



HEXAVEST

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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 is also 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

Since our last update filed July 1, 2020, we have updated Items 4, 10, 13 and 15 of this Brochure to update our disclosures to reflect that Hexavest is now fully owned by 9264-7064 Québec Inc.

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Item 4 -Advisory Business

Hexavest is an investment management firm, organized as a corporation, with its principal place of business located in Montréal, Canada. Hexavest began conducting business in 2004 and first registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), in August 2004.

The principal owner of the firm is Vital Proulx, who is also the Chairman of the firm. Mr. Proulx holds the shares through a holding company named Gestion Javas Inc. Gestion Javas Inc. and various other managers of Hexavest indirectly hold 100% of the voting stock of Hexavest through 9264-7064 Quebec Inc.

Hexavest provides discretionary investment management services with respect to developed and emerging market equities and tactical asset allocation for institutional clients. Hexavest offers these services through segregated accounts and private funds sponsored by Hexavest. As of February 28, 2021, Hexavest managed approximately US\$4.2 billion in assets on a 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 at our discretion.

Private Funds

Hexavest serves as the 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. Investors in the private funds 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, we rebalance the portfolio based on the fund's investment objectives and restrictions. The private funds are offered and sold pursuant to exemptions from registration under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended.

Hexavest 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

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%

Please note that fee schedules may differ for certain specific mandates such as Emerging Market Equities.

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.

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 funds. 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. Hexavest may, from time to time, enter into side letter agreements with certain investors in the funds establishing rights under, or supplementing or altering the terms of, the governing documents of the funds with respect to such investors in a manner more favorable to such investors than those applicable to other investors. Hexavest generally will not enter into side letters or similar agreements that have the effect of disadvantaging other investors in the funds.

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 of 1974 ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "**1986 Code**"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the 1986 Code that include, among other things, restrictions concerning certain forms of compensation and certain disclosures regarding services and 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

It is Hexavest's fiduciary duty to place its clients' interests before its own and to manage client accounts in a fair and equitable manner. 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 designed and implemented procedures 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, private investment funds, 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 investments in our 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

Investment Philosophy

Hexavest's investment philosophy and style can be best described by the following points:

- Hexavest believes that it possesses an edge in analyzing macroeconomic factors and in identifying excesses at the stock selection level. Therefore, the Hexavest process is predominantly top-down.
- Actively managing multiple drivers of performance (regions, countries, currencies, sectors, industries, and stocks) maximizes the chances of success while minimizing the portfolio's risk. This is why many types of decisions go into the construction of client portfolios which are, as a result, well diversified.
- A great emphasis is placed on preserving client capital. As a result, our portfolios typically have a value bias.
- The vast quantity of financial and economic data readily available makes it difficult for any individual or any team to objectively process all the information at hand. This is why, over the years, the Hexavest team has developed quantitative models aimed at supporting fundamental research.

Investment Approach

Hexavest's investment approach consists of active management at multiple decisional levels (regional allocation, country selection, sector and industry allocation, stock selection, and currency management) in order to diversify the sources of added value and reduce related portfolio risk. The primary decisions are governed by a fundamental analysis of macroeconomic factors using a top-down approach and are supported by quantitative models.

Top-down strategies include region/country decisions, sector/industry decisions, and currency allocation. Top-down strategies derive from the analysis of three broad factors:

- Macroeconomic environment
- Valuation factors
- Investor sentiment

This analysis is supported by proprietary quantitative models that act as validation tools.

Portfolio Construction Process

Our investment process follows four phases:

Phase 1: Top-down decisions

As described above, our top-down decisions derive from analyzing the macroeconomic environment, valuation factors, and investor sentiment. Based on this analysis, our investment 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 of this phase is a top-down portfolio consisting of the entire investment universe with adjusted weights that reflects the team's consensus macroeconomic views with regard to regions, countries, sectors, industries, and currencies.

