

## GLOBAL EQUITIES

### Performance (see notes on reverse side)

As of 03/31/06 (US\$)	QTR	1 year	3 years	5 years
<b>Hexavest Composite</b>	<b>6.21%</b>	<b>18.93%</b>	<b>27.17%</b>	<b>12.02%</b>
MSCI World Net	6.60%	18.03%	23.36%	6.38%
<b>Value added</b>	<b>-0.39%</b>	<b>0.87%</b>	<b>3.81%</b>	<b>5.64%</b>

**Positive contributors (quarter)**

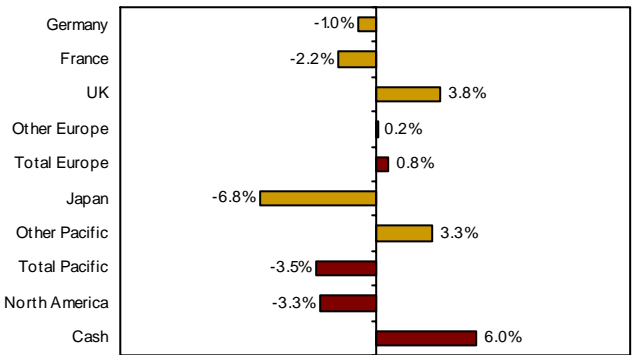
- Regional allocation: Underweighting in the US.
- Sector allocation: Overweighting in Materials, mainly in the gold and paper & forest products industries.

**Negative contributors (quarter)**

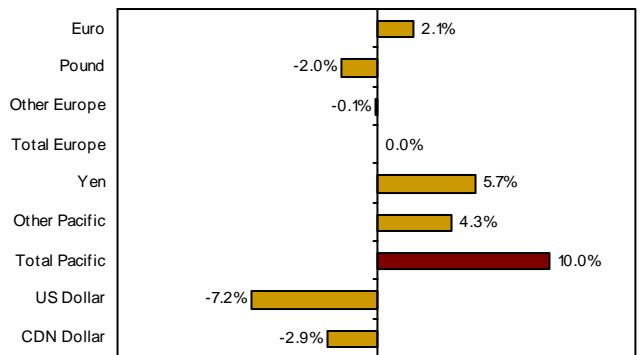
- Regional allocation: Underweighting in France, Germany, and Spain.
- Sector allocation: Overweighting in Healthcare and Telecoms (Europe) and underweighting in Financials and Technology (Europe).

### Model Portfolio

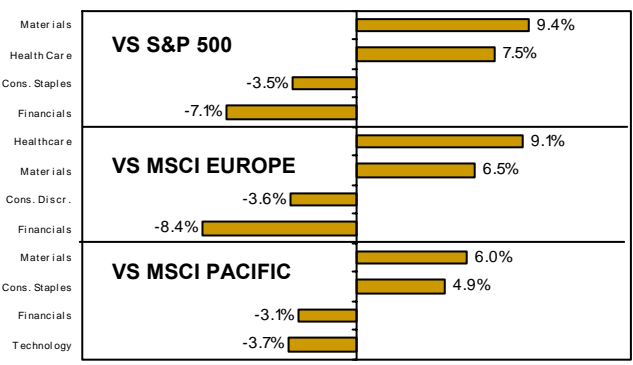
**COUNTRY DEVIATIONS VS MSCI WORLD**



**CURRENCY DEVIATIONS VS MSCI WORLD**



**MAJOR SECTOR DEVIATIONS (EX. CASH)**



**TOP 10 STOCK HOLDINGS**

Description	Country/Region	% of Portfolio
Intel Corp.	United States	1.8%
Merck & Co.	United States	1.7%
Pfizer Inc.	United States	1.6%
Johnson & Johnson	United States	1.4%
Glaxosmithkline	United Kingdom	1.4%
General Electric Co.	United States	1.3%
Bendigo Mining Ltd.	Australia	1.2%
Exxon Mobil Corp.	United States	1.1%
Oxiana Ltd.	Australia	1.0%
Amgen Inc.	United States	0.9%

