



HEXAVEST

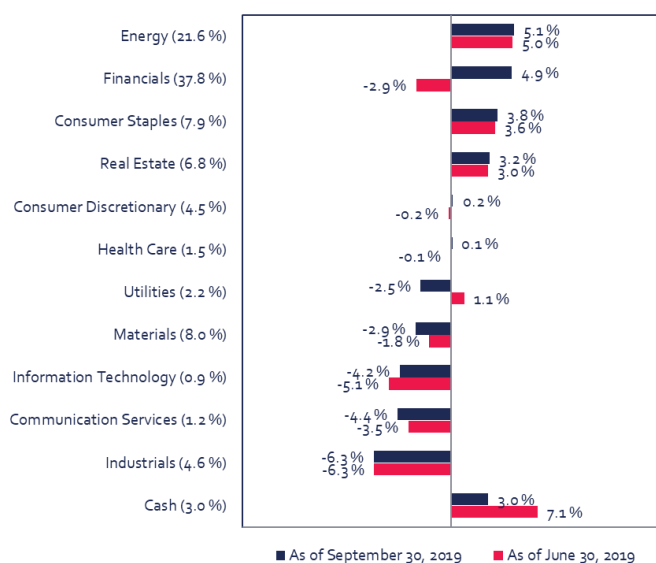
Canadian Equities

Performance (CAD)

Annualized (%)	3 months	YTD	1 year	Since inception
Hexavest Canada Macro Opportunities Composite	3.68	15.16	6.94	5.15
S&P TSX Capped Composite	2.48	19.11	7.06	5.63
VALUE ADDED	1.20	-3.95	-0.12	-0.48

Positioning (Representative Account)

SECTOR DEVIATIONS VS. S&P/TSX



TOP 10 STOCK HOLDINGS

STOCK	COUNTRY	SECTOR	WEIGHT
TORONTO-DOMINION BANK	Canada	Financials	6.6%
BANK OF NOVA SCOTIA	Canada	Financials	5.6%
ROYAL BANK OF CANADA	Canada	Financials	5.4%
SUNCOR ENERGY	Canada	Energy	5.1%
BROOKFIELD ASSET MGT	Canada	Financials	4.5%
CAN IMPERIAL BK OF COMM.	Canada	Financials	4.1%
CANADIAN NAT. RESOURCES	Canada	Energy	4.1%
MANULIFE FINANCIAL	Canada	Financials	3.1%
ALIMENTATION COUCHE	Canada	Staples	3.0%
TC ENERGY	Canada	Energy	2.6%

Market Outlook

MACROECONOMIC ENVIRONMENT

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VALUATION

Neutral

SENTIMENT

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Despite rising uncertainty surrounding international trade and slowing global growth, the Canadian economy is proving resilient. This growth has enabled the Bank of Canada to stay on the sidelines instead of joining a growing number of easing central banks. Equity valuations have expanded, but remain attractive relative to fixed income.

In Canada, we note two poles of equity leadership: growth and interest sensitive sectors are very expensive, while cyclical value names (financials, commodities) are very cheap. In addition, sentiment for the Canadian market is driven by two factors: 1) a high degree of complacency for growth stocks (technology, health care, industrials) and interest sensitive securities, and 2) a lack of appetite for value stocks (energy, materials, banks).

As a result, we have increased our exposure to financials, in particular banks, as we believe the positive impact of lower rates on housing and consumer indebtedness will lead to improved fundamentals next year. Banks are also a conservative way to gain exposure to the value sector in Canada. Our cash level now stands at around 3%.

MARKET CAPITALIZATION

	HEXAVEST	S&P/TSX
Weighted average (\$M)	50,303	50,751
0 to \$1B	1.2%	0.4%
1 to \$10B	24.2%	21.2%
> \$10B	74.6%	78.4%

PORTFOLIO METRICS

	HEXAVEST	S&P/TSX
Price/earnings	13.7x	16.9x
Price/book	1.5x	1.8x
Dividend yield	2.7%	2.9%
Return on equity	11.5%	11.4%
Earnings growth	30.2%	25.1%

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(SEE NOTES ON NEXT PAGE)



HEXAVEST

Canadian Equities

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	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: 0.08% (2018)	

Investment Team

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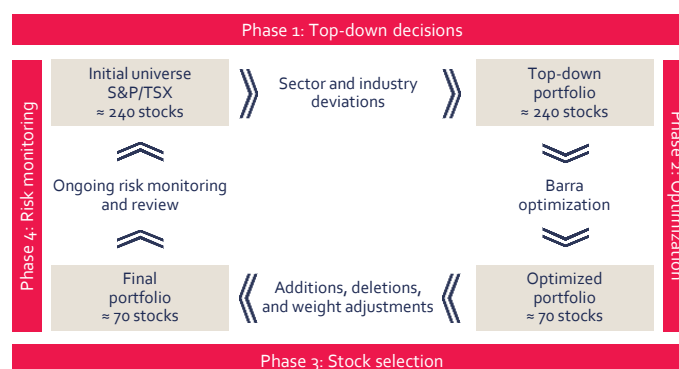
Jo-Annie Pinto, CIM®
Vice President

Véronique Marchetti, CFA
Senior Analyst

Investment Approach

- Top-down, team-driven process
- Diversified sources of alpha
 - o Sectors, industries, stocks
- Value bias with contrarian style
- Excel in volatile markets, with focus on downside protection
- Clearly defined process, applied for nearly 30 years

Investment Process



Contact Us

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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 representative account. The inception date of the composite is August 31, 2018. 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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