



# International Equities

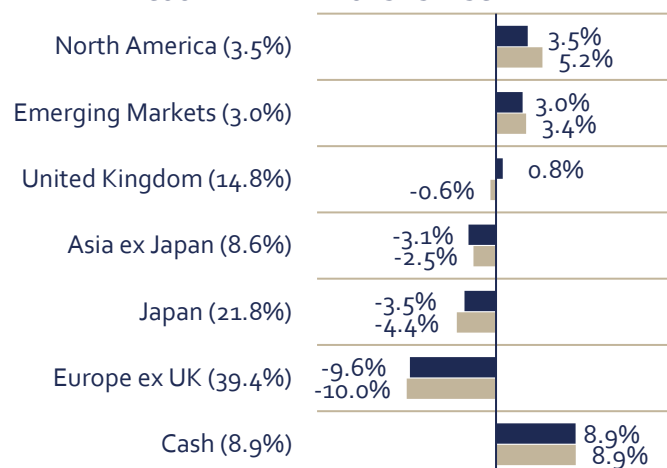
## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest EAFE Composite	4.59	-5.41	-5.41	0.93	2.69	6.84	7.30
MSCI EAFE (net)	10.68	5.92	5.92	4.86	5.61	8.16	5.87
VALUE ADDED	-6.09	-11.33	-11.33	-3.93	-2.92	-1.32	1.43

Ten last years (%)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hexavest EAFE Composite	-6.43	11.99	29.69	4.97	19.02	0.73	10.26	-2.51	11.47	-5.41
MSCI EAFE (net)	-9.97	14.72	31.02	3.67	18.95	-2.49	16.82	-6.03	15.85	5.92
VALUE ADDED	3.54	-2.73	-1.33	1.30	0.07	3.22	-6.56	3.52	-4.38	-11.33

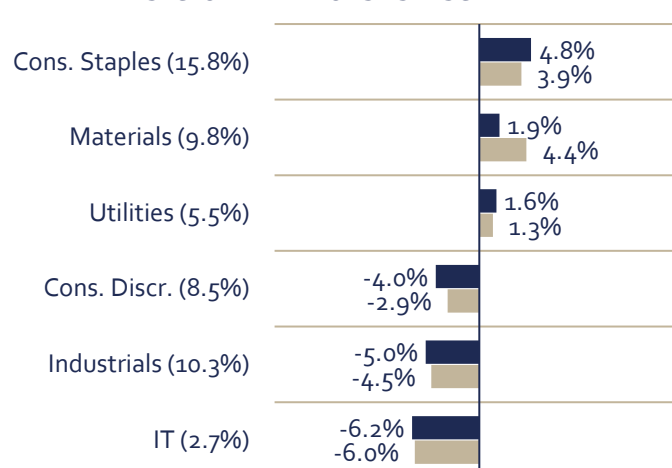
## Positioning (Representative Account)

### COUNTRY DEVIATIONS VS. MSCI EAFE



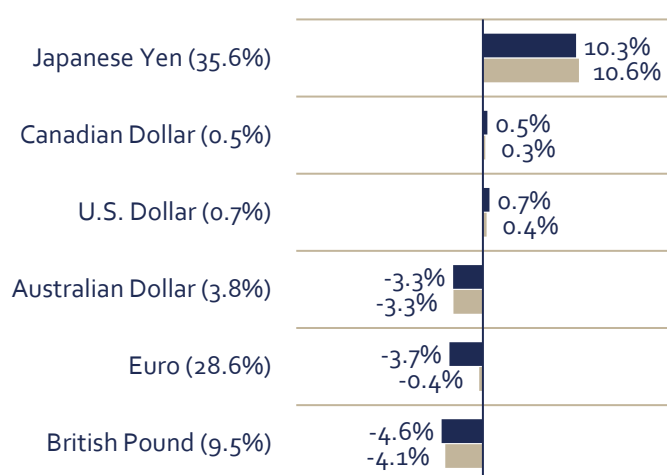
■ As of December 31, 2020 ■ As of September 30, 2020

