

Part 2A of Form ADV: *Firm Brochure*



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This brochure provides information about the qualifications and business practices of Hexavest Inc. (“Hexavest”). If you have any questions about the contents of this brochure, please contact us at 514-390-8484 or mlajoie@hexavest.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Hexavest also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 131799.

Hexavest is registered as an investment adviser with the SEC. SEC registration does not imply a certain level of skill or training.

Item 2 - Material Changes

On July 28, 2010, the SEC published “Amendments to Form ADV,” which amended the requirements applicable to the disclosure document that we provide to clients. This brochure, dated 03/31/2011, is our new disclosure document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and provides certain new information that our previous brochure did not provide.

After our initial filing of this brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 -Advisory Business

Hexavest is an independent investment management firm, organized as a corporation, with its principal place of business located in Montréal, Canada. Hexavest began conducting business in 2004 and is a SEC-registered investment adviser.

The principal owner of the firm is Vital Proulx, who is also the President of the firm. Mr. Proulx holds the shares through a holding company named Gestion Javas Inc..

Hexavest provides discretionary investment management of developed and emerging market equities and tactical asset allocation for institutional clients. Hexavest offers these services through segregated accounts, private funds and also participates as a portfolio manager in a wrap fee program (“wrap program” or “wrap accounts”). As of 12/31/2010, Hexavest managed \$5,753,000,000 in assets on a discretionary basis. Hexavest does not manage any client assets on a non-discretionary basis.

Segregated Accounts

For segregated accounts, following review and discussions, Hexavest’s services will be tailored to the specific client's investment objectives in line with our philosophy, style and investment process. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Once the client's portfolio has been established, we review the portfolio on a regular basis, and rebalance the portfolio when necessary.

Private Funds

Hexavest serves as investment adviser to various private funds. For private funds, consistent with each fund’s offering documents, we manage assets on a discretionary basis in accordance with the investment objectives and restrictions of each private fund. Private fund investors may not impose restrictions on investing in certain securities, types of securities, or industry sectors. We review these accounts on a regular basis, and when necessary, rebalance the portfolio, based on the account's investment objectives and restrictions. The private funds are offered and sold pursuant exemptions from registration under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended.

Wrap Program

Hexavest serves as a portfolio manager in a broker sponsored wrap program with clients. In such programs, the sponsoring broker-dealer may recommend to a client the retention of Hexavest as an investment advisor, pay Hexavest’s advisory fee (which is a portion of the client’s wrap fee) on behalf of the client, monitor and evaluate Hexavest’s performance, execute the client’s portfolio transactions, and/or provide custodial services for the client’s assets.

The investment styles used in managing wrap accounts and investment services provided by Hexavest in wrap accounts are similar to those offered to its separate account clients. Wrap accounts typically have fewer assets under management than the accounts that Hexavest usually manages for separate account clients.

For its wrap program advisory services, Hexavest receives a fee, generally approximately 40 basis points.

Hexavest participates in the Morgan Stanley/Citigroup-sponsored wrap program.

In order to provide its services, the firm will generally invest in exchange-listed securities, foreign issuers, warrants, commercial paper, options contracts on securities, and futures contracts on intangibles. Hexavest will invest in these securities if such investment is consistent with the investment objectives and restrictions of the account for which the investment is being made.

Item 5 - Fees and Compensation

Except with respect to the wrap fee program, the specific manner in which fees are charged by Hexavest is established in a written agreement between Hexavest and the client. Our basic fee schedules are as follows:

Segregated Accounts (minimum \$30 million)

<u>Account Assets</u>	<u>Annual Fee</u>
First \$20 million	0.70%
Next \$30 million	0.60%
Next \$50 million	0.50%
Next \$100 million	0.40%
Amounts over \$200 million	0.30%

Private Funds (minimum \$5 million)

<u>Account Assets</u>	<u>Annual Fee</u>
First \$10 million	0.60%
Next \$30 million	0.50%
Amounts over \$40 million	0.40%

Fees Generally

The fees set forth above are invoiced to and paid directly by the client. Fees are based on the portfolio's average market value at the end of each month of the quarter and are paid quarterly in arrears. Clients are not permitted to pay fees in advance. Fees are generally negotiable for mandates greater than \$100 million. Clients may incur brokerage and other transaction costs; Item 12 contains further information about brokerage. Additional costs specific to Hexavest's various accounts are described more fully below.