Phase 2: Optimization

At this stage, we build an optimized portfolio that replicates the characteristics of our top-down portfolio 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, incorporating analysis based on fundamental research and qualitative factors. Once the stock analysis is complete, our portfolio managers 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 ensure compliance with the clients' investment policies and adherence to our strategies. Moreover, with the help of the optimization tool, risk related to active management in the portfolio is analyzed by the firm's risk committee.

Material Risks

Investing in securities involves a risk of loss that clients should be prepared to bear. 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 fund'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.

- *Economic and Market Events Risk.* Events in certain sectors historically have resulted, and may in the future result, in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other similar events; governmental efforts to limit short selling and high-frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Central Bank of Japan; dramatic changes energy prices and in currency exchange rates; and China's economic slowdown. Interconnected global economies and financial markets increase the possibility that conditions in one country or region might adversely impact issuers in a different country or region. Both domestic and foreign equity markets have experienced increased volatility and turmoil, with issuers that have exposure to the real estate, mortgage, and credit markets particularly affected. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate.

In addition, relatively high market volatility and reduced liquidity in credit and fixed-income markets may adversely affect many issuers worldwide. Actions taken by the U.S. Federal Reserve (Fed) or foreign central banks to stimulate or stabilize economic growth, such as interventions in currency markets, could cause high volatility in the equity and fixed-income markets. Reduced liquidity may result in less money being available to purchase raw materials, goods, and services from emerging markets, which may, in turn, bring down the prices of these economic staples. It may also result in emerging market issuers having more difficulty obtaining financing, which may, in turn, cause a decline in their securities' prices.

In addition, while interest rates have been unusually low in recent years in the United States and abroad, any decision by the Fed to adjust the target fed funds rate, among other factors, could cause markets to experience continuing high volatility. A significant increase in interest rates may cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases may contribute to price volatility. These events and the possible resulting market volatility may have an adverse effect on an account's performance.

Political turmoil within the United States and abroad may also impact an account. Although the U.S. government has honored its credit obligations, it remains possible that the United States could default on its obligations. While it is impossible to predict the consequences of such an unprecedented event, it is likely that a default by the United States would be highly disruptive to the U.S. and global securities markets and could significantly impair the value of the account's investments. Similarly, political events within the United States at times have resulted, and may in the future result, in a shutdown of government services, which could negatively affect the U.S. economy, decrease the value of many investments, and increase uncertainty in or impair the operation of the U.S. or other securities markets. The U.S. is also considering significant new investments in infrastructure and national defense which, coupled with lower federal taxes, could lead to increased government borrowing and higher interest rates. While these proposed policies are going through the political process, the equity and debt markets may react strongly to expectations, which could increase volatility, especially if the market's expectations for changes in government policies are not borne out. The U.S. is also renegotiating many of its global trade relationships and has

imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets.

Uncertainties surrounding the sovereign debt of a number of European Union (EU) countries and the viability of the EU have disrupted, and may in the future disrupt, markets in the United States and around the world. If one or more countries leave the EU or if the EU dissolves, the world's securities markets will likely be significantly disrupted. On January 31, 2020, the United Kingdom (UK) left the EU, commonly referred to as "Brexit." There is significant market uncertainty regarding Brexit's ramifications, and the range and potential implications of possible political, regulatory, economic, and market outcomes are difficult to predict. This uncertainty may affect other countries in the EU and elsewhere, and may cause volatility within the EU, triggering prolonged economic downturns in certain countries within the EU. In addition, Brexit may create additional and substantial economic stresses for the UK, including a contraction of the UK economy and price volatility in UK stocks, decreased trade, capital outflows, devaluation of the British pound, wider corporate bond spreads due to uncertainty and declines in business and consumer spending as well as foreign direct investment. Brexit may also adversely affect UK-based financial firms that have counterparties in the EU or participate in market infrastructure (trading venues, clearing houses, settlement facilities) based in the EU. These events and the resulting market volatility may have an adverse effect on an account's performance.

