



HEXAVEST

# Emerging Market Equities

## Performance (CAD)

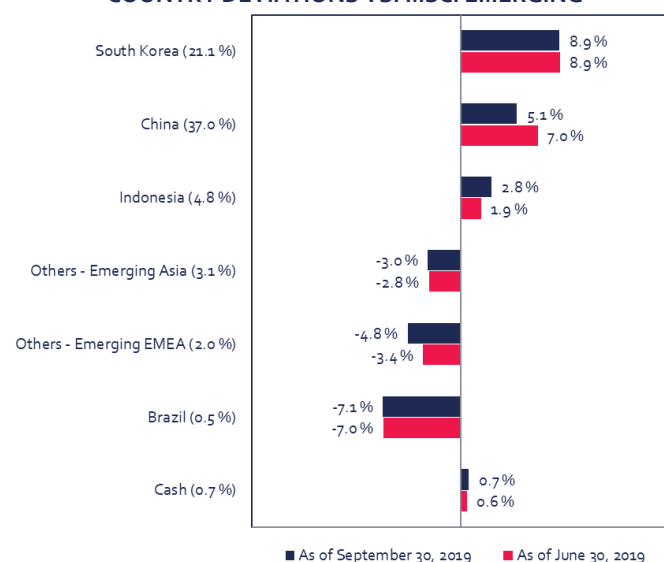
Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	-4.32	-1.50	-2.32	5.12	3.96	---	3.52
MSCI Emerging Markets (net)	-2.98	2.66	0.36	6.24	5.86	---	4.54
VALUE ADDED	-1.34	-4.16	-2.68	-1.12	-1.90	---	-1.02

Ten last years (%)	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
Hexavest Emerging Markets Composite	---	---	-11.78	11.38	4.91	3.94	1.87	3.71	24.61	-2.89
MSCI Emerging Markets (net)	---	---	-14.64	15.61	3.93	6.63	2.04	7.34	28.26	-6.88
VALUE ADDED	---	---	2.86	-4.23	0.98	-2.69	-0.17	-3.63	-3.65	3.99

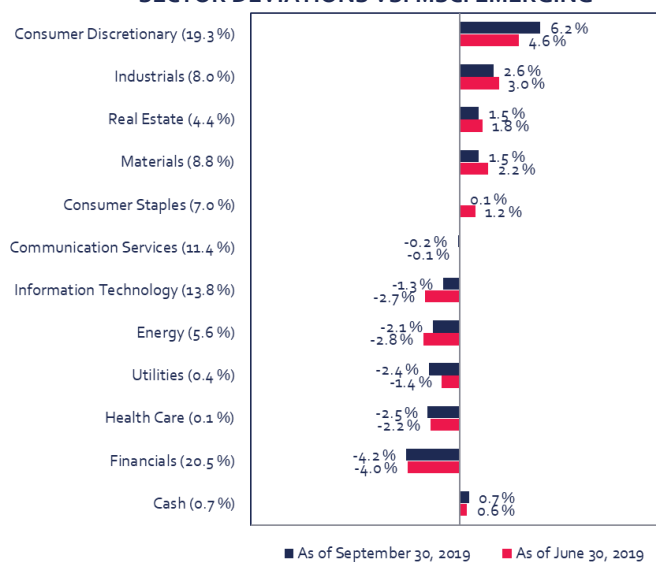
\*Since inception on February 1, 2011.

## Positioning (Model Portfolio)

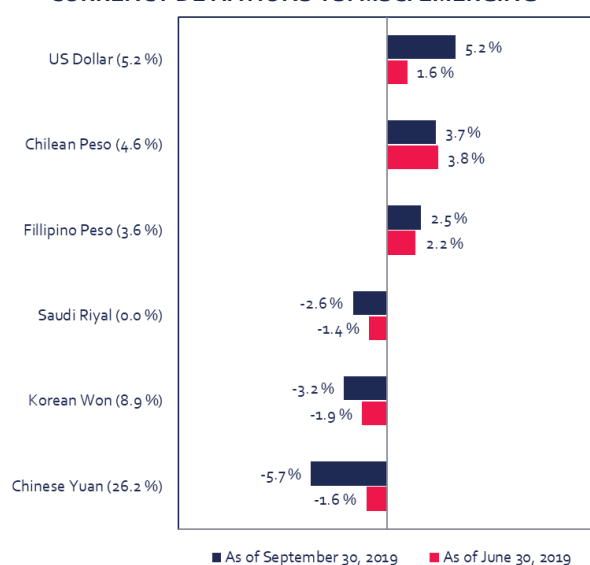
### COUNTRY DEVIATIONS VS. MSCI EMERGING