Separately Managed Accounts/Wrap Fee Accounts

Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Private Funds

No advisory fees are charged directly to Hexavest's private funds. Advisory fees are charged directly to the investor. Operating expenses of the funds will be borne by the funds, including any Trustee, legal, accounting, and auditing fees, and other professional expenses and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other reasonable expenses related to the purchase, sale or transmittal of the funds' assets as determined by the funds at their sole discretion. As such, entry and redemption fees may apply to subscriptions and redemptions in the private fund. Operating expenses payable by the funds, excluding brokerage and transaction expenses, may not exceed 0.20% of the funds' net assets on an annual basis. Any amount in excess of this limit is borne by Hexavest.

Tactical Asset Allocation

For tactical asset allocation, fees are a combination of base fees and performance fees. Base fees are 1% of the portfolio's average market value at the end of each month of the quarter, while performance base fees are 20% of returns on an annual basis. Performance-based fees are subject to a high watermark.

ERISA Accounts

Hexavest is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Hexavest may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Hexavest's advisory fees.

Hexavest does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 - Performance-Based Fees and Side-By-Side Management

Clients in segregated accounts may negotiate a performance fee schedule. In such instances, the total fees will be the sum of a fixed fee and a performance based fee. The fixed fees will be lower than the published fee schedule set out in item 5 herein, and the performance fees may exceed the published fee schedule depending on the performance of the strategy.

Hexavest will structure any performance-based fee arrangement in compliance with the Investment Advisers Act of 1940 (the "Advisers Act") and the rules thereunder. Clients should be aware that performance-based fees may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

In addition, as we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts. Hexavest has procedures designed and implemented

to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 - Types of Clients

Hexavest provides discretionary investment services to pension and profit sharing plans (other than plan participants), state or municipal government entities, charitable organizations, endowments, other pooled investment vehicles and high net worth individuals.

Advisory clients are subject to Hexavest's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients. Generally, Hexavest recommends an account minimum of \$30 million for separate accounts and \$5 million for private funds. At our discretion, minimum amounts to open accounts may be lowered or waived.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Investing in securities involves a risk of loss that clients should be prepared to bear. Our philosophy and style can be best described by the following points:

- 1) We believe that by actively managing all drivers of performance (regions, countries, currencies, sectors, industries, and stocks), we will maximize our chances of success while minimizing the risk of underperformance.
- 2) We emphasize preserving the capital entrusted to us at the risk of bypassing opportunities. We therefore are deemed to have a value bias within our core portfolio.
- 3) One must know one's competitive advantages in order to keep ahead of the competition. We believe that we have an edge in analyzing macroeconomic factors based on regional, country, sector, industry, and currency management, and also in identifying excesses at the stock selection level. As a result, our approach is predominantly top-down.
- 4) Although our analysis is mainly fundamental, the vast quantity of financial and economic information readily available to investors makes it difficult to objectively process all of the information at hand. Therefore, we have developed quantitative models to help us generate ideas and to assist us in our decision making process. In short, our process is mostly driven by fundamental research and is supported by our quantitative models.

All our major macro decisions, including country, currency, sector, and industry allocation are driven by the following three main factors:

- 1) Macroeconomic environment
- 2) Valuations of financial markets
- 3) Sentiment of investors

These factors are analyzed by fundamental research and are supported by our own proprietary quantitative models. Essentially, the models are ranking systems that allow our managers to validate their views and to generate ideas. In most cases, sector and industry allocations will be analyzed by region. Hexavest actively manages currencies when permitted. Portfolio Managers combine fundamental and quantitative research to establish currency allocations within the portfolio. This allocation is independent of country allocation and acts as an overlay strategy to the portfolio's country allocation. In addition, currency hedging (in the client's base currency), as well as cross-currency strategies, may reduce the sources of risk and may increase the value of the portfolio. Currency forwards are used in managing the portfolio.

