

GLOBAL EQUITIES

Performance (see notes on reverse side)

As of 09/30/06 (CAD\$)	QTR	YTD	1 year	3 years	5 years	Since inception
Hexavest Composite	4.91%	7.58%	12.26%	12.08%	8.47%	4.46%
MSCI World Net	4.80%	5.82%	9.76%	9.55%	2.62%	-0.36%
Value added	0.11%	1.76%	2.50%	2.53%	5.85%	4.82%

Positive factors (Quarter)

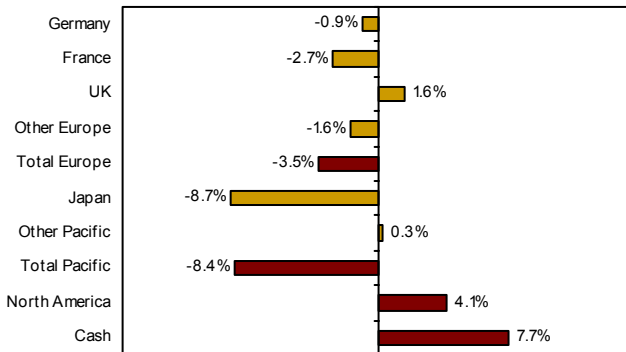
- Country allocation: Important underweight position in the Pacific region (worst performing region).
- Sector allocation: Underweight position in Energy (worst performing sector) and overweight in Health Care, especially in the US and Pacific region.
- Stock selection: Merck, Pfizer and McDonald's (US); Coles Myers (Australia).

Negative factors (Quarter)

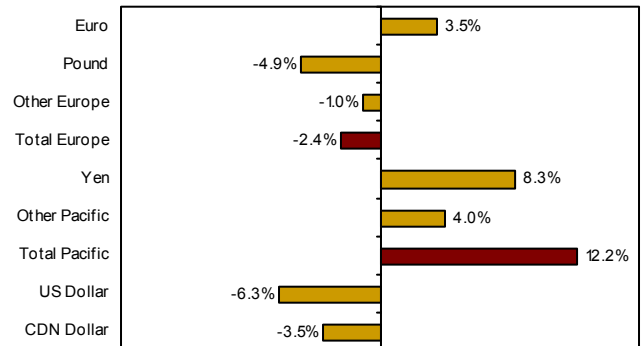
- Cash position in rising markets.
- Sector allocation: Important underweight position in Financials (Europe and the US), one of the best performing sectors during the quarter.
- Currency allocation: Underweight position in the British Pound against an overweight position in the Yen.

Model Portfolio

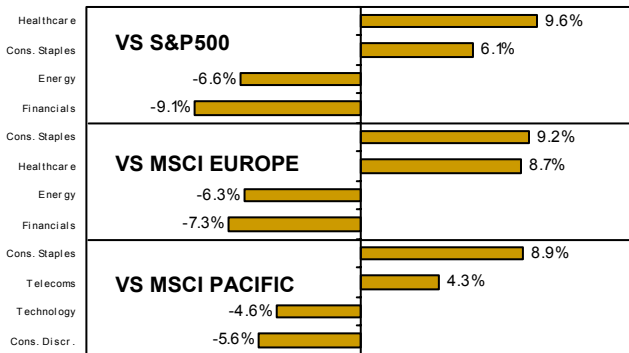
COUNTRY DEVIATIONS VS MSCI WORLD



CURRENCY DEVIATIONS VS MSCI WORLD



MAJOR SECTOR DEVIATIONS (EX. CASH)



TOP 10 STOCK HOLDINGS

Description	Country/Region	% of Portfolio
Merck & Co.	United States	2.5%
Intel Corp.	United States	2.5%
Pfizer	United States	2.3%
Altria Group	United States	1.9%
Johnson & Johnson	United States	1.9%
General Electric	United States	1.6%
Kimberly-Clark	United States	1.3%
Unilever	Netherlands	1.2%
Emerson Electric Co.	United States	1.2%
Glaxosmithkline	United Kingdom	1.1%

Strategy

- The decline in the price of oil won't be enough to counterbalance the negative impact of the significant slowdown in the housing market which has been the main driver of consumer spending around the world and especially in the US. Furthermore, Chinese authorities have significantly curtailed bank lending in recent months. It appears that the two main drivers of global economic growth are losing steam. **Given this type of environment, we are maintaining our defensive bias.**
- Despite the anticipated slowdown in consumer spending in the US, we believe that the US stock market should weather the storm better than Europe or Asia as we saw in the correction from mid May to mid June. **We have increased significantly our exposure to the US market.**
- We have an important underweight position in Financials within Europe.** Although they trade at a discount of 10% to the MSCI Europe Index, the historical average discount has been in the neighbourhood of 20%.
- The carry trade in Japan, so popular with hedge fund managers, has put downward pressure on the Yen. The anticipated rise in rates from the Bank of Japan should dampen the enthusiasm of these managers. **We are maintaining our overweight position in the Yen.**

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 15 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 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

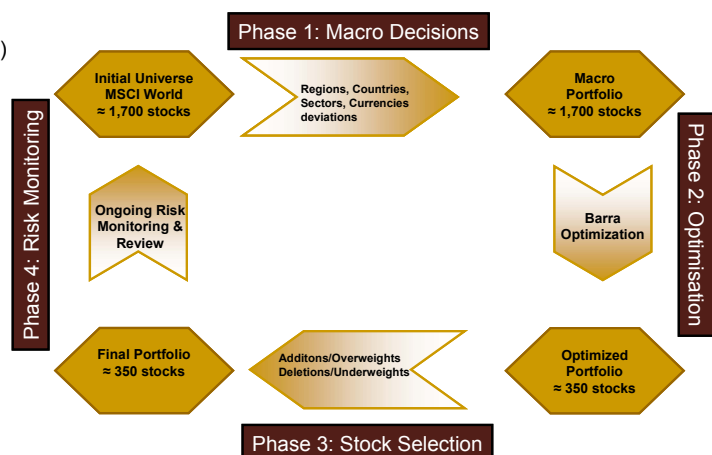
Benchmark:	MSCI WORLD
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	325 to 375
Derivatives:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

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

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

As of June 30, 2006, custodial fees were 0.20%.