QUARTERLY BULLETIN

DECEMBER 31, 2007

HEXAVEST

INTERNATIONAL EQUITIES

Performance (see notes on reverse side)

As of 12/31/07 ($US)	QTR	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Composite	**0.11%**	**9.05%**	**9.05%**	**14.57%**	**22.02%**	**11.11%**	**10.23%**
MSCI EAFE Net	-1.75%	11.17%	11.17%	16.83%	21.59%	8.66%	7.94%
Value added	**1.86%**	**-2.12%**	**-2.12%**	**-2.26%**	**0.43%**	**2.45%**	**2.29%**

Positive factors (Quarter)

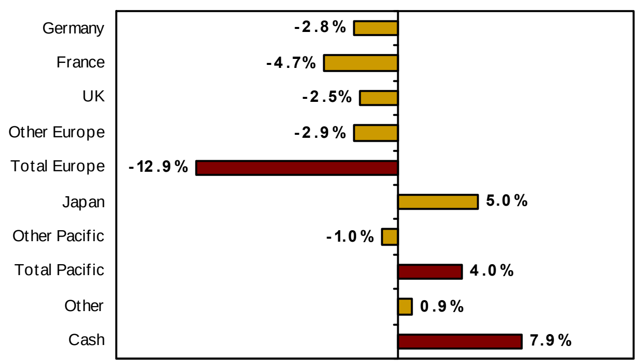
- Currencies: Overweight position in the Yen versus the Pound.
- Sector allocation: Overweight position in non-cyclical sectors (Staples, Telecos) and significant underweight position in Financials within Europe.
- Stock selection: Within Asia, Golds (Materials) and Real Estate in Hong Kong (Financials). Within Europe, Tobacco stocks, Unilever, Tesco, Carrefour (Staples).

Negative factors (Quarter)

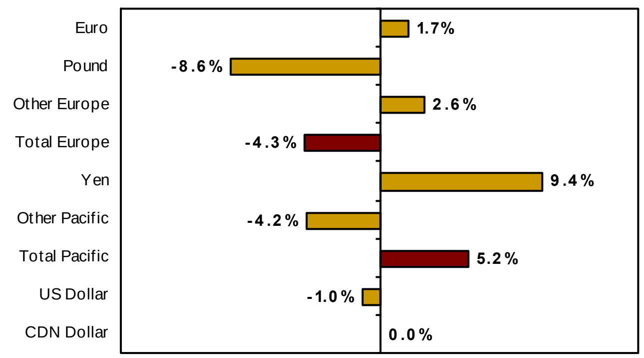
- Country allocation: Overweight position in Japan.
- Sector/Industry allocation: Underweight position in Energy and Utilities (in all regions).
- Stock selection: In Asia, Takeda Pharm., Eisai, Chugai Pharm. (Healthcare) and Toshiba, Canon, Murata Manufacturing (Technology).

Model Portfolio

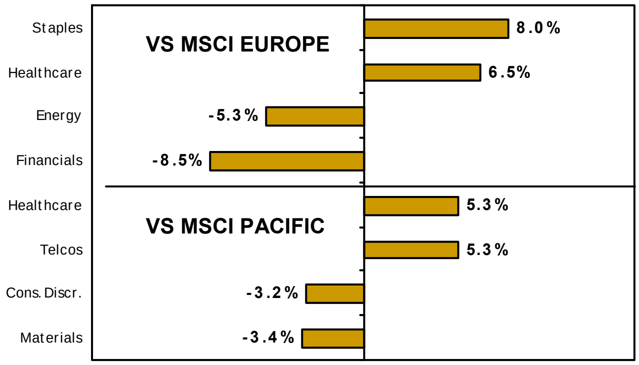
COUNTRY DEVIATIONS VS MSCI EAFE



CURRENCY DEVIATIONS VS MSCI EAFE



MAJOR SECTOR DEVIATIONS (EX. CASH)



TOP 10 STOCK HOLDINGS

Description	Country/Region	% of Portfolio
Nestlé	Switzerland	2.1%
Novartis	Switzerland	1.8%
Vodafone Group	United Kingdom	1.8%
Roche Holdings	Switzerland	1.7%
Nokia	Finland	1.5%
Unilever NV	Netherlands	1.4%
Telefonica SA	Spain	1.4%
Glaxosmithkline	United Kingdom	1.4%
British American Tobacco	United Kingdom	1.4%
Deutsche Telekom	Germany	1.3%

Strategy

- The dam that was shielding markets from negative news in 2007 is finally showing cracks in 2008. The risk of a recession is slowly being factored in and the buoys that have been keeping the markets afloat in 2007, such as rate cuts, injection of liquidity by central banks, Congress's plan for distressed owners, and the creation of a super SIV fund, no longer have a significant impact on markets. Even the biggest buoy of all: the de-coupling theory, is being put to the test. There are clear signs of a slowdown in Europe, and Japan might be the first developed country to undergo a recession. It is true that China is barely showing any signs of slowing down, but how long can this last in an export-driven economy with US consumer spending that now represents 19% of World GDP (vs 15% in 1980)? **We remain extremely cautious in these first few months of the year.**

- **We are significantly underweight in Europe.** Domestic consumption is anemic and the external sector should suffer from a global economic slowdown and a strong Euro. Japanese stocks are extremely inexpensive, with an expected P/E for 2008 lower than 16x (a 33-year low) and with almost 50% of the Tokyo Stock Exchange trading at less than book value. Sentiment is depressed and the market could attract bargain hunters in a global stock market on a quest for a new equilibrium. **Japan is our only significant country overweight position.**

- **Our sector allocation emphasizes non-cyclical sectors such as Staples, Healthcare, and Telcos. We are keeping a close eye on Financials.** It may be too early to close our underweight position but the pendulum rarely stops in the middle. Extreme pessimism and clear signs that Financials are cleaning their balance sheets might offer an interesting entry point.

- We still favor the Yen, which is by far one of the cheapest currencies against the Pound (one of the most overvalued currencies, along with the Canadian and Australian dollars).

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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 → Style

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

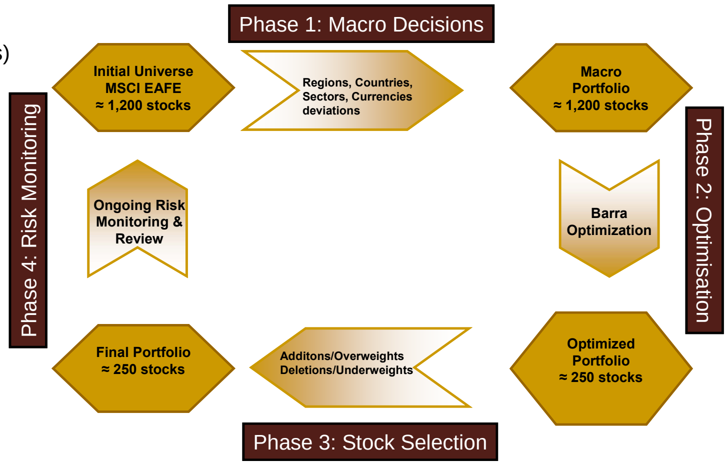
Benchmark:	MSCI EAFE
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	250 on average
Derivatives exposure:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

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.