

Systematic ESG World Equity

SUMMARY

Benchmark ⁽¹⁾	MSCI World (net)
Value added objective	2% (4-year rolling periods)
Target active risk	4% to 6%
ESG approach	Negative and positive filters
Number of holdings	50 to 100
Currency hedging	Hedged back to the index
Target beta vs index	0.98 to 1.02

ESG CHARACTERISTICS

	Hexavest	MSCI World
Carbon emissions (t CO ₂ / \$B)	6.1	84.2
Water intensity (m ³ / M\$ of sales)	147	11,965
Energy use intensity (GJ / M\$ of sales)	192	1,297
Recycling ratio (t recycled / t produced)	69%	66%
Renewable energy use	33%	36%

Sources: Refinitiv

RESPONSIBLE INVESTMENT

- Selection based on negative and positive filters developed by Hexavest's ESG research team.
- Systematic exclusion of largest carbon emitters, fossil fuel emitters, coal extracting companies, and companies in the tobacco and armament industries.
- Qualified companies are industry-leaders according to several ESG criteria.

PORTFOLIO CONSTRUCTION

- Systematic approach
- Multifactor model: varied sources of alpha that have performed well in the past and whose perspectives are rational
- Target beta of 1.0 to capture market return
- Systematic control of active risk

STYLE BIAS (vs MSCI World)

Quality	3.7
Momentum	3.7
Revisions	1.9
Value	1.4
Growth	1.2
Volatility	-0.2
Size	-3.3

Note: As at December 31, 2020. The style bias of a portfolio is equal to the sum of style biases of each security. These are obtained by multiplying the active weight of the stock by the difference between the exposure of the stock to the signal and the weighted average exposure of that same signal in the benchmark. The result is then divided by the weighted average standard deviation of the signal in the benchmark, adjusted for sample size.

PERFORMANCE (% , CAD)

	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Systematic ESG World Equity	10.00	18.22	18.22	---	---	---	23.27
MSCI World (net)	7.33	12.26	12.26	---	---	---	15.12
VALUE ADDED	2.67	5.96	5.96	---	---	---	8.15

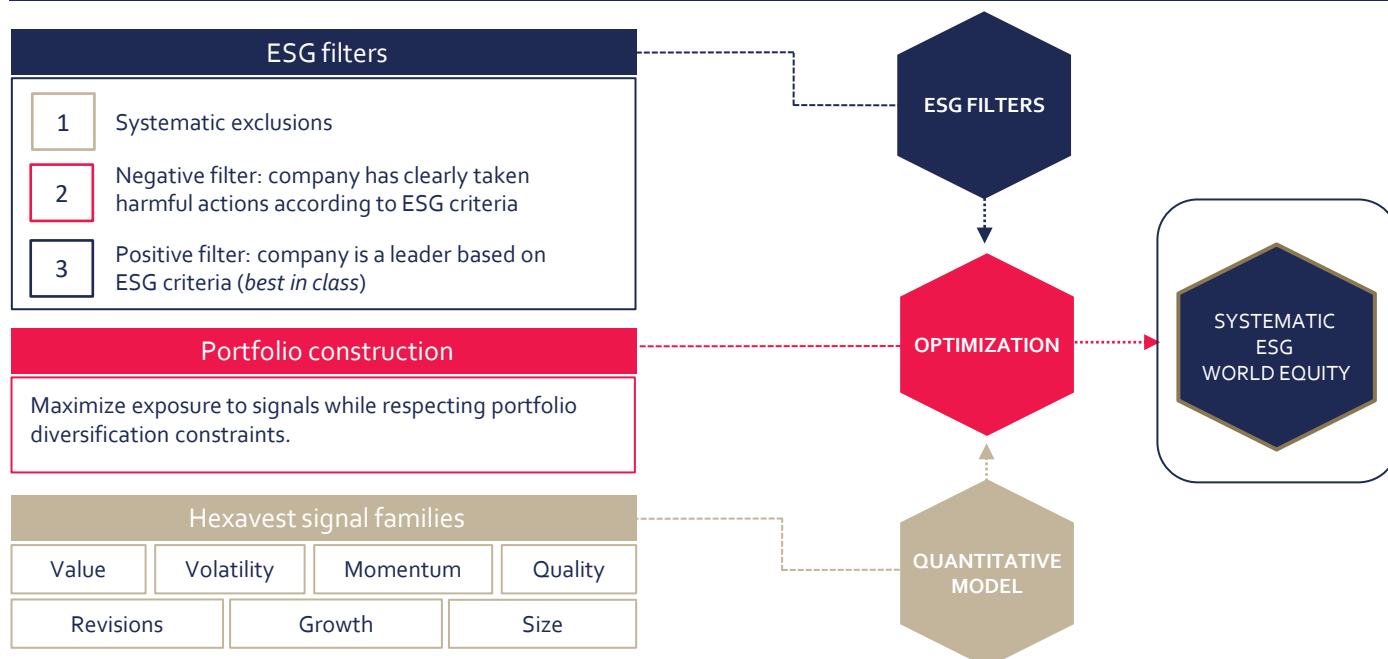
	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Systematic ESG World Equity	4.79	5.02	7.11	-11.34	13.09	7.18	10.00
MSCI World (net)	2.46	3.07	5.47	-11.98	13.45	4.73	7.33
VALUE ADDED	2.33	1.95	1.64	0.64	-0.36	2.45	2.67

Note: The inception date is June 1, 2019. Returns for periods greater than 12 months are annualized.

(1) The benchmark was hedged to the U.S. dollar up to December 31, 2020

Systematic ESG World Equity

INVESTMENT PROCESS



EXAMPLES OF COLLABORATIVE INITIATIVES

- Statement of support for the Green New Deal (2019)
- Investor letter to governments in the context of COP25 (2019)
- Letter from global investors to governments of the G20 nations calling them to achieve the objectives of the Paris Agreement (2019)



INVESTMENT TEAM

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

CONTACT US

FIRASS KANSOU, Vice President
fkansou@hexavest.com
514-390-3677

JEAN-FRANÇOIS BÉRUBÉ, Executive Vice President
jfberube@hexavest.com
514-390-0325

FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY. The performance shown is that