



QUARTERLY BULLETIN

SEPTEMBER 30, 2007

INTERNATIONAL EQUITIES

Performance (see notes on reverse side)

As of 09/30/07 (\$US)	QTR	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Composite	2.27%	8.93%	16.11%	19.63%	22.92%	9.74%	10.38%
MSCI EAFE Net	2.18%	13.15%	24.87%	23.24%	23.55%	7.97%	8.18%
Value added	0.09%	-4.22%	-8.76%	-3.61%	-0.63%	1.77%	2.20%

Positive factors (Quarter)

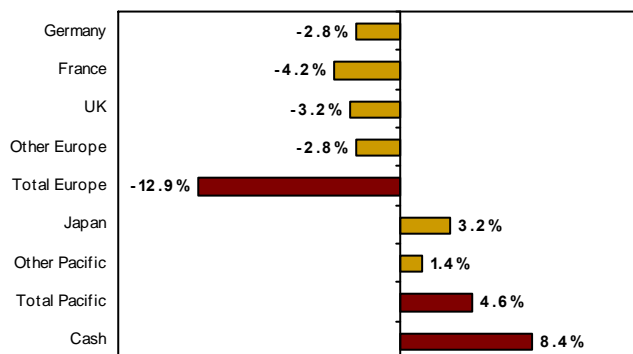
- Country allocation: Slight overweight position in Hong Kong and underweight positions in France and Ireland.
- Currencies: Overweight position in the Yen; one of the strongest currencies with the Canadian Dollar.
- Sector allocation: Underweight position in Financials and overweight positions in Consumer Staples and Telecoms.

Negative factors (Quarter)

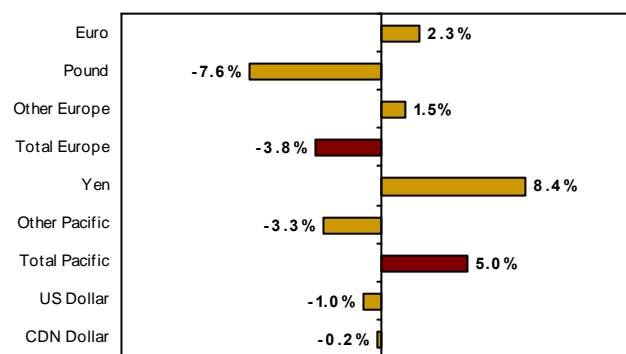
- Sector/Industry allocation: Underweight position in Energy (both regions) and underweight positions in Asian Industrials and Materials.
- Stock selection: In Europe, Alcatel and STMicroelectronics (Technology), Siemens and EADS (Industrials). In Asia, Sumitomo Mitsui, Mizuho, and Mitsubishi UFJ (large Japanese banks) and Kyocera, Canon (Technology).

Model Portfolio

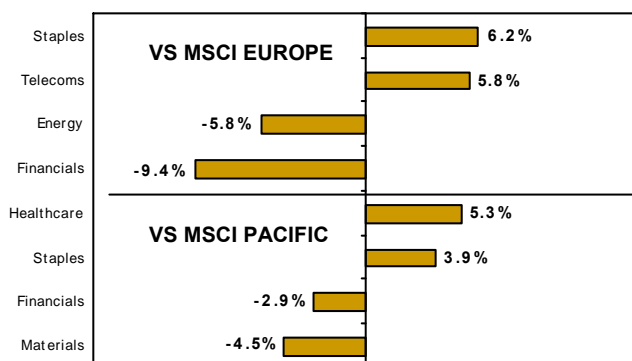
COUNTRY DEVIATIONS VS MSCI EAFE



CURRENCY DEVIATIONS VS MSCI EAFE



MAJOR SECTOR DEVIATIONS (EX. CASH)



TOP 10 STOCK HOLDINGS

Description	Country/Region	% of Portfolio
Nestlé	Switzerland	2.1%
Telefonica SA	Spain	1.9%
Nokia	Finland	1.9%
Vodafone Group	United Kingdom	1.8%
Roche Holdings	Switzerland	1.7%
Novartis	Switzerland	1.7%
ING Groep NV	Netherlands	1.3%
British American Tobacco	United Kingdom	1.3%
Sanofi-Aventis	France	1.2%
Unilever NV	Netherlands	1.2%

Strategy

- At the beginning of the year many market participants were expecting the stabilization of the US housing market in 2007, but since then they have all thrown in the towel, with good reason. Each new housing statistic is worse than the previous one. The investors' consensus however, did not foresee any signs of contagion. That hypothesis fell apart when this past summer, several European, Asian, and North American banks admitted having exposure to subprime loans. These admissions led to a crisis of confidence, and a significant market downturn. The Fed, by simply stepping in and lowering its discount rate and Fed fund rate, was able to allay fears; a move that has sent clouds of uncertainty scattering and one that has also energized the markets at quarter's end. This upswing puzzles us: the source of the problem has not yet been addressed and its dire consequences on the global financial market have already been felt. **We are therefore maintaining our defensive bias.**
- In light of the recent economic soft patch, **we reduced our overweight position in Japan to increase cash** during the 3rd quarter. Japanese corporations, however, are attractive and investors' bleak sentiment could change rapidly on the heels of better economic news. If this happens, we will increase our positions.
- Financial institutions are reeling from the current credit crunch. In fact, these firms have already incurred billions of dollars in losses after being stuck with subprime mortgages and leveraged buyout loans. The credit market is still in a very precarious state, and if the situation doesn't change, losses could increase. Given the current environment, **we are maintaining our underweight position in Financials in Europe.**



INTERNATIONAL 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
Pacific Rim
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

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

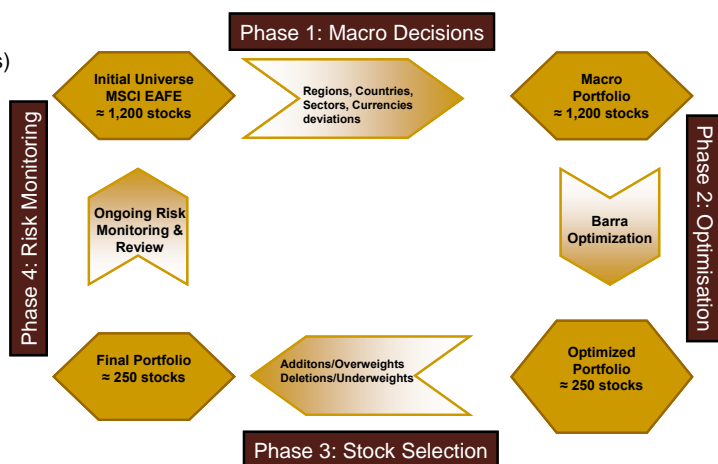
Benchmark:	MSCI EAFE
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	250 on average
Derivatives exposure:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

Deviations vs Benchmark

Regions:	± 15%
Countries:	± 15%
Currencies:	± 15%
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 EAFE mandates managed by Mr. Vital Proulx and his team at St. Lawrence Financial Consultants (from 1991 to 1996), Kogeva (from 1997 to 1998), Natcan (1998 to April 2004) and Hexavest (Since May 2004).

Performance results are presented gross of investment management fees.

The inception date of the composite is May 1, 1991.

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.