Our stock selection process (micro decisions) starts with the analysis of stocks identified for inclusion in our portfolio. The Portfolio Managers assess the worthiness of each stock with the help of our proprietary quantitative stock analysis model. The quantitative model ranks individual stocks according to more than 40 quantitative variables. Most of our emphasis is put on analyzing outliers (i.e., stocks that rank in the bottom two and top two deciles). Stocks that rank highly will be analyzed closely.

Fundamental research encompasses reviewing the financial ratios relative to other stocks in the sector and/or industry and relative to historical data. Portfolio Managers qualitatively assess company growth strategies, barriers to entry, management strengths, and competitiveness in order to complement their quantitative analysis.

Investment Strategies

Our investment process follows four phases:

Phase 1: Macro decisions

As described above, our macro decisions derive from analyzing the macroeconomic environment, valuations of financial markets, and the sentiment of investors. Based on this analysis, our management team determines the portfolio's regional allocation as well as its country, currency, sector, and industry allocations. These strategies are supported by proprietary quantitative models. The end result is a macro portfolio that reflects our macroeconomic strategies (regions, countries, sectors, industries, and currencies).

Phase 2: Optimization

At this stage, we build a portfolio that replicates the characteristics of our macro portfolio, but with a smaller number of holdings. This is achieved with the use of an optimization tool.

Phase 3: Stock selection

Stocks identified by the optimization tool for inclusion in our portfolio are compared to our quantitative stock analysis model. Our Portfolio Managers closely analyze stocks ranking in the top and bottom quintiles. Furthermore, since our stock analysis model analyzes all stocks, any stock that ranks high but hasn't been identified for inclusion by the optimization tool will be subject to closer analysis by our managers. Once the stock analysis is complete, our Portfolio Managers may underweight or eliminate stocks that show little promise and replace them with stocks that display higher potential.

Phase 4: Ongoing risk monitoring

Positions are reviewed on a daily basis to insure compliance with the clients' investment policies and

adherence to our strategies. Moreover, with the help of the optimization tool, we periodically assess the risk related to active management in the portfolio. Our target active risk (tracking error) is between 3% and 5%.

Material Risks

The following section outlines the material risks relevant to the methods of analysis and investment strategies discussed above, as well as the material risks related to investing in a separate or private fund (a “Hexavest account”). A more detailed discussion of the risks of investing in a private fund advised by Hexavest can be found in the applicable account’s offering documents.

- *Risks for all forms of analysis.* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.
- *Risk of Investing in Equity Securities.* Because Hexavest invests in equity securities, investments are subject to market risk, such as declines in common stock prices over short or even extended periods. Stock markets tend to be cyclical, with periods when stock prices generally rise and periods when prices generally decline. Investments are also subject to issuer risk, i.e. the risk that the value of a particular issuer’s securities will decline because of changes in the management or business prospects of the issuer. The value of an issuer’s securities may decline sharply if the issuer becomes insolvent or bankrupt.
- *Business Risks; Economic Conditions.* Investments are subject to risk from changes in the economic climate, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws, the competency of management, and innumerable other factors, in a similar way to other industrial or commercial companies. None of these conditions are within the control of Hexavest. For these and other reasons, there can be no guarantee that companies in which the managed accounts invest will develop as anticipated.
- *Global Credit Crisis and Economic Downturn.* The credit markets in many major markets around the world, including those markets in which a Hexavest account invests, continue to feel the effects of the global credit crisis that began in the Fall of 2007. These credit markets experienced a substantial tightening as a result of loan underwriting problems, home mortgage defaults, inadequate regulatory oversight and other systemic factors that have yet to be fully resolved. This tightening of credit was accompanied by a global economic downturn marked by increased unemployment, reduced economic growth and heightened instability in economies and markets around the world. These factors caused equity securities markets to decline substantially in 2007 and 2008. Although prices generally stabilized in 2009 and began to increase in 2010, equity prices remain volatile and subject to regional and global economic conditions. Countries with weaker economies or high levels of debt, such as Greece, Spain and Ireland, continue to be particularly vulnerable in the current market environment. These factors could have a significant impact on the Hexavest account’s investments and performance.

