HEXAVEST

QUARTERLY BULLETIN

SEPTEMBER 30, 2008

INTERNATIONAL EQUITIES

Performance (see notes on reverse side)

As of 09/30/08 (CAD$)	QTR	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Composite	**-7.97%**	**-11.49%**	**-11.99%**	**1.09%**	**6.51%**	**5.07%**	**8.05%**
MSCI EAFE Net	-16.75%	-23.80%	-25.64%	-1.79%	4.58%	1.29%	4.99%
Value added	**8.78%**	**12.31%**	**13.65%**	**2.88%**	**1.93%**	**3.78%**	**3.06%**

Positive factors (Quarter)

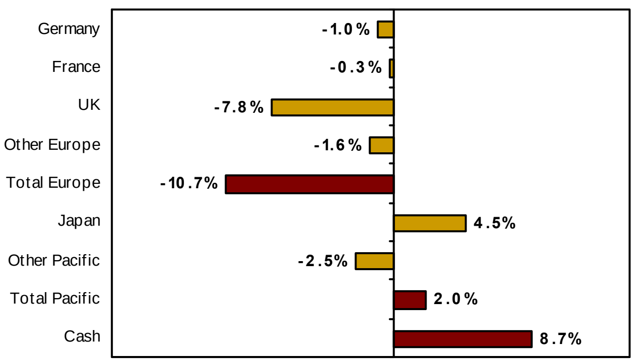
- Regions/Countries: Cash and put options in declining markets. Overweight in Switzerland.
- Sectors/Industries: Underweight positions in Energy and Materials (both regions). Overweight positions in Healthcare and Staples (both regions).
- Currencies: Overweight position in the Yen. Overweight position in the US dollar against an underweight position in the Euro initiated during the 3rd quarter.

Negative factors (Quarter)

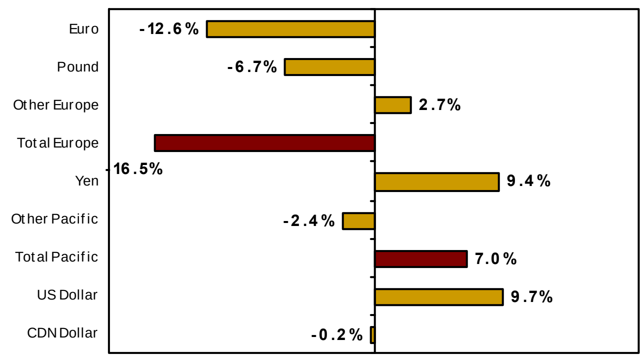
- Sectors/Industries: Underweight positions in Financials and Consumer Discretionary in both regions.

Model Portfolio

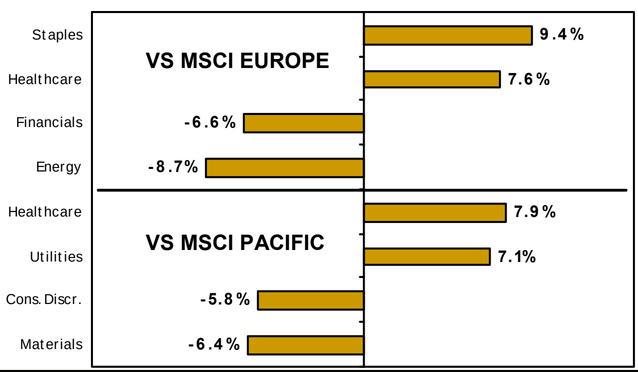
COUNTRY DEVIATIONS VS MSCI EAFE



CURRENCY DEVIATIONS VS MSCI EAFE



MAJOR SECTOR DEVIATIONS (EX. CASH)



TOP 10 STOCK HOLDINGS

Description	Country/Region	Sector	% of Portfolio
Nestlé	Switzerland	Staples	2.1%
Roche Holdings	Switzerland	Healthcare	1.7%
Glaxosmithkline	UK	Healthcare	1.4%
British American Tobacco	UK	Staples	1.4%
Novartis	Switzerland	Healthcare	1.3%
Takeda Pharm.	Japan	Healthcare	1.3%
Vodafone Group	UK	Telecoms	1.3%
E.ON	Germany	Utilities	1.2%
Astrazeneca	UK	Healthcare	1.2%
Telefonica SA	Spain	Telecoms	1.2%

Strategy

- It goes without saying that stock markets around the world are currently in turmoil. The foundations of financial systems in the US, Europe, and Asia are shaking. **The conditions for reducing our defensive bias are not present yet**. Given the current capitulation in markets our Sentiment vector is now positive (we are contrarian). Our Macro-economic vector remains very negative and we would need to see a stabilization in the US housing market, better credit conditions, and a recovery in the employment statistics before changing that assessment. Regarding Valuation, our internal model points to markets being undervalued. However, earnings expectations are still too optimistic. This vector is thus slightly negative but that could change rapidly should markets continue falling.
- In the next six to twelve months, **we anticipate maintaining a neutral position in Financials versus the benchmark**. Although this crisis is far from over, investors are close to a capitulation in Financials. While the credit crisis is pounding the financial economy, its effects on the real economy are just beginning to be felt. **There may be additional challenging situations ahead, namely in Energy and Materials, where we continue to remain significantly underweight.**
- **We have significantly increased our weighting in the US dollar against the Euro in the last quarter.** Although the $700B plan will add to the US debt as a percentage of GDP, it is still not alarming by OECD standards. The US dollar and the Yen will continue to benefit from the deleveraging process. Investors have come to realize that Europe is not immune to the US recession and that the BCE will not be able to hold the fort much longer in their fight against inflation.

Quarterly Bulletin

September 30, 2008

HEXAVEST

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

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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 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

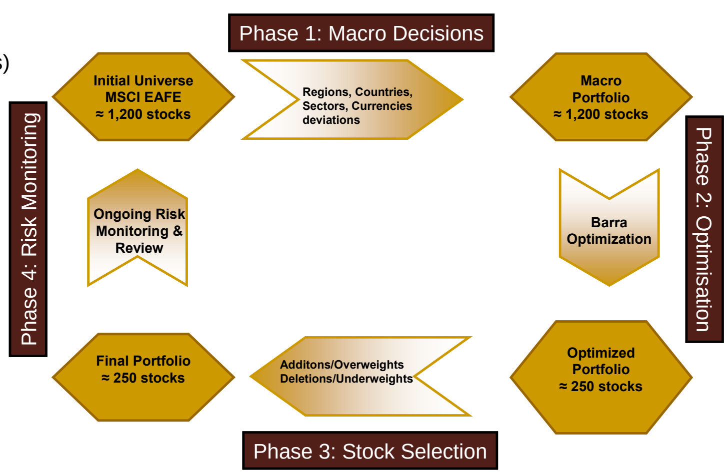
Benchmark:	MSCI EAFE
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	250 on average
Derivatives exposure:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

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).

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

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 December 31, 2007, custodial fees were 0.09%.