities, we believe that investors’ narrow focus on such segment of the market and the stiff stock rotation that ensued opened up a very appealing opportunity for investments into out-of-favor defensive and late cycle stocks that did not participate in this rally until more recently. In fact, we noticed throughout this past quarter that valuations on such early cycle



stocks became increasingly stretched and unappealing, while the valuation of more defensive situations became decisively more enticing, at least on a relative basis. Hence, as this bull market continued to roar, we took some profits in our early cycle plays and reinvested the proceeds in both existing defensive stocks that had underperformed and into new stocks in that category that we believed were severely undervalued. We therefore built bigger positions in recent months in such existing names as IMS Health Incorporated, Interactive Data Corporation, Hewitt Associates, Inc., LHC Group, Inc., and Amedisys, Inc., and we bought new positions in Lender Processing Service, Inc., and in John Wiley & Sons, Inc. Our ability to identify such favorable relative valuation gaps in favor of more defensive names or late cycle plays and to make related investment decisions were of great benefit to us as soon as in the latter part of this quarter, because such names that we had invested in somewhat closed the valuation gap, and contributed greatly to our overall performance for the quarter, and position us very nicely for continued success in future periods.

Otherwise, we are certainly thankful that we fully took advantage of this extraordinary window to buy high-quality businesses at wonderfully discounted valuations during the bear market, as it has now become quite challenging to find great new investment ideas after such a broad and dramatic rally. As a result, we have bought fewer new names in our portfolio this year versus last, but all the new stocks we bought were of great high-quality and have already performed quite well for us. Of the five new stocks that we bought so far in 2009, two of them, Fossil, Inc. and Micros Systems, Inc., have doubled, and one of them, Lender Processing Services, Inc., is up about 38% since we bought it about three months ago. In this environment, as a result of this outsized bull market, we now find that the vast majority of companies in our universe have now become fairly valued or even grossly overvalued in some cases. The only factor that could justify most stocks' valuation at this point and lead to more upside would be a significant earnings recovery in the next several years. Due to our conservative nature, we are not ready to buy into and would deem as highly imprudent to value stocks on 2011 or 2012 expected earnings as many investors do. Moreover, we prefer to take the approach of assuming and modeling only a modest earnings recovery for our portfolio companies for 2010, and gradual earnings recovery thereafter in the subsequent years.

Lastly, we are hopeful that we are nearing an important inflection point in the markets, where the significant correlation between all stocks will start fading dramatically, and where there will be much more discrimination in stock price performance. With such current valuation levels in the stock market, we strongly believe that the best-performing businesses and the highest-quality franchises will start to differentiate themselves tremendously from the low-quality companies that start underperforming rapidly-rising expectations. We believe such a market environment would play right into our style. The good news is that despite our sustained outperformance, our portfolio is still trading at a discount to our U.S. benchmarks while exhibiting a much higher level of quality.