



# Canadian Equities

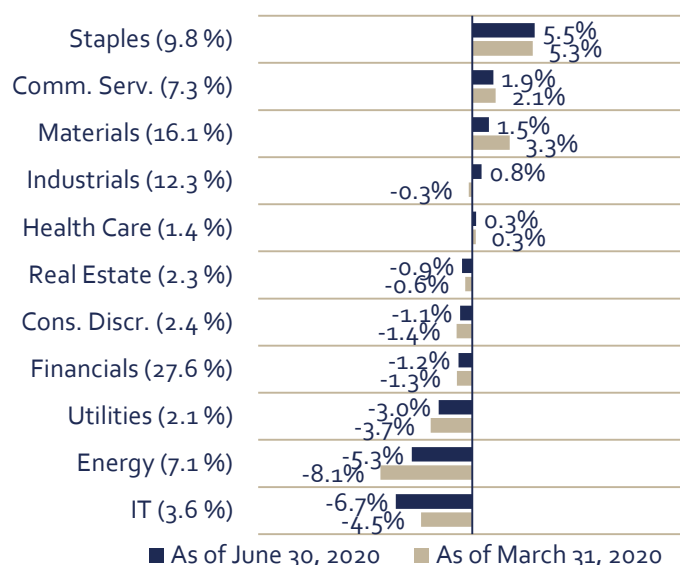
## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Canada Composite	10.93	-20.27	-14.20	-3.89	0.68	3.44	4.47
S&P TSX Capped Composite	16.97	-7.47	-2.17	3.91	4.45	6.35	5.09
VALUE ADDED	-6.04	-12.80	-12.03	-7.80	-3.77	-2.91	-0.62

Ten last years (%)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Hexavest Canada Composite	13.41	-6.25	8.52	5.35	12.63	-6.85	17.57	9.84	-11.80	19.52
S&P TSX Capped Composite	17.61	-8.71	7.19	12.99	10.55	-8.32	21.08	9.10	-8.89	22.88
VALUE ADDED	-4.20	2.46	1.33	-7.64	2.08	1.47	-3.51	0.74	-2.91	-3.36

## Positioning (Representative Account)

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



### TOP 10 STOCK HOLDINGS

STOCK	COUNTRY	SECTOR	WEIGHT
ROYAL BANK OF CANADA	Canada	Financials	7.0%
TORONTO-DOMINION BANK	Canada	Financials	6.7%
BANK OF NOVA SCOTIA	Canada	Financials	4.5%
BARRICK GOLD	Canada	Materials	3.8%
BCE	Canada	Comm. serv.	3.3%
CANADIAN PACIFIC RAILWAY	Canada	Industrials	3.1%
METRO	Canada	Staples	3.1%
WASTE CONNECTIONS	Canada	Industrials	3.0%
LOBLAW COMPANIES LTD	Canada	Staples	2.9%
INTACT FINANCIAL CORP	Canada	Financials	2.8%

## Market Outlook

### MACROECONOMIC ENVIRONMENT

### VALUATION

### SENTIMENT

A stronger and faster than expected response by central banks and governments stabilized the global economy during the covid-19 pandemic. The same can be said for Canada. However, uncertainty reigns when looking in the future so we favour a scenario based on a much slower recovery with increased volatility. The usefulness of low rates to kickstart growth in Canada may be limited considering the private sector, both households and corporations, is already highly indebted. Neither the current recession nor the risks to the recovery are reflected in valuations, in fact quite the opposite is true. The Canadian equity market is not cheap anymore, trading at the 64th percentile of its historical range. This is comparable to markets outside of the U.S. Despite the health crisis and the deep global recession, investors showed a strong appetite for risk assets as Canadian equities rose 15%, slightly underperforming global equities. The rally has been fueled largely by a horde of small investors in the grip of a speculative fever. Investor sentiment could be damaged in the coming months if, as we expect, the news flow turns more pessimistic.

### MARKET CAPITALIZATION

	HEXAVEST	S&P/TSX
Weighted average (\$M)	85,865	49,434
0 to \$1B	0.6%	0.6%
1 to \$10B	17.1%	20.8%
> \$10B	82.3%	78.6%

### PORTFOLIO METRICS

	HEXAVEST	S&P/TSX
Price/earnings	17.7x	20.5x
Price/book	1.8x	1.7x
Dividend yield	2.8%	3.3%
Return on equity	12.5%	9.6%
Earnings growth	16.7%	10.1%



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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%

## 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: 0.10% (2019)	

## Investment Team

**Vital Proulx, CFA**  
Chief Investment Officer  
Experience: 31 years  
Team member since 1991

**Christian Crête, CFA**  
Vice President & Portfolio Mgr  
Experience: 21 years  
Team member since 2012

**Jean-Pierre Couture, M.Sc.**  
Chief Economist & Portfolio Mgr  
Experience: 25 years  
Team member since 2010

**Marc C. Lavoie, CPA, CA, CFA**  
President & Portfolio Mgr  
Experience: 20 years  
Team member since 2003

**Amélie Nolin, LL.B., B.B.A.**  
Analyst  
Experience: 1 year  
Team member since 2019

**Jean-Christophe Lermusiaux, MBA**  
Vice President & Portfolio Mgr  
Experience: 21 years  
Team member since 2017

**Jean-Benoît Leblanc, M.Sc., CFA**  
Senior Portfolio Manager  
Experience: 21 years  
Team member since 2009

**Julien Tousignant, M.Sc., CFA**  
Economist  
Experience: 7 years  
Team member since 2013

**Jean-François Bérubé, Ph.D.**  
Executive Vice President  
Experience: 13 years  
Team member since 2009

**Nelson Cabral, M.Sc., CFA**  
Quantitative Analyst  
Experience: 9 years  
Team member since 2011

**Gabriel Laprise, B.Eng., M.Sc.A.**  
Quantitative Analyst  
Experience: 2 years  
Team member since 2018

## ESG RESEARCH

**Jo-Annie Pinto, CIM®**  
Vice President  
Experience: 22 years  
Team member since 2012

**Véronique Marchetti, CFA**  
Analyst  
Experience: 15 years  
Team member since 2010

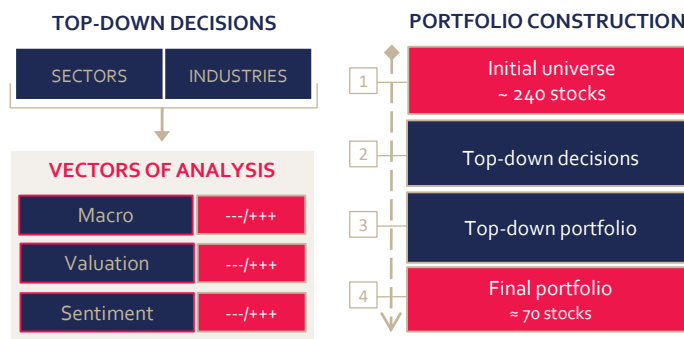
## Investment Approach

- Top-down and contrarian approach
- Diversified sources of alpha: sectors, industries, stocks
- Strong focus on downside protection
- Systematic integration of ESG factors
- Experienced and nimble investment team
- Clearly defined process, applied for nearly 30 years

## Contact Us

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



## 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.

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