QUARTERLY BULLETIN

SEPTEMBER 30, 2006

HEXAVEST

INTERNATIONAL EQUITIES

Performance (see notes on reverse side)

As of 09/30/06 (CAD$)	QTR	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Composite	**2.66%**	**7.98%**	**13.50%**	**14.63%**	**10.09%**	**7.76%**	**9.80%**
MSCI EAFE Net	4.26%	9.34%	14.55%	14.80%	6.59%	4.71%	6.97%
Value added	**-1.60%**	**-1.36%**	**-1.05%**	**-0.17%**	**3.50%**	**3.05%**	**2.83%**

Positive factors (Quarter)

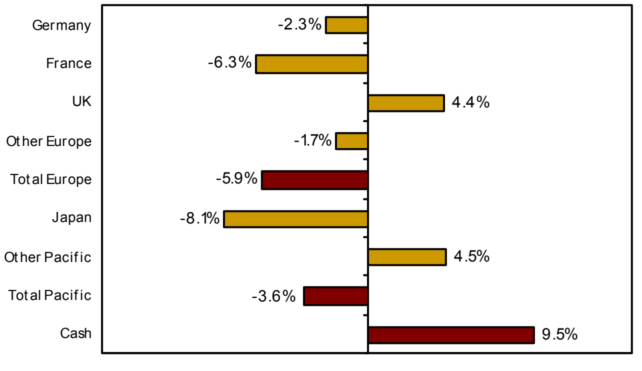
- Sector allocation: Underweight position in Energy (worst performing sector) and overweight in Consumer Staples.
- Stock selection: Unilever and Nestlé (Europe); Coles Myers (Australia).

Negative factors (Quarter)

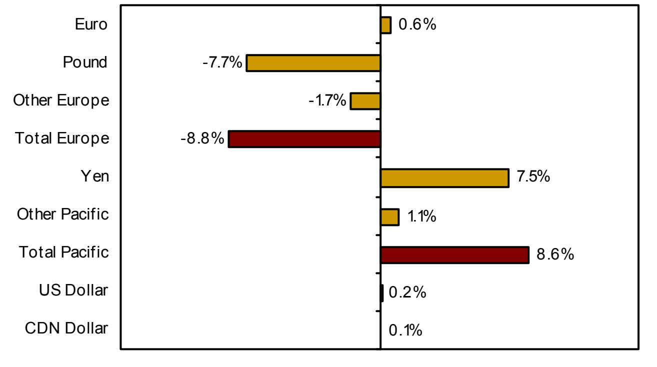
- Cash position in rising markets.
- Sector allocation: Important underweight position in Financials (Europe), one of the best performing sectors during the quarter.
- Currency allocation: Underweight position in the British Pound against an overweight position in the Yen.

Model Portfolio

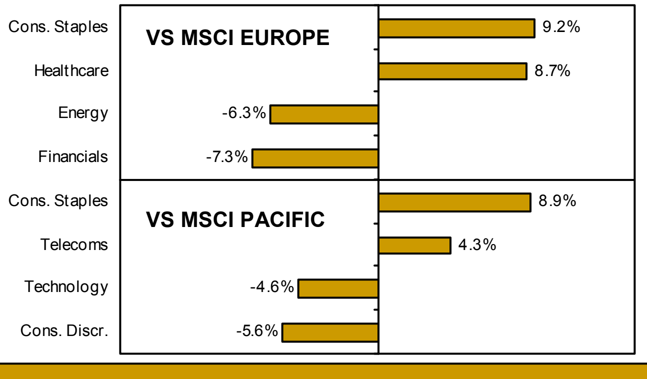
COUNTRY DEVIATIONS VS MSCI EAFE



CURRENCY DEVIATIONS VS MSCI EAFE



MAJOR SECTOR DEVIATIONS (EX. CASH)



TOP 10 STOCK HOLDINGS

Description	Country/Region	% of Portfolio
Unilever	Netherlands	2.8%
Glaxosmithkline	United Kingdom	2.5%
Nestlé	Switzerland	2.2%
Astrazeneca	United Kingdom	2.0%
Bendigo Mining	Australia	1.8%
Goodman Fielder	Australia	1.8%
Novartis	Switzerland	1.7%
Deutsche Telekom	Germany	1.6%
Ing Groep NV	Netherlands	1.6%
Telefonica	Spain	1.5%

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.**
- The UK market is rather defensive in nature with its strong representation in Pharmas, tobacco stocks and Utilities. The relative beta of the UK market is also well under 1. With a global economic slowdown as a backdrop, **we believe the UK market should fare better than other developed markets.**
- **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.**

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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
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

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

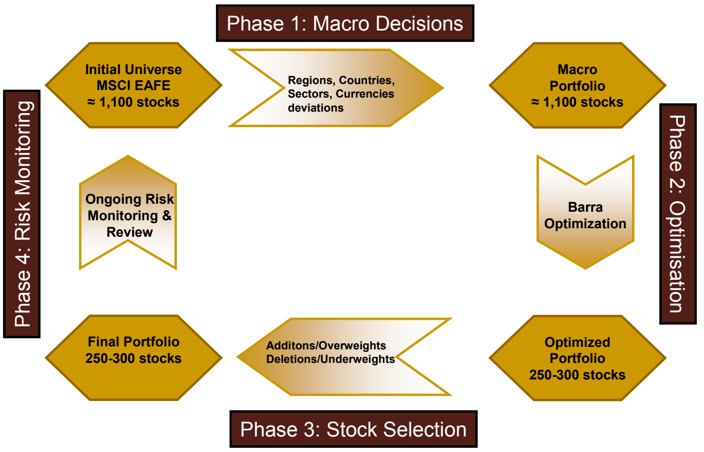
Benchmark:	MSCI EAFE
Value added objective:	2% (4-year moving periods)
Tracking error:	3% to 5%
# of holdings:	250 to 300
Derivatives:	0% to 40%
Active currency management:	Yes
Cash:	0% to 10%

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 June 30, 2006, custodial fees were 0.13%.