- *General Equity Considerations.* Global equity investments are subject to varying degrees of risk. Stock market values are affected by a number of factors, including (i) changes in the general economic climate, (ii) local conditions, (iii) the quality and philosophy of management, (iv) financial conditions of the markets and (v) changes in operating costs. Financial market values also are affected by such factors as government regulations, interest rate levels, the availability of financing and potential liability under changing environmental and other laws.
- *Active Management.* Hexavest actively manages accounts and its success depends upon the investment skills and analytical abilities of Hexavest to develop and effectively implement strategies that achieve the account's investment objective. Subjective decisions made by Hexavest may cause an account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.
- *Frequent Trading Risk.* Hexavest may engage in frequent trading of investments in furtherance of an account's investment objective or in response to market conditions. Frequent trading increases transaction costs, which may reduce returns. Frequent trading can also result in increased tax liability for investors.
- *Interest Rate Risk.* Fixed-income securities such as money market instruments and bonds generally fluctuate in value with the level of interest rates prevailing in the economy. There is an inverse relationship between interest rate movement and the price of bonds. Moreover, the longer the average maturity of a bond, the more sensitive value will be to a given change in interest rate levels.
- *Foreign Investments.* Hexavest will make investments in a number of different foreign countries, some of which may prove to be politically and/or socially unstable. With any investment in a foreign country, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation, labor strikes or war. Furthermore, in the case of investments in foreign securities or other assets, any fluctuation in currency exchange rates will affect the value of the investments, and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Hexavest will analyze risks in the applicable foreign countries before making such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the a Hexavest account.
- *Emerging Markets.* Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may impact on issuers' cost structures and may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less

liquidity and smaller capitalization of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of Hexavest account securities and cash with non-U.S. brokers and securities depositories.

- *Currency Risks.* Hexavest will make investments in currencies other than the U.S. dollar. In addition, Hexavest will have investments that are denominated in currencies that are subject to the risk that the value of the particular currency will change in relation to one or more other currencies. As a result, Hexavest could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Hexavest may seek to hedge these risks by investing in currencies, currency futures contracts, forward currency contracts, or any combination thereof (whether or not exchange traded), but there can be no assurance that such strategies will be effective. As a result, a default on the instrument may deprive the Hexavest account of unrealized profits or may force the Hexavest account to cover its commitments for purchase or resale of the underlying currency at the then current market price.
- *Duties of Investment Manager as ERISA Fiduciary.* An undivided portion of the assets of a Hexavest fund may be deemed to be Plan Assets (as defined below in “Certain Tax, ERISA and Regulatory Considerations”) subject to ERISA. In such event, Hexavest will be considered an ERISA fiduciary with respect to the assets of the ERISA-covered investors in such fund. As an ERISA fiduciary, Hexavest will be required to conform its decisions and actions in connection with such Plan Assets to the fiduciary duties and limitations imposed on ERISA fiduciaries, notwithstanding anything contained herein to the contrary. In addition, restrictions imposed on the fund under ERISA could limit certain investment opportunities in select circumstances.
- *Derivatives Risk.*
 - o Non-hedging strategies. Although derivatives used for non-hedging purposes may offer the potential for increased returns, they also expose a Hexavest account to risk. In addition to the risks described hereinafter, there is the risk that the underlying security or investment on which the derivative is based, and the derivative itself, may not perform the way Hexavest expects. This could result in investment losses or increased volatility.

- o Hedging strategies. A hedging strategy may be used by a Hexavest account in an effort to reduce the overall risk, but there can be no assurance that hedging transactions will be effective. There may be an imperfect historical correlation between changes in the market value of the investment or the attribute of the investment being hedged and the instrument with which the investment or attribute is hedged. Also, any historical correlation may not continue for the period during which the hedge is in place. Hedging against a decline in the value of an asset does not eliminate fluctuations in the price of portfolio securities or prevent losses if the price of such securities declines. Hedging may also preclude or reduce the opportunity for gain if the value of the hedged security should rise. If the hedging arrangements are terminated at any time in accordance with their terms, whether as a result of an event of default thereunder or otherwise, a Hexavest account may be liable to make a payment to or receive a payment from the hedging provider in connection with such termination reflecting the market value of the transactions comprising such hedging arrangements (or, in certain circumstances, the loss or gain, as applicable, of the party making the relevant determination). If a Hexavest account is required to make such a payment, it may be required to liquidate investments to fund any such payment. Furthermore, a Hexavest account may be unable to locate an alternative provider of hedging arrangements within a reasonable period of time or at all. If no such alternative provider of hedging arrangements is located, then the Hexavest account may be subject to increased risk and volatility.