An epidemic outbreak and governments' reactions to such an outbreak could cause uncertainty in the markets and may adversely affect the performance of the global economy. An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, the need for employees and vendors to work at external locations, and extensive medical absences, as well as general concern and uncertainty. The impact of this coronavirus may be short term or may last for an extended period of time and result in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could negatively affect the worldwide economy, as well as the economies of individual countries, individual companies and the market in general in significant and unforeseen ways. Any such impact could adversely affect an account's performance, the performance of the securities in which an account invests, or otherwise cause business disruptions including to Hexavest's business, and may lead to losses. Hexavest has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect Hexavest's business and/or the markets can be determined and addressed in advance.

Political and military events, including in North Korea, Venezuela, Iran, Syria, and other areas in the Middle East, and nationalist unrest in Europe and South America, may also cause market disruptions.

In addition, there is a risk that the prices of goods and services in the United States and many foreign economies may decline over time, known as deflation. Deflation may have an

adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and may be difficult to reverse.

- *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 company management, (iv) financial conditions of the markets, and (vi) changes in operating costs. Financial market values are also 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. Thus, if interest rates rise, the value of fixed-income securities will fall as investors demand a higher effective return from such securities. Moreover, the longer the average maturity of a bond, the more sensitive its price 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. Terrorist attacks in particular countries can also affect the value of investments in that country and on a regional and global level. 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 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 have an 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 and terrorism; (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 denominated 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. The value of these currencies relative to the U.S. dollar may fluctuate significantly over short periods of time. The Fund, however, values the Units in U.S. dollars. 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 subject to ERISA fiduciary standards. 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.*

The Hexavest funds may use certain derivatives, which are financial contracts whose value depends upon, or is derived from, the value of an underlying asset, reference rate, or index. The ownership and trading of derivatives carry significant risks.

- 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.
- 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 should the value of the hedged security 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.
- 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.

- Derivatives Regulation Risk.* The regulation of the U.S. and non-U.S. derivatives markets has undergone substantial change in recent years and such change may continue. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and regulation proposed to be promulgated thereunder, require many derivatives to be cleared and traded on an exchange, expand entity registration requirements, impose business conduct requirements on dealers that enter into swaps with a pension plan, endowment, retirement plan or government entity, and required banks to move some derivatives trading units to a non-guaranteed affiliate separate from the deposit-taking bank or divest them altogether. Although the Commodity Futures Trading Commission (CFTC) has released final rules relating to clearing, reporting, recordkeeping and registration requirements under the legislation, many of the provisions are subject to further final rule making, and thus its ultimate impact remains unclear. New regulations could, among other things, restrict an account's ability to engage in derivatives transactions and/or increase the costs of such derivatives transactions (for example, by increasing margin or capital requirements), and an account may be unable to fully execute its investment strategies as a result. Limits or restrictions applicable to the counterparties with which Hexavest engages in derivative transactions also could prevent an account from using these instruments or affect the pricing or other factors relating to these instruments or may change the availability of certain investments.
- 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 problems or timing issues associated with enforcing the Hexavest account's rights to its assets in the case of 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 are legally permissible for the Hexavest account. Special risks may apply to the Hexavest account's investments in such instruments.

- *Quantitative Model Risk.* Hexavest employs a quantitative analysis method in the management of its client portfolios. Hexavest uses quantitative research which applies concepts of fundamental valuation and security selection via computer models. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect. Investments made based on these quantitative methods may perform differently from the market as a whole or from their expected performance for many reasons, including factors used in creating the quantitative model, the relative weights placed on each factor, and changing sources of market returns, among others. Any errors or imperfections in Hexavest's quantitative analyses or models, or in the data on which they are based, could adversely affect the ability of Hexavest to implement such analyses or models effectively, which in turn could adversely affect performance. In addition, to the extent that the models require judgment or discretion by an investment professional, the models are subject to the additional risk that any decisions taken pursuant to such judgment or discretion could adversely affect a client account's performance. There can be no assurance that these methodologies will help Hexavest achieve a client portfolio's investment objective. Models also rely on the proper functioning of hardware and technology which are subject to disruption risk. There is no guarantee that the hardware and technology on which the models rely will be uninterrupted or error free, or that any defects in such hardware or technology will be able to be corrected in a short time period.
- *Cybersecurity Risk.* Cybersecurity attacks include, but are not limited to: unauthorized access to digital systems, networks, or devices containing client, financial, and other data and information; operational or other disruptions causing the inability to access electronic systems ("denial of service" attacks); infection from computer viruses or other malicious software; and misappropriation and release of confidential information. A cybersecurity attack could result in the loss or theft of proprietary information or data, damage to a computer or network system, or costs associated with system repairs. Such attacks could cause Hexavest accounts to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Similar incidents could affect issuers in which Hexavest invests a portfolio, counterparties, service providers, and other financial institutions and parties.

