# Canadian Equities

HEXAVEST

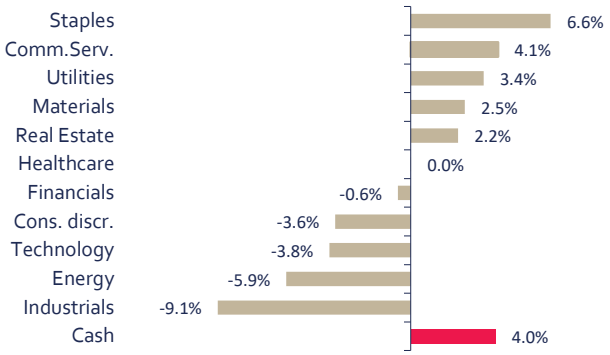
## Performance (CAD)

| Annualized | 3 months | YTD | 1 year | 3 years | 5 years | 10 years | Since inception |
|---|---|---|---|---|---|---|---|
| Hexavest Composite | -7.14% | -11.80% | -11.80% | 4.43% | 3.63% | 7.80% | 5.45% |
| S&P/TSX Capped | -10.11% | -8.89% | -8.89% | 6.37% | 4.06% | 7.92% | 4.63% |
| VALUE ADDED | 2.97% | -2.91% | -2.91% | -1.94% | -0.43% | -0.12% | 0.82% |

| Ten last years | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Hexavest Composite | 45.90% | 13.41% | -6.25% | 8.52% | 5.35% | 12.63% | -6.85% | 17.57% | 9.84% | -11.80% |
| S&P/TSX Capped | 35.05% | 17.61% | -8.71% | 7.19% | 12.99% | 10.55% | -8.32% | 21.08% | 9.10% | -8.89% |
| VALUE ADDED | 10.85% | -4.20% | 2.46% | 1.33% | -7.64% | 2.08% | 1.47% | -3.51% | 0.74% | -2.91% |

## Positioning (Model Portfolio)

### SECTOR DEVIATIONS VS. S&P/TSX




### TOP 10 STOCK HOLDINGS

| STOCK | COUNTRY | SECTOR | WEIGHT |
|---|---|---|---|
| ROYAL BANK OF CANADA | Canada | Financials | 7.8% |
| TORONTO-DOMINION BANK | Canada | Financials | 7.5% |
| BANK OF NOVA SCOTIA | Canada | Financials | 6.0% |
| TRANSCANADA | Canada | Energy | 4.0% |
| ALIMENTATION COUCHE | Canada | Staples | 3.9% |
| MANULIFE FINANCIAL | Canada | Financials | 3.9% |
| BANK OF MONTREAL | Canada | Financials | 3.8% |
| ENBRIDGE | Canada | Energy | 3.4% |
| ROGERS COMMUNICATIONS | Canada | Comm. Services | 3.1% |
| FORTIS | Canada | Utilities | 3.0% |

### MARKET CAPITALIZATION

| | HEXAVEST | S&P/TSX |
|---|---|---|
| Weighted average ($M) | 58,529 | 44,236 |
| 0 to $1B | 1.7% | 1.3% |
| 1 to $10B | 22.3% | 22.2% |
| > $10B | 76.0% | 76.5% |

### PORTFOLIO METRICS

| | HEXAVEST | S&P/TSX |
|---|---|---|
| Price/earnings | 13.9x | 13.8x |
| Price/book | 1.6x | 1.6x |
| Dividend yield | 3.1% | 3.1% |
| Return on equity | 16.5% | 15.3% |
| Earnings growth | 10.1% | 8.9% |

## Market Outlook

| MACROECONOMIC ENVIRONMENT | VALUATION | SENTIMENT |
|---|---|---|
| --- | + | + |

Given our concerns over the macroeconomic environment, we are maintaining a defensive positioning that includes a high cash level and an overweight in defensive sectors.

# Canadian Equities

HEXAVEST

## Summary

| | |
|---|---|
| **Benchmark** | S&P/TSX Capped |
| **Value added objective** | 2% (4-year rolling periods) |
| **Active risk** | 3% to 5% |
| **Number of holdings** | 60 to 80 |
| **Currency management** | Active |
| **Maximum foreign exposure** | 10% |
| **Maximum cash exposure** | 10% |

### SECTOR DEVIATIONS VS. BENCHMARK

| | |
|---|---|
| If weight < 10%: | Min: 0% / Max: W + 10% |
| 10% < weight < 20%: | Min: W - 10% / Max: W + 10% |
| If weight > 20%: | Min: W x 50% / Min of (W + 10%) or 35% |

### MANAGEMENT FEES

| Commingled vehicle | |
|---|---|
| First $10 million: | 0.40% |
| Next $30 million: | 0.30% |
| > $40 million: | 0.20% |
| Administrative fees: (2017) | 0.04% |

| Separate accounts | |
|---|---|
| First $20 million: | 0.50% |
| Next $30 million: | 0.40% |
| Next $50 million: | 0.30% |
| > $100 million: | 0.20% |

## Investment Team

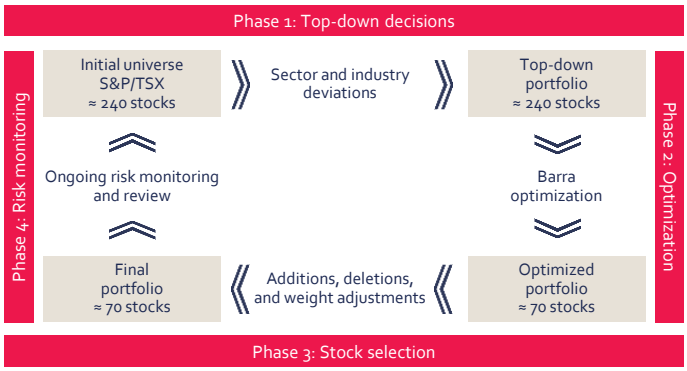
**Kevin LeBlanc, CFA**
Portfolio Manager

**Mathieu Roy, M.Sc., CFA**
Portfolio Manager

## Investment Approach

- Top-down, team-driven process
- Diversified "core" portfolio with value bias
- Contrarian style
- Strong focus on downside protection
- Diversified sources of alpha (sectors, industries, stocks)
- Clearly defined process

## Investment Process




## Contact Us

514-390-8484 or 1-855-HEXAVES
service@hexavest.com
hexavest.com

FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY

The performance shown is that of a composite of Canadian equity mandates managed by Hexavest. Accounts in the composite may have investment guidelines that differ from those of the model portfolio. The inception date of the composite is October 1, 2006. Performance results are presented gross of management and custodial fees but net of all trading commissions. Returns for periods greater than 12 months are annualized. Past performance is not necessarily indicative of future performance.

The information and opinions herein are provided for informational purposes only, and are subject to change based on market and other conditions. It should not be relied upon as the basis for your investment decisions. This document is not and should not be construed as a solicitation or offering of units of any fund or other security in any jurisdiction. No part of this document may be reproduced in any manner without the prior written permission of Hexavest Inc.