- o Futures and Forward Contracts Risk. In the case of futures and forward contracts, there can be no assurance that a liquid exchange or OTC market will exist to permit a Hexavest account to trade the appropriate contracts. A Hexavest account is subject to the credit risk that its counterparty may be unable to meet its obligations. In addition, there is the risk of loss of margin deposits by the Hexavest account in the event of bankruptcy of a dealer with whom the Hexavest account has an open position, futures or forward contracts. The ability of the Hexavest account to close out its positions may be affected by exchange-imposed daily trading limits on futures contracts. The inability to close out futures and forward positions could also have an adverse impact on a Hexavest account's ability to use derivative instruments to implement its investment strategy. Stock index futures and forward contracts present the additional risk that index prices may be distorted if trading of certain stocks included in the index is interrupted. Trading in these derivative instruments may also be interrupted if trading is halted in a substantial number of stocks included in the index. If this occurred, a Hexavest account would not be able to trade and could incur losses.

- *Counterparty and Custodial Risk.* To the extent a Hexavest account invests in swaps, "synthetic" or derivative instruments, repurchase agreements, certain types of option or other customized financial instruments, a Hexavest account takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk is particularly great with respect to non-U.S. investments and counterparties. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the

risk of counterparty default. In addition, there are risks involved in dealing with the custodians or brokers who settle Hexavest account trades, particularly with respect to non-U.S. investments. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of a Hexavest account and hence the Hexavest account should not be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing the Hexavest account rights to its assets in the case of an insolvency of any such party.

- *Other Instruments and Future Developments.* A Hexavest account may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized “synthetic” or derivative instruments. In addition, a Hexavest account may take advantage of opportunities with respect to certain other “synthetic” or derivative instruments which are not presently contemplated for use by the Hexavest account or which are currently not available, but which may be developed, to the extent such opportunities are both consistent with the Hexavest account’s investment objective and legally permissible for the Hexavest account. Special risks may apply to the Hexavest account’s investments in such instruments.

Item 9 - Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

Neither Hexavest nor any of its management persons are registered or have a pending application to register as a broker-dealer or a registered representative of one, a futures commission merchant, commodity pool operator, commodity trading advisor, or any associated persons of one of the foregoing entities.

Hexavest does not have any arrangement in which it is compensated for recommending or selecting other investment advisers for its clients, nor does Hexavest have any other business relationship with an investment adviser that would create a material conflict of interest.

Item 11 - Code of Ethics

Hexavest’s main objective is to emphasize the honesty, transparency, integrity, professionalism, and confidentiality that must prevail at each and every level of the firm to ensure that the interests of Hexavest’s clients, its shareholders, or unit holders of the pooled funds it manages, as well as those of other parties involved always come first. Hexavest has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Advisers Act. All employees, managers and officers of Hexavest must comply

with the Code. The Code states that Hexavest personnel must always place the interests of Hexavest's clients first. The Code sets forth standards of conduct expected of Hexavest's personnel, which reflect the fiduciary obligations of Hexavest and its personnel to its clients, and requires Hexavest's personnel to comply with applicable securities laws. The Code also requires any employee of Hexavest to report potential violations of the Code promptly to the Chief Compliance Officer ("CCO"). Hexavest provides each employee with a copy of the Code and any amendments thereto, and employees are required to provide a written acknowledgement that they have received the Code, as amended from time to time. Hexavest will provide a copy of the Code to any client or prospective client upon request.