### Strategy

- **We are now underweight in Japan.** Profit momentum in Japan is waning and is likely to undermine investor confidence. Given this environment, we believe the Japanese stock market cannot sustain its 2005 surge.
- Positive economic news in the UK is on the rise. The British Finance Minister's new budget and calls for reform are bolstering corporate and consumer confidence. **We are overweighting UK stocks and favoring large caps.**
- It's hard to imagine that job creation in the United States combined with interest rate hikes and oil price increases won't have a negative impact on US companies' profit margins. **We are therefore maintaining a slight underweighting in the US.**
- In addition to enjoying an increasingly favorable climate, **Pharmaceuticals should find favor with investors looking for more defensive sectors** in the latter half of the year. **We are favoring the American and European paper & forest products industry.** Structural reform in these regions' industries is in full swing and is expected to generate substantial benefits for shareholders.
- **We continue to be overweight in Materials** on the basis of favorable demand conditions across the globe.

**GLOBAL EQUITIES**

**Investment Team**



*Vital Proulx, CFA*  
Overall Portfolio Strategy



*Marc Veilleux, Ph. D.*  
Pacific Rim  
Director of Research  
Currency Management  
Quantitative Models



*Denis Rivest, CFA*  
Europe  
Risk Management



*Frédéric Imbeault, M.Sc., CFA*  
Japan  
Quantitative Models



*Marc Lavoie, M.Sc., CA, CFA*  
Europe



*Jean-René Adam, M.Sc., CFA*  
North America



*Robert Brunelle, ASA, CFA*  
Chair of Investment Committee  
Client Servicing

**Distinctive Elements**

- Exceptional performance and risk/return profile**
- Experienced, stable and highly motivated team**
  - Team built steadily over 15 years
  - All portfolio managers are shareholders
- Clearly defined Philosophy and Style**
  - Consistently applied for over 10 years
- Proprietary process, rigorous and well tested**
  - Fundamental research supported by proprietary quantitative models
  - Continuous risk management
  - Internally developed
- Client servicing suited to your needs**

**Philosophy** → **Style**

- We believe that by actively managing all drivers of performance we maximize our chances of success and diversify our risks. → **Core portfolio**
- We strive to protect the capital of our clients. → **Value bias**
- Our competitive edge lies in our analysis of macro-economic factors. → **Top-down approach**
- The vast quantity of economic and financial data requires a structured process. → **Proprietary quantitative models supporting fundamental research**

**Summary**

Benchmark:	MSCI WORLD
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	325 to 375
Derivatives:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

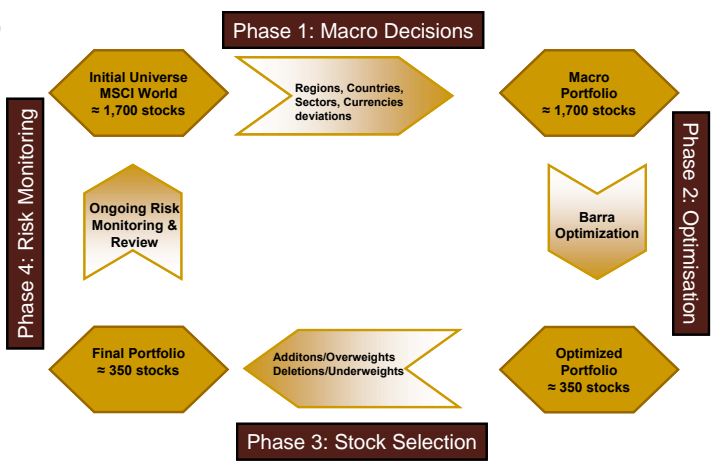
**Deviations vs Benchmark**

Regions:	± 15%*
Countries:	± 15%*
Currencies:	± 15%*
Sectors:	± 10%*

\* With minor variations as outlined in the investment guidelines.

For more information, please contact Robert Brunelle at (514) 390-1225 or rbrunelle@hexavest.com

**Process**



**Notes on performance**

The performance shown is that of a composite of Global Equity mandates managed by Mr. Vital Proulx and his team at Natcan (1999 to 2004) and Hexavest (since May 2004). Performance results are presented gross of investment management fees. The inception date of the composite is January 1, 1999.

Hexavest is a registered investment adviser specializing in international equity investment management. Hexavest claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Hexavest's composite and/or presentation that complies with the GIPS, contact Robert Brunelle at 514-390-1225.