### SECTOR DEVIATIONS VS. MSCI EMERGING



### CURRENCY DEVIATIONS VS. MSCI EMERGING



## Market Outlook

MACROECONOMIC ENVIRONMENT

VALUATION

SENTIMENT

-

+

+

Demand from developed markets continues to weaken. However, several emerging countries have started, or will start soon, to stimulate their economies. Valuations are quite reasonable and the sentiment of investors towards EMs remains cautious. Therefore, we continue to increase the portfolio's exposure to countries that are stimulating their economies as well as to cyclical stocks, resulting in sizeable overweight positions in Korea and China, and in the consumer discretionary sector.

FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY  
(SEE NOTES ON NEXT PAGE)



# Emerging Market Equities

## Summary

<b>Benchmark</b>	MSCI Emerging Markets (net)
<b>Value added objective</b>	2% (4-year rolling periods)
<b>Active risk</b>	3% to 5%
<b>Number of holdings</b>	130 to 170
<b>Currency management</b>	Active
<b>Maximum cash exposure</b>	10%

## DEVIATIONS VS. BENCHMARK

Regions:	+/- 15%
Countries:	+/- 15%
Currencies:	+/- 15%
Sectors:	+/- 10%

## MANAGEMENT FEES

### Commingled vehicle

First \$10 million:	0.70%
Next \$30 million:	0.60%
> \$40 million:	0.50%

### Separate accounts

First \$50 million:	0.75%
Next \$50 million:	0.60%
Next \$100 million:	0.50%
> \$200 million:	0.40%

## Investment Team

### Jean-Pierre Couture

M.Sc.  
Chief Economist &  
Portfolio Manager

- Macroeconomic backdrop
- Country data & trends
- Equity market valuation

### Jean-Benoit Leblanc

M.Sc., CFA  
Senior Portfolio Manager

- Portfolio construction
- Country, sector and stock selection
- Risk management tools

### Jean-Christophe Lermusiaux

MBA  
Vice President &  
Portfolio Manager

- Risk assessment
- Country trends
- Sector and stock selection

### Julien Tousignant

M.Sc., CFA  
Economist

- Currencies
- Monetary policies
- Investor sentiment

## ESG Research

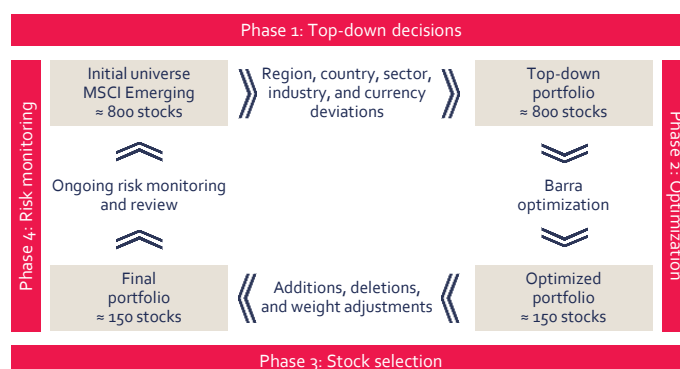
Jo-Annie Pinto, CIM®  
Vice President

Véronique Marchetti, CFA  
Senior Analyst

## Investment Approach

- Top-down, team-driven process
- Capturing solid structural themes while remaining opportunistic on shorter time periods
- Diversified sources of alpha
  - o Regions, countries, currencies, sectors, industries, stocks
- Value bias with contrarian style
- Clearly defined process
- Integration of ESG factors

## Investment Process



## Contact Us

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

## FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY

The performance shown is that of a composite of emerging markets equity mandates managed by Hexavest. Accounts in the composite may have investment guidelines that differ from those of the model portfolio. The inception date of the composite is February 1, 2011. Performance results are presented gross of management and custodial fees but net of all trading commissions. Returns for periods greater than 12 months are annualized. Past performance is not necessarily indicative of future performance.

The information and opinions herein are provided for informational purposes only, and are subject to change based on market and other conditions. It should not be relied upon as the basis for your investment decisions. This document is not and should not be construed as a solicitation or offering of units of any fund or other security in any jurisdiction. No part of this document may be reproduced in any manner without the prior written permission of Hexavest Inc.