Hexavest (and/or its directors, officers, or other employees) may, from time to time, advise its clients with respect to the purchase or sale of, or provide advice about, securities issued by an issuer that is a related party of Hexavest. Hexavest will only engage in such activities if it is confident that they are in the best interest of its clients and are in compliance with all requirements imposed by applicable securities laws and the client's own investment policy. Moreover, any transactions in securities of issuers who are related parties of Hexavest will be made in accordance with the clients' investment objectives, guidelines, and restrictions, or any other requirements contained in the Investment Management Agreement entered into between the client and Hexavest. The Hexavest private funds are the only related issuers of Hexavest. Hexavest acts as manager of the Hexavest private funds. If Hexavest purchases a Hexavest private fund on behalf of a client account, any fees charged by the Hexavest private funds are offset against the management fee charged by Hexavest for such account.

Hexavest believes that in order to avoid any potential for conflict of interest, its employees and other covered persons must not invest in any securities other than mutual funds, pooled funds, market indices and their derivatives (e.g. iShares, listed futures) of any equity asset class managed by Hexavest. Furthermore, if mutual funds or pooled funds managed by Hexavest are purchased by employees or other covered persons, a one-month holding period applies. Pre-clearance is required for all transactions except for fixed income investments. Employees are required to report all personal transactions to the CCO. Employees are required to provide an annual report and certification of adherence to the rules regarding personal trading. In addition, we educate our employees regarding the responsibilities of a fiduciary.

These rules apply to all Hexavest employees and members of their families living under the same roof. These rules do not apply to trades executed by these members within the framework of their professional activities as a Portfolio Manager on behalf of their clients; or persons to whom the individuals mentioned above act as agent, proxy, or representative.

Item 12 - Brokerage Practices

Hexavest has the authority to designate, from time to time, the brokers through whom transactions will be made, as well as the rate or rates to be paid for brokerage services. Hexavest may select brokerage firms that provide research or other services where rates may be higher than those charged by other brokers who provide more limited services or who are not considered to be able to provide the same quality of execution.

Trading and Broker Selection

Hexavest has a policy to ensure that a diligent selection of brokers/dealers is made, that qualified, designated staff execute orders in a timely fashion, and that fair and equitable allocations of investment opportunities among client accounts occur.

A formal annual review of counterparties takes place generally in the fall, prior to the beginning of a new calendar year, to approve counterparties for all asset classes traded. The criteria used to approve counterparties will be documented and may include such considerations as execution capability, competency on block trading, strength and stability, reliability and accuracy of communications, trading experience, commission rates, financial responsibility, responsiveness, reputation and integrity, facilities, access to underwriting offerings and secondary markets, reliability in executing trades and keeping records, fairness in resolving disputes, and electronic communication networks.

Equity trades are done on an agency basis using a commission schedule. These commission schedules are maintained by the trading team and reviewed at least annually. The assets under management of the firm and the commissions and volumes generated will dictate to a degree the optimal number of counterparties.

Wrap Account Arrangements

Under its wrap account arrangement, Hexavest provides the Sponsor (or its overlay portfolio manager) with a model portfolio, and the Sponsor executes trades for clients participating in the program. As a portfolio manager providing models, Hexavest does not effect trades. Trades will generally be executed only with the sponsoring broker-dealer to avoid incurring the incremental brokerage costs from using other broker-dealers. Generally, broker-dealer sponsors of wrap fee agreements can offer best price for transactions in listed equity securities. With respect to transactions in other types of securities, no assurance can be given that such will continue to be the case and may not presently be the case. Accordingly, the client may wish to satisfy itself that the broker-dealer sponsoring the wrap account arrangement can provide adequate price and execution for most or all transactions. In evaluating this arrangement, the client should consider whether, depending on the level of the wrap fee, the amount of portfolio activity, and the value attributed to monitoring, custodian and any other services provided, the wrap fee would exceed the aggregate cost of such services if they were separately provided and Hexavest were free to choose the broker-dealers to execute portfolio transactions. Due to the nature of wrap accounts, these accounts may trade less frequently at times than institutional accounts. This may be as a result of cash availability, security restrictions, accounts sizes, and higher minimum cash balance requirements.