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

Hexavest is not registered and does not have a pending application to register as a broker-dealer, a futures commission merchant, a commodity pool operator, a 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, unit holders of the pooled funds it manages, investors in funds for which it acts as sub-adviser, 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 and requires that employees abide by the Code of Ethics and Standards of Professional Conduct published by the CFA Institute. 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 and must avoid actions that allow or appear to allow them or their family members to profit or benefit from their relationships with Hexavest and its clients or bring into question their independence or judgment. 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, and agree to comply with its requirements. 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 agreement entered between the client and Hexavest. The following Hexavest private funds are the only related issuers of Hexavest in which U.S. investors can invest: Hexavest EAFE Equity Fund and Hexavest ACWI Equity Fund. Hexavest acts as the investment 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 conflict of interest, its employees and other covered persons must not invest in any securities other than mutual funds, exchange-traded funds, pooled funds, or market indices and their derivatives (e.g. iShares, listed futures). 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 and mutual funds that are not affiliated funds or managed by Hexavest. Employees are required to report all personal transactions to the CCO. Employees are required to report quarterly all transactions in any securities in which they have a direct or indirect primary interest and 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-related persons described above and members of their families living under the same roof.

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. Moreover, Hexavest seeks to obtain best execution for client transactions, seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Broker Selection and Best Execution

Hexavest has a policy to ensure that a diligent selection of brokers/dealers is made, that a fiduciary and fundamental duty to seek best execution for client transactions is followed, and that fair and equitable allocations of investment opportunities among client accounts occur.

Hexavest has established a Brokerage Committee ("**Committee**") which has the responsibility for overlooking the firm's trading practices; gathering relevant information; periodically reviewing and evaluating the services provided by broker/dealers, the quality of executions, research, commission rates; and overall brokerage relationships, among other things. The Committee meets on a regular basis, or as needed, and maintains and periodically updates an "Approved Broker-Dealer List" and a commission schedule based upon the firm's reviews. 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. The assets under management of the firm and the commissions and volumes generated will dictate, to a degree, the optimal number of counterparties.

Soft Dollars

Hexavest has an ongoing duty to act in the best interest of its clients and to obtain best execution of client transactions. Hexavest will 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 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.

Certain clients may be subject to non-U.S. regulations that are inconsistent with our standard trading practices. For example, recent revisions to the EU Markets in Financial Instruments Directive (“**MiFID**”) and related regulations limit a manager’s ability to receive products and services from executing brokers. While Hexavest is not directly subject to these regulations, we may adjust our standard trading practices on a case-by-case basis to accommodate compliance with MiFID and other non-U.S. regulations by our clients. These accommodations may include but are not limited to: expanded use of client commission arrangements, commission sharing arrangements and similar arrangements, enhanced reporting on client commissions and the services and products obtained, and non-participation in the generation of soft dollar credits. Hexavest expects the effective commission rates in these circumstances to be substantially similar to those paid by similarly situated clients. However, as a result of these accommodations, clients from certain jurisdictions may account for no soft dollar credits or a lower percentage of soft dollar credits than otherwise similar clients from other jurisdictions.

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 broker-dealers 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 Hexavest's last fiscal year include market data, financial, economic data, quantitative data, and statistical data; research reports and information about particular countries, economies, markets, industries, companies, or securities.

