

## Global Equities

Performance (see notes on reverse side)

As of 09/30/09 (USD)	QTR	YTD	1 year	3 years	5 years	10 years	Since inception
<b>Hexavest Composite</b>	<b>17.55%</b>	<b>29.72%</b>	<b>8.78%</b>	<b>2.27%</b>	<b>8.57%</b>	<b>6.68%</b>	<b>6.97%</b>
MSCI World Net	17.45%	24.90%	-2.29%	-4.35%	3.51%	0.92%	1.48%
<b>Value added</b>	<b>0.10%</b>	<b>4.82%</b>	<b>11.07%</b>	<b>6.62%</b>	<b>5.06%</b>	<b>5.76%</b>	<b>5.49%</b>

### Positive factors (Quarter)

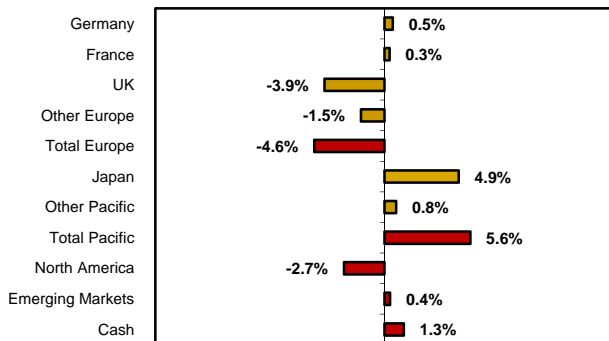
- Currencies: Overweight the Canadian dollar (at the start of the quarter).
- Sectors/Industries: Overweight Financials and underweight Energy (Europe).
- Stocks: In North America, overweight Citigroup (Financials), General Electric (Industrials), Office Max and SPDR Homebuilders (Cons. Disc.). In Europe, overweight Novartis (Healthcare) and UBS (Financials), and underweight Total (Energy).

### Negative factors (Quarter)

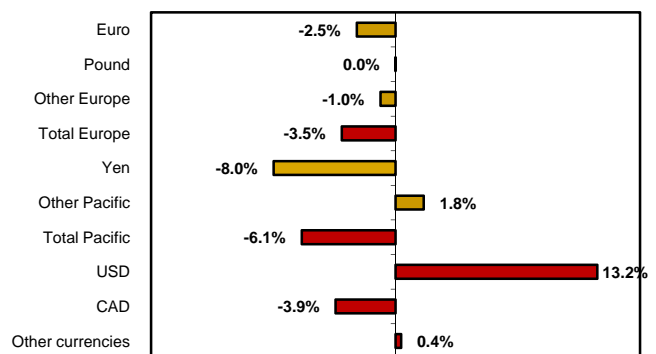
- Regions/Countries: Overweight Japan and underweight the UK.
- Currencies: Underweight the Yen and, to a lesser degree, overweight the US dollar.
- Sectors/Industries: In Asia, overweight Consumer Discretionary.
- Stocks: In Asia, overweight Mazda Motor (Cons. Disc.), Seven Bank and Sumitomo Trust (Financials).

## Model Portfolio

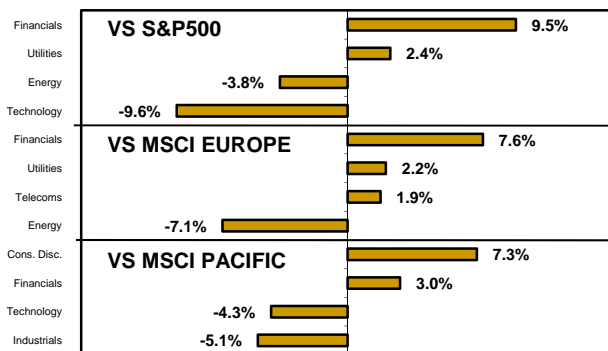
### COUNTRY DEVIATIONS VS MSCI WORLD



### CURRENCY DEVIATIONS VS MSCI WORLD



### MAJOR SECTOR DEVIATIONS



### TOP 10 STOCK HOLDINGS

Description	Country/Region	Sectors	% of Portfolio
Bank of America	United States	Financials	1.7%
General Electric	United States	Industrials	1.7%
Procter & Gamble	United States	Staples	1.6%
Pfizer	United States	Healthcare	1.6%
Microsoft	United States	Technology	1.5%
Abbott Laboratories	United States	Healthcare	1.4%
SPDR Homebuilders	United States	Cons. Disc.	1.3%
Merck & Co.	United States	Healthcare	1.3%
Wyeth	United States	Healthcare	1.3%
ConocoPhillips	United States	Energy	1.3%