Soft Dollar

Hexavest has an ongoing duty to act in the best interest of its clients and to obtain best execution of client transactions. Hexavest may utilize research or brokerage products/services obtained from broker-dealer on a soft dollar commission basis. As a result, the client may pay more than the lowest available commission in return for brokerage and research services provided to Hexavest. Furthermore, the research products and services paid for with client commissions may or may not be used in the decision-making process for the account that generated the soft dollars. Hexavest provides investment advisory services to both Canadian and U.S. clients. In addition to its registration with the SEC as an investment adviser, Hexavest is also registered with the securities regulators of the Canadian provinces in which it operates as an investment adviser. Accordingly, transactions (including any related soft dollar commissions) for Hexavest's Canadian clients are governed by Canadian law, while transactions for its U.S. clients are governed by U.S. law.

With respect to transactions on behalf of U.S. clients, section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”) provides a safe harbor for discretionary investment advisers to pay an increased commission, above what another broker-dealer would charge for executing a transaction, for research and brokerage services, provided that the adviser has made a good faith determination that the amount of commissions paid is reasonable in relation to the value of the research and brokerage services received in terms of either that particular transaction or for its overall responsibilities with respect to accounts managed. When acting as an investment adviser to U.S. accounts, Hexavest will act in accordance with section 28(e) of the Exchange Act. By using brokerage commissions to obtain research or brokerage products/services, Hexavest receives a benefit because Hexavest does not have to pay for those products or services.

Hexavest has an incentive to select or recommend a broker-dealer based on Hexavest’s interest in receiving the research or brokerage products/services, rather than Hexavest’s clients’ interest in receiving the most favorable execution. Products and services obtained by Hexavest with soft dollars must provide lawful and appropriate assistance to Hexavest in the performance of its decision-making responsibilities. The firm’s Investment Committee will determine whether the amount of commissions paid is reasonable in relation to the value of the research and brokerage services received by Hexavest, viewed in terms of either the particular transaction or Hexavest’s overall responsibilities with respect to the accounts managed by Hexavest. A broker or dealer provides brokerage services when it effects securities transactions and performs certain incidental functions (such as clearance settlement).

Hexavest may, from time to time, receive services and products that serve both research and non-research functions. In such event, Hexavest will make a good faith determination of the anticipated research and non-research use of the product or service and allocate brokerage only with respect to the research component.

While the research and brokerage services that Hexavest receives from broker-dealers in exchange for soft dollar commissions benefit all of Hexavest’s clients, the cost of those services may not be borne by all of Hexavest’s clients. For example, certain clients may prohibit or limit the payment of soft dollar commissions with respect to their transactions. In addition, certain clients may request Hexavest to transact primarily or exclusively with particular brokerdealers that do not accept soft dollar commissions. Moreover, soft dollar commissions in the U.S. may only be paid with respect to agency and riskless principal trades. As a result, clients that do not engage in such transactions would nevertheless benefit from services that Hexavest receives in connection with soft dollar commissions paid by other clients.

Products and services Hexavest obtained through soft dollar arrangements in the past year include market data, financial data and economic data; research reports and information about particular countries, economies, markets, industries, companies and/or securities; quantitative analytical software; financial newsletters; and statistical and market data and news services.

Hexavest does not consider, in selecting or recommending broker-dealers, any client referrals it may receive from a broker-dealer or third party.

Directed Brokerage

Hexavest has the authority to select broker-dealers to execute all transactions for its clients. Hexavest may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Clients may direct advisers to use a particular broker-dealer under various circumstances, including where a client has a pre-existing relationship with the broker or participates in a commission recapture program, among other situations.

If a client directs the firm to use a particular broker-dealer, the client should consider whether such designation may result in certain costs or disadvantages for themselves. For example, Hexavest may not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and commission charges will vary among clients and best execution may not be obtained.

Trade Aggregation

Hexavest generally aggregates purchases and sales of securities for multiple clients when possible and when it appears likely to be advantageous to the clients. Aggregation generally allows execution of transactions in a more timely and efficient manner, and may reduce overall execution costs and impact on the market price of the underlying securities.

Item 13 - Review of Accounts**Reviews**

Portfolio Managers are responsible for the daily monitoring of their respective portfolio(s) according to their regional expertise. The persons conducting the reviews are Hexavest's President, Portfolio Managers, Vice Presidents, and Economist.