### SECTOR DEVIATIONS VS. MSCI EAFE



■ As of December 31, 2020 ■ As of September 30, 2020

### CURRENCY DEVIATIONS VS. MSCI EAFE



■ As of December 31, 2020 ■ As of September 30, 2020

## Market Outlook

### MACROECONOMIC ENVIRONMENT

+

### VALUATION

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### SENTIMENT

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While we are concerned about the near-term outlook, we expect a synchronized global recovery to begin in 2021 as a result of mass vaccination. The first six months of the year could see false starts and setbacks, depending on how the pandemic unfolds and how virulent the latest mutation of the virus proves to be. However, the vaccines' positive impact on economic activity, starting in the second half of 2021, justifies an upward adjustment of our macroeconomic vector from double negative to single positive (+). Global equities are in the most expensive decile; on average, the main valuation metrics of the MSCI World Index are in the 95th percentile of their historical distribution. The only period when such rich valuation was the technology bubble of 2000. Low interest rates are often cited to justify the high price of global equities. However, rates are low today because of the risk of persistent economic weakness, which is a very negative scenario for earnings growth and is a far cry from the one reflected in share prices. Our valuation vector is therefore still triple negative (---). There are increasing signs of exuberance in the markets. The euphoria gripping the equity markets, which was previously confined to the technology sector, has become more widespread. The large volume of liquidity injected by central banks in 2020 appears to be fuelling speculation in some market segments, including initial public offerings and cryptocurrencies. For these reasons, our assessment of the sentiment vector has gone from double negative to triple negative (---).



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## Summary

<b>Benchmark</b>	MSCI EAFE (net)
<b>Value added objective</b>	2% (4-year rolling periods)
<b>Active risk</b>	3% to 5%
<b>Number of holdings</b>	200 to 250 (higher if exposure to EM)
<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		Separate accounts	
First \$10 million:	0.60%	First \$20 million:	0.70%
Next \$30 million:	0.50%	Next \$30 million:	0.60%
> \$40 million:	0.40%	Next \$50 million:	0.50%
		Next \$100 million:	0.40%
		> \$200 million:	0.30%
Administrative fees:	0.05%		
(2019)			

## Investment Team

**Vital Proulx, CFA**  
Chief Investment Officer  
Experience: 32 years  
Team member since 1991

**Christian Crête, CFA**  
Vice President & Portfolio Mgr  
Experience: 22 years  
Team member since 2012

**Jean-Pierre Couture, M.Sc.**  
Chief Economist & Portfolio Mgr  
Experience: 26 years  
Team member since 2010

**Marc C. Lavoie, CPA, CA, CFA**  
President & Portfolio Mgr  
Experience: 21 years  
Team member since 2003

**Amélie Nolin, LL.B., M.Sc.**  
Analyst  
Experience: 2 years  
Team member since 2019

**Samuel Proulx, M.Sc.**  
Analyst  
Experience: 1 year  
Team member since 2020

**Jean-Christophe Lermusiaux, MBA**  
Vice President & Portfolio Mgr  
Experience: 23 years  
Team member since 2017

**Jean-Benoit Leblanc, M.Sc., CFA**  
Senior Portfolio Manager  
Experience: 22 years  
Team member since 2009

**Julien Tousignant, M.Sc., CFA**  
Economist  
Experience: 8 years  
Team member since 2013

**Jean-François Bérubé, Ph.D.**  
Executive Vice President  
Experience: 14 years  
Team member since 2009

**Nelson Cabral, M.Sc., CFA**  
Portfolio Manager  
Experience: 10 years  
Team member since 2011

**Gabriel Laprise, B.Eng., M.Sc.A.**  
Quantitative Analyst  
Experience: 3 years  
Team member since 2018

## ESG RESEARCH

**Jo-Annie Pinto, CIM®**  
Vice President  
Experience: 23 years  
Team member since 2012

**Véronique Marchetti, CFA**  
Senior Analyst  
Experience: 16 years  
Team member since 2010

## Investment Approach

- Top-down and contrarian approach
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, stocks
- Strong focus on downside protection
- Systematic integration of ESG factors
- Experienced and nimble investment team
- Clearly defined process, applied for nearly 30 years

## Contact Us

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service@hexavest.com  
hexavest.com

## Investment Process

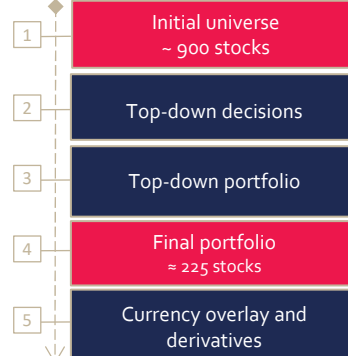
### TOP-DOWN DECISIONS



### VECTORS OF ANALYSIS

Macro	---/+++
Valuation	---/+++
Sentiment	---/+++

### PORTFOLIO CONSTRUCTION



## FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY

The performance shown is that of a composite of international equity mandates managed by Mr. Vital Proulx and his team at St. Lawrence Financial Consultants (1991 to 1996), Kogeva (1997 to 1998), Natcan (1998 to 2004), and Hexavest (since May 2004). Accounts in the composite may have investment guidelines that differ from those of the representative account. The inception date of the composite is May 1, 1991. 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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