



# Canadian Equities

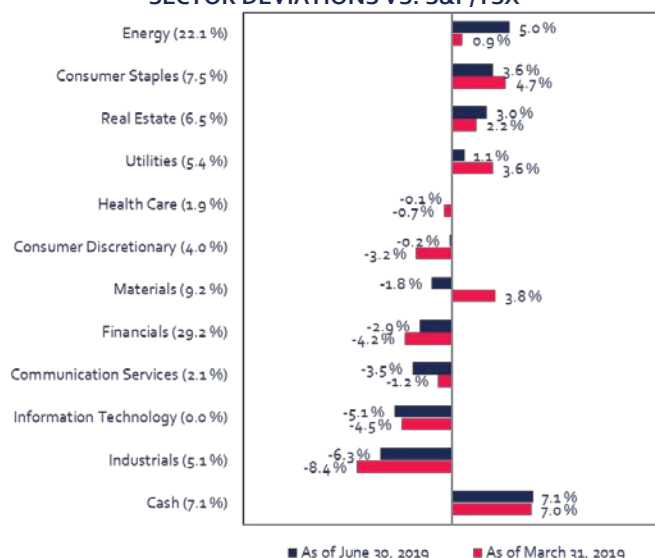
## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Canada Composite	0.62	11.07	0.04	2.57	3.34	6.41	6.10
S&P TSX Capped Composite	2.58	16.22	3.87	8.39	4.67	7.79	5.68
VALUE ADDED	-1.96	-5.15	-3.83	-5.82	-1.33	-1.38	0.42

Ten last years (%)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Hexavest Canada 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 Composite	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
TORONTO-DOMINION BANK	Canada	Financials	6.6%
SUNCOR ENERGY	Canada	Energy	5.1%
CANADIAN NATURAL RES.	Canada	Energy	4.3%
BROOKFIELD ASSET MGT	Canada	Financials	4.2%
ROYAL BANK OF CANADA	Canada	Financials	4.0%
BANK OF NOVA SCOTIA	Canada	Financials	3.9%
ALIMENTATION COUCHE	Canada	Staples	3.2%
MANULIFE FINANCIAL	Canada	Financials	3.1%
ENBRIDGE	Canada	Energy	2.7%
TC ENERGY	Canada	Energy	2.6%

### MARKET CAPITALIZATION

	HEXAVEST	S&P/TSX
Weighted average (\$M)	47,640	49,554
0 to \$1B	0.4%	0.6%
1 to \$10B	27.4%	19.5%
> \$10B	72.2%	79.9%

### PORTFOLIO METRICS

	HEXAVEST	S&P/TSX
Price/earnings	15.6x	17.9x
Price/book	1.5x	1.8x
Dividend yield	2.6%	2.9%
Return on equity	11.0%	12.0%
Earnings growth	29.7%	22.7%

### Market Outlook

MACROECONOMIC ENVIRONMENT

VALUATION

SENTIMENT

-

Neutral

-

While the Canadian and global macroeconomic data has been tepid in recent months, we are starting to see some green shoots in China and stabilization in key indicators. However, valuations are less attractive, owing to the market's robust performance in the face of decelerating growth expectations, and the Canadian market is looking overbought. As a result, we are maintaining a defensive positioning with a high cash level.



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## Summary

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

## Investment Team

**Kevin LeBlanc, CFA**  
Portfolio Manager

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

### 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%

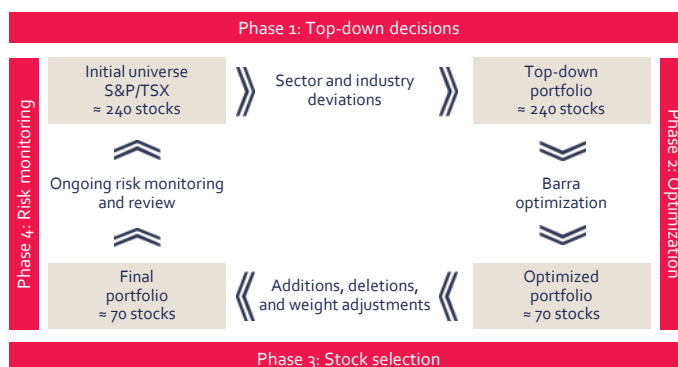
### MANAGEMENT FEES

Commingled vehicle		Separate accounts	
First \$10 million:	0.40%	First \$20 million:	0.50%
Next \$30 million:	0.30%	Next \$30 million:	0.40%
> \$40 million:	0.20%	Next \$50 million:	0.30%
		> \$100 million:	0.20%
Administrative fees: (2018)	0.08%		

## 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

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### 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.

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