As an additional control mechanism, the Senior Vice President and the Director, Client Services & Business Development, perform both the periodic analyses and reviews of the portfolios at least once a month. These analyses may include a review of similar accounts to ensure consistent implementation of strategies (e.g. segregated accounts "modeled" on private funds). The Client Servicing staff will promptly inform the Portfolio Managers of clients' communications advising Hexavest of changes in their financial circumstances or investment objectives.

Finally, compliance with client investment restrictions is verified on a daily basis. The CCO is informed of the results and will follow-up if required.

Accounts

Hexavest will provide clients with certain reports. On a monthly basis, Hexavest will provide a report with the portfolio holdings, transactions for the month, performance of their account and the appropriate benchmark. On a quarterly basis, Hexavest will provide a report discussing the market overview, performance attribution, overall economic context and strategies. Finally, on an annual basis, Hexavest will provide a report discussing the audited financial statements of our private funds.

Item 14 - Client Referrals and Other Compensation

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this brochure and a separate disclosure statement that includes the Solicitor's name and relationship with our firm; the fact that the Solicitor is being paid a referral fee; the amount of the fee; and whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor. As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Hexavest and Hamersley Partners, LLC ("Hamersley Partners") have entered into a solicitation agreement, in accordance with Rule 206(4)-3 under the Advisers Act, pursuant to which Hexavest compensates Hamersley Partners for referring investment advisory clients to Hexavest. Hexavest will pay Hamersley Partners a specified percentage of the advisory fee charged to the client with respect to the provision of investment advisory services by Hexavest. In addition to the solicitation fee, Hexavest pays Hamersley an ongoing quarterly retainer. The client will not pay any higher fee than would be the case without a solicitation agreement.

It is Hexavest's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 - Custody

Our firm does not have custody of client accounts. In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a monthly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 - Investment Discretion

Pursuant to an Investment Management Agreement, clients typically will retain Hexavest on a discretionary basis. Where the client chooses to grant investment discretion to Hexavest, Hexavest will have the authority to supervise and direct the investments of and for the client's account without prior consultation with the client. Pursuant to this discretionary authority, Hexavest will determine which securities are bought and sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be executed and the commission rates paid to effect the transactions.

As discussed in Item 4, with respect to separate accounts, Hexavest's authority in some cases may be subject to conditions imposed by the client (*e.g.*, where the client restricts or prohibits transactions in certain types of securities or directs that transactions be effected through specific broker-dealers.)

With respect to its wrap program participation, Hexavest has discretion to include in its model portfolio securities that meet the sponsor imposed investment conditions. The Sponsor (or its overlay portfolio manager) is responsible for determining suitability of such securities for each wrap fee client and for determining whether to follow the model portfolio and effect trades of such portfolio securities.

Item 17 - Voting Client Securities

Hexavest, as a matter of policy and as a fiduciary to its clients, has the responsibility for voting proxies in the best economic interests of the clients. Hexavest has developed proxy voting guidelines that set out how Hexavest intends to vote on commonly raised, or potentially contentious issues. Hexavest has mandated a third party to analyse proposals and vote in accordance with Hexavest's proxy voting guidelines. Hexavest will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights. In reviewing proposals, Hexavest will further consider the opinion of management and the effect on management, as well as the effect on shareholder value and the issuer's business practices.

Hexavest will identify any conflicts that arise between the interests of the firm and the client by reviewing the relationship it has with the issuer of each security in order to determine if whether or not Hexavest or any of its employees has any financial, business, or personal relationship with the issuer. If a material conflict of interest arises, Hexavest will always place the interests of the client and their respective beneficiaries above its own.

Certain clients may, pursuant to the terms of their agreements with Hexavest, have the right to direct Hexavest's vote in a particular situation. Upon request, Hexavest will provide clients with information regarding the voting of all or any specific proxy on their behalf. To obtain a copy the Hexavest's policy and procedures or proxy voting records please contact your Servicing Representative.

Item 18 - Financial Information

Under no circumstances does Hexavest require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered. As an advisory firm, we are required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Hexavest has no additional financial circumstances to report. Hexavest has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State-Registered Advisers

This item is not applicable to Hexavest.