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

Hexavest may consider the receipt of research services under so called "client commission arrangements" or "commission sharing arrangements" (both referred to as "CCAs") as a factor in selecting broker-dealers to execute transactions, provided it does not compromise Hexavest's obligation to seek best overall execution. Under a CCA, Hexavest may cause client accounts to effect transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions paid on those transactions to a pool of commission credits that are paid to other firms that provide research services to Hexavest. Under a CCA, the broker-dealer that provides the research services need not execute the trade.

Participating in CCAs may enable Hexavest to consolidate payments for research using accumulated client commission credits from transactions executed through a particular broker-dealer to periodically pay for research services obtained from, and provided, by other firms, including other broker-dealers that supply research services.

Directed Brokerage

Hexavest has the authority to select a broker who will 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. Not all investment advisers require their clients to direct brokerage.

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.

In addition, client directed brokerage on behalf of employee benefit plan clients may be subject to special requirements under ERISA.

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.

Trade Errors

On occasion, Hexavest may make a trade error in executing securities transactions for a client account. Hexavest's policy and practice is to monitor and reconcile trading activities, to identify and resolve any trade errors promptly, to document each trade error with appropriate supervisory approval, and to maintain a trade error file. Should any trade error occur in the handling of any client transactions due to Hexavest's actions, inaction, or actions of others, Hexavest shall seek to identify and correct any trade errors as promptly as possible without disadvantaging the client or benefiting Hexavest in any way.

Item 13 - Review of Accounts

Reviews

Portfolio managers are responsible for monitoring, on a daily basis, their respective portfolio(s) according to their regional expertise. Accounts are also reviewed on a regular basis. The persons conducting the reviews are Hexavest's President, Portfolio Managers, Vice Presidents, and Chief Economist.

As an additional control, the Hexavest Client Services Department performs monthly analyses and reviews of the portfolios. These analyses may include a review of similar accounts to ensure consistent implementation of strategies. The Client Services Department will promptly inform the portfolio managers of clients' communications advising them 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.

Reporting

Hexavest will provide clients with certain reports. On a monthly basis, clients will receive a report with the portfolio holdings, transactions for the month, and performance of their account in relation to their respective benchmark. On a quarterly basis, clients will receive a report discussing the market overview, performance attribution, economic context, and overall strategies.

Item 14 - Client Referrals and Other Compensation

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

With the exception of the funds and securities of our private fund clients, 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. Our private fund clients also receive, on an

annual basis, the annual audited financial statements of the Hexavest private funds in which they are invested. These statements are prepared by an independent public accountant.

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 segregated 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).

Item 17 - Voting Client Securities

General Policy. 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.

Use of Proxy Voting Service Provider and Voting. Hexavest has mandated an independent third-party proxy voting service provider (the “**third-party service provider**”) to analyze proposals and vote in accordance with Hexavest's proxy voting policy. Proxy items pertaining to financial matters such as, but not limited to, mergers and acquisitions are referred back to Hexavest and its relevant portfolio manager for instructions. Moreover, Hexavest does not usually vote on proxies in blocked markets. The firm's policy and practice includes the responsibility to monitor and oversee the activities of the third-party service provider, to monitor the firm's proxy voting policy, as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Hexavest will seek to identify conflicts that may 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. Hexavest has also established and implemented measures reasonably designed to identify and address the third-party service provider's conflicts that may arise on an ongoing basis, such as requiring the third-party service provider to update Hexavest of any material changes with respect to its capacity and competence to provide proxy voting services or with respect to its policies and procedures regarding conflicts of interest. Should a material conflict of interest arise, Hexavest will always ensure to place the interests of the client and its respective beneficiaries above its own.

Certain clients may, pursuant to the terms of their agreement 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 Hexavest's policy and procedures or proxy voting records, please contact us at the address which appears on the cover page of this Brochure.

Item 18 - Financial Information

Under no circumstances does Hexavest require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered. As an advisory firm, we are required to disclose any financial condition that is reasonably 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.