## Strategy

- The macro-economic environment still supports a market upturn in the short term, owing to strong measures taken by governments and central banks around the world. However, the effect of these measures should abate eventually and, as such, we are concerned about the second half of 2010. On the valuation front, stock markets appear fairly valued according to the earnings growth consensus for 2010, but we feel that these estimates are a bit on the optimistic side. In terms of sentiment, investors are still nervous but appear more bullish than in previous quarters. Our sentiment vector is still favourable to stock markets, but positive and negative factors are more balanced than before. **Consequently, we are maintaining our bullish positioning but to a lesser degree than earlier in the year.**
- In the UK, the growth in government spending, combined with a drastic decline in revenues in the Financials and Real Estate sectors, have resulted in a deficit of 13% of GDP – the highest since World War II. The next government will likely have to cut spending and consumers will have to continue their deleveraging process. This should lead to a difficult environment for sustained growth in the economy. **We therefore maintain our underweight position in the UK stock market.**
- In terms of sector allocation, we favour Financials with an overweight position of nearly 7%. In our view, U.S. banks are especially well positioned to benefit from the rebound in credit markets since the beginning of the year. They have been among the most proactive in the world in booking credit losses on their loan portfolios and, as such, should be in a good position to generate gains in the short term. Moreover, American banks are generally well capitalized, trade at a deep discount relative to their historic mean, and are still shunned by many investors. **For these reasons, we remain very positive on U.S. banks and have recently increased our overweighting in this sector.**

## Global Equities

### Investment Team



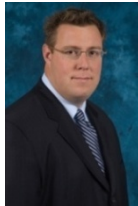
*Vital Proulx, CFA*  
Overall Portfolio Strategy



*J.-R. Adam, M.Sc., CFA*  
PM - North America



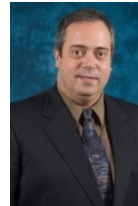
*Denis Rivest, CFA*  
PM - Europe



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



*J.-B. Leblanc, M.Sc., CFA*  
Analyst - Europe



*Marc Veilleux, Ph.D.*  
Director of Research,  
PM - Asia



*Frédéric Imbeault, M.Sc., CFA*  
PM - Asia



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

### Distinctive Elements

#### Exceptional performance and risk/return profile

#### Experienced, stable, and highly motivated team

- Team built steadily over 18 years
- Responsibilities clearly outlined
- Efficient decision making process

#### Clearly defined Philosophy and Style

- Consistently applied for over 18 years

#### Proprietary process, rigorous and well tested

- Fundamental research supported by proprietary quantitative models
- Continuous risk management

#### Client service suited to your needs

### Philosophy

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 and excess management at the security decision level.



**Top-down approach**

The vast quantity of economic and financial data requires a structured process.



**Proprietary quantitative models supporting fundamental research**

### Summary

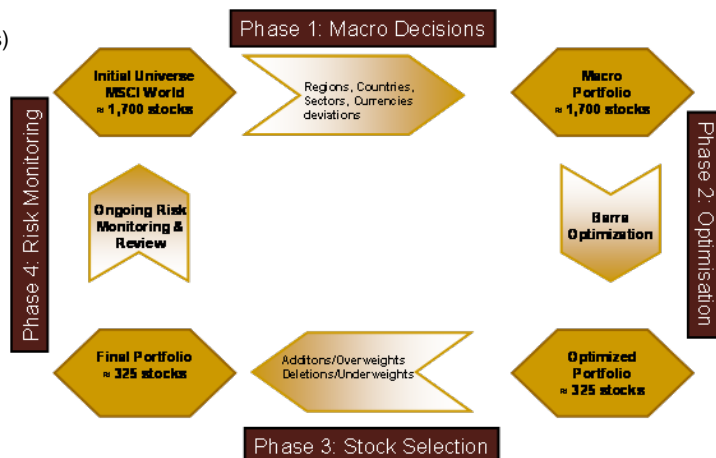
Benchmark:	MSCI WORLD
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	325 on average
Derivatives exposure:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

#### Deviations vs Benchmark

Regions (ex. US):	± 15%
Countries (ex. US):	± 15%
Currencies (ex. US):	± 15%
US (market and currency)	
Max:	+ 15%
Min:	-Max(15% ; 40% x Index weight)
Sectors:	± 10%

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

The inception date of the composite is January 1, 1999.

Performance results are presented gross of management and custodial fees. Management fees for pooled fund mandates are:

0 to \$10M:	0.60%
\$10 M to \$40M:	0.50%
> \$40M:	0.40%

As of June 30, 2009, fund expenses were 0.12%.