



Canadian Equities

Performance (CAD)

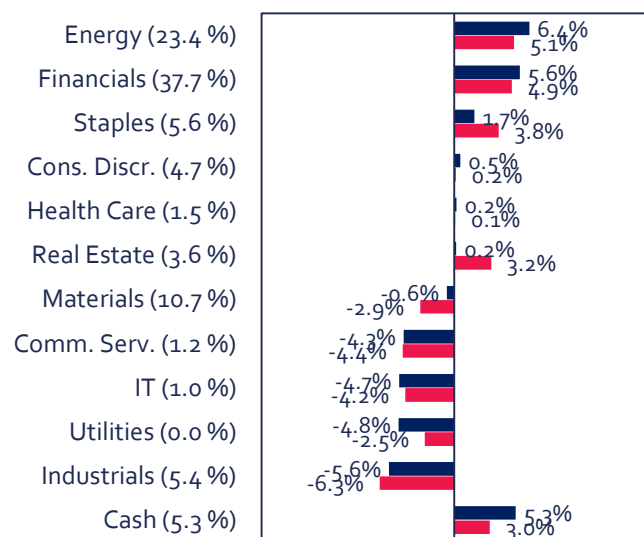
Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Canada Macro Opportunities Composite	3.79	19.52	19.52	---	---	---	7.10
S&P TSX Capped Composite	3.17	22.88	22.88	---	---	---	7.02
VALUE ADDED	0.62	-3.36	-3.36	---	---	---	0.08

Ten last years (%)	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019
Hexavest Canada Macro Opportunities Composite	---	---	---	---	---	---	---	---	-8.32	19.52
S&P TSX Capped Composite	---	---	---	---	---	---	---	---	-10.91	22.88
VALUE ADDED	---	---	---	---	---	---	---	---	2.59	-3.36

* Since inception on August 31, 2018

Positioning (Representative Account)

SECTOR DEVIATIONS VS. S&P/TSX



■ As of December 31, 2019 ■ As of September 30, 2019

TOP 10 STOCK HOLDINGS

STOCK	COUNTRY	SECTOR	WEIGHT
TORONTO-DOMINION BANK	Canada	Financials	7.4%
BANK OF NOVA SCOTIA	Canada	Financials	5.6%
ROYAL BANK OF CANADA	Canada	Financials	5.5%
CANADIAN NAT. RESOURCES	Canada	Energy	5.3%
SUNCOR ENERGY	Canada	Energy	4.9%
MANULIFE FINANCIAL	Canada	Financial	4.7%
BROOKFIELD ASSET MGT	Canada	Financials	4.6%
CAN IMPERIAL BK OF COM.	Canada	Financials	4.2%
ENBRIDGE	Canada	Energy	3.2%
BANK OF MONTREAL	Canada	Financials	3.1%

Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
+	-	+

Canada's economy has proven resilient in 2019 driven by robust employment, falling interest rates and renewed strength in the real estate market. Although the year ended with softer data, the weakness should prove transitory. The markets' strong performance in the first 11 months of the year— which occurred despite decelerating growth expectations—has resulted in less attractive valuations compared to the start of the year. We note two poles of equity leadership: growth and interest sensitive sectors are very expensive. Meanwhile, cyclical value names (financials, commodities) are very cheap. Sentiment is driven by two factors: 1) a high degree of complacency for growth and interest sensitive stocks, and 2) a lack of appetite for value stocks (energy, materials, financials). Given these three sectors represent more than 60% of the S&P/TSX, we lowered our rating on the sentiment vector down by one notch to one positive (+) (from two positives).

MARKET CAPITALIZATION

	HEXAVEST	S&P/TSX
Weighted average (\$M)	57,112	50,001
0 to \$1B	2.4%	0.5%
1 to \$10B	20.4%	21.6%
> \$10B	77.2%	77.9%

PORTFOLIO METRICS

	HEXAVEST	S&P/TSX
Price/earnings	14.4x	17.0x
Price/book	1.5x	1.8x
Dividend yield	2.8%	2.9%
Return on equity	11.0%	11.5%
Earnings growth	33.6%	24.3%



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

Kevin LeBlanc
CFA
Portfolio Manager

Mathieu Roy
M.Sc., CFA
Portfolio Manager

ESG Research

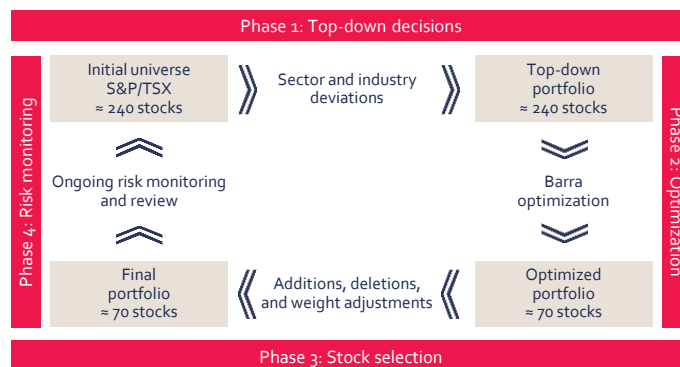
Jo-Annie Pinto, CIM®
Vice President

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

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 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.

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.