



# Emerging Market Equities

## Performance (CAD)

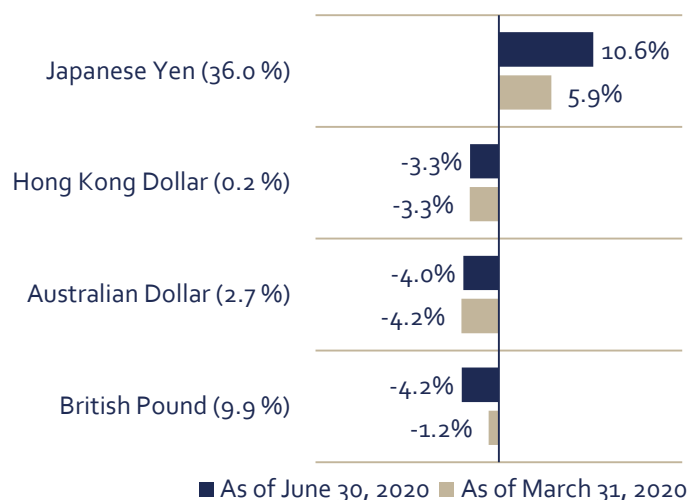
Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	10.80	-5.64	-1.14	2.46	3.67	---	3.59
MSCI Emerging Markets (net)	12.99	-5.25	0.70	3.53	4.67	---	4.58
<b>VALUE ADDED</b>	<b>-2.19</b>	<b>-0.39</b>	<b>-1.84</b>	<b>-1.07</b>	<b>-1.00</b>	<b>---</b>	<b>-0.99</b>

Ten last years (%)	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
Hexavest Emerging Markets Composite	---	-11.78	11.38	4.91	3.94	1.87	3.71	24.61	-2.89	7.86
MSCI Emerging Markets (net)	---	-14.64	15.61	3.93	6.63	2.04	7.34	28.26	-6.88	12.45
<b>VALUE ADDED</b>	<b>---</b>	<b>2.86</b>	<b>-4.23</b>	<b>0.98</b>	<b>-2.69</b>	<b>-0.17</b>	<b>-3.63</b>	<b>-3.65</b>	<b>3.99</b>	<b>-4.59</b>

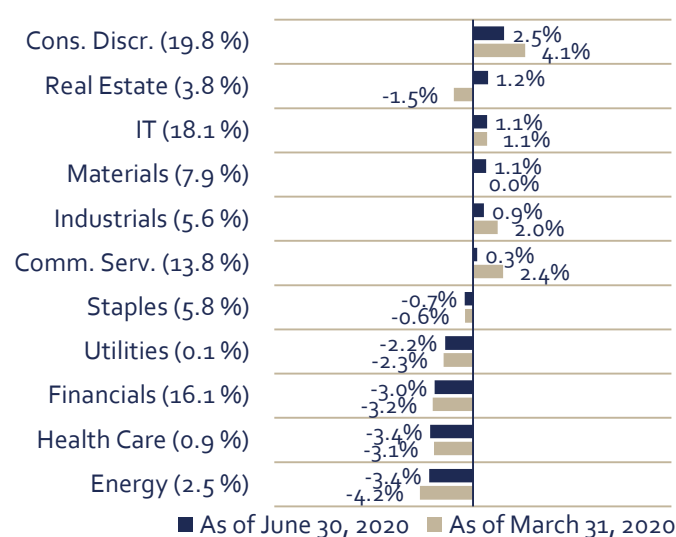
\*Since inception on February 1, 2011.

## Positioning (Model Portfolio)

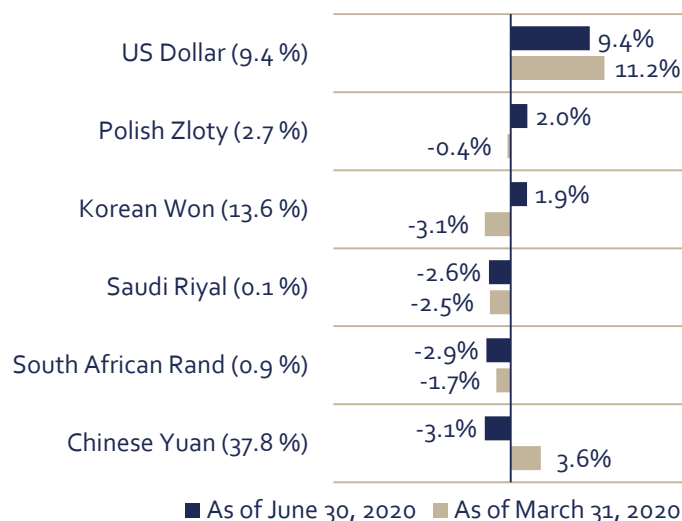
### COUNTRY DEVIATIONS VS. MSCI EMERGING



### SECTOR DEVIATIONS VS. MSCI EMERGING



### CURRENCY DEVIATIONS VS. MSCI EMERGING



## Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
-	N	++

All EM economies have entered into recession and external demand will likely remain a headwind for the coming quarters. Now that the first pandemic shock has passed and dust has started to settle down, it appears that: 1) several countries have proven more resilient than others (mainly in North East Asia); 2) China's credit impulse has been increasing again and as a result infrastructure stimulus is now visible and getting traction. Whilst it is too early to consider the current backdrop as being a firm recovery, those are encouraging signs for EMs from a macroeconomic point of view. Valuations appear less attractive (61st percentile) after the market rebound, albeit not yet in an over-heated zone. Our sentiment vector is positive. Although the quick rebound may soon be followed by a period of consolidation, institutional investor holdings are very low and we are noting timid signs of inflows. We kept our allocation to cash slightly above 5% as we aim to seize opportunities offered by market volatility in the short term.



# Emerging Market Equities

## Summary

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

## DEVIATIONS VS. BENCHMARK

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

## MANAGEMENT FEES

<b>Commingled vehicle</b>		<b>Separate accounts</b>	
First \$10 million:	0.70%	First \$50 million:	0.75%
Next \$30 million:	0.60%	Next \$50 million:	0.60%
> \$40 million:	0.50%	Next \$100 million:	0.50%
		> \$200 million:	0.40%

## Investment Team

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

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

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

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

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

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

## ESG RESEARCH

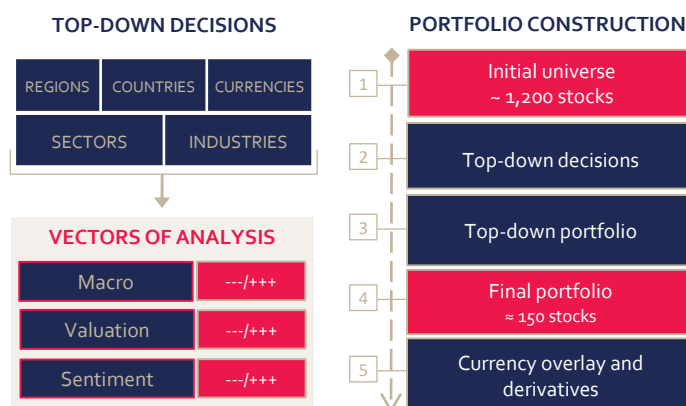
**Jo-Annie Pinto, CIM®**  
Vice President  
Experience: 22 years  
Team member since 2012

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

## Investment Approach

- Top-down and contrarian approach
- Capturing solid structural themes while remaining opportunistic on shorter time periods
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, stocks
- Systematic integration of ESG factors
- Experienced and nimble investment team
- Clearly defined process, applied for nearly 30 years

## 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.

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