

Available as of November 21, 2016

## ABOUT THE FUND MANAGER

**Hexavest** is a portfolio management firm established in 2004. Located in Montreal, it specializes in the management of foreign equity (Europe and Pacific Basin), American equity, Canadian equity as well as tactical asset allocation for institutional clients. Even though Hexavest is a young firm, its managers have enviable experience and expertise in portfolio management.



## A MANAGER OF CONVICTION WITH A CONTRARIAN APPROACH

### Investment philosophy

The manager firmly believes that through diversification of value-added sources and active management, the performance of the All-Country Global Equity Fund can be improved while mitigating risk. With this in mind, the manager will not hesitate to recommend securities that are unjustly overlooked, that may be less desirable to investors or that may have yielded lackluster results in the past. **This conviction is what allows the manager to adopt a contrarian approach to investing.** It's an approach that, when combined with a value-style security selection, allows him to focus on the preservation of capital.

### 3-pillar investment process

First, when defining major analysis guidelines, the manager follows a top-down process, which accounts for 80% of the strategy. At this stage, the fundamental research aimed at generating macroeconomic views is based on three pillars:

- Macroeconomic environment
- Valuation
- Sentiment of investors

Decision-making tools then help validate the opinions and views of the management team.



### Securities research and selection

The next step is for the manager to evaluate the basic data and conduct a fundamental analysis of each security, which accounts for the remaining 20% of the strategy. This analysis is done using the following tools:

- Barra Optimization (method used to build and optimize investment portfolios)
- Validation of selected securities using an in-house tool; also used to generate new ideas
- Fundamental analysis of companies prior to purchasing securities

In all, the fund will invest in approximately 400 securities. **Since the selection of securities is based on a combination of strategies, there will be a positive impact on diversification.**

### What does "All-Country" mean?

The main objective of the fund managed by Hexavest is to exceed the MSCI All-Country World index (ACWI). The term "All-Country" indicates the origin of the securities that make up this index. In fact, the MSCI ACWI was developed to monitor the stock market performance of 46 countries; specifically, 23 developed countries and 23 emerging ones. It contains approximately 2,400 large/medium cap securities covering more than 10 economic sectors. By comparison, MSCI World only monitors the stock market performance of the aforementioned 23 developed countries. The relationship can be illustrated as follows:

|                        |   |  |   |   |
|------------------------|---|--|---|---|
| <b>MSCI ACWI Index</b> | = | <b>MSCI World Index</b><br>(ex: Germany, Canada, United-States, Australia, Spain, Portugal, France, UK, ...) | + | <b>23 emerging countries</b><br>(ex: China, Brazil, Greece, Taiwan, Mexico, India, Russia, United Arab Emirates, ...) |
|------------------------|---|--|---|---|

## Decision-making

The sheer quantity of economic and financial information that is readily available is such that an individual or small team can hardly process all of it objectively. That's why, over the years, the team of analysts has developed quantitative models to validate the most fundamental investment decisions. It is therefore possible to position the portfolio in any number of ways, thereby improving overall decision-making, whether it be to decide which regions and countries, currencies or sectors and industries to include.

## Risk management

Different constraints are established to mitigate risk. When building an optimal portfolio, the acceptable deviations versus the benchmark index can be summarized as follows:

| Deviation vs MSCI All-Country World index |                        |         |
|---|------------------------|---------|
|   | Minimum                | Maximum |
| Region                                    | -15%                   | 15%     |
| Country                                   | -15%                   | 15%     |
| Currencies                                | -15%                   | 15%     |
| Sectors                                   | -10%                   | 10%     |
| Securities                                | Minimum weight of zero | 3%      |

**That way, the manager has great leeway in terms of security selection and can therefore make sure his investment choices are in line with the strategy.**

## Why invest in this fund?

Adding this fund to their investments is ideal for investors seeking to diversify their global equity portfolio while maintaining good capital preservation.

- The fund manager focuses on capital preservation through a contrarian approach and a value bias.
- The rigorous research process leads to a thorough understanding of the companies in the portfolio and favours the strategy's continued success.
- This high conviction portfolio offers diversified value-added sources.
- Investing in emerging markets equity improves portfolio diversification.



## ADVANTAGES OF THE SSQ HEXAVEST ALL-COUNTRY GLOBAL EQUITY GIF

### RISK MANAGEMENT

The emphasis is on making quality fundamental investment decisions, from which stems excellent preservation of capital in bearish markets.

### A PROVEN SECURITY SELECTION METHOD

Thanks to its stock selection method, the fund is less volatile than the benchmark index.

### EXPERIENCED MANAGEMENT TEAM

A committed team of experienced and highly motivated managers sharing the same investment philosophy is definitely a competitive advantage.

### LASTING PERFORMANCE

This fund has a long and impressive track record and an exceptional risk/return profile.

### CONTRARIAN APPROACH

Hexavest's contrarian approach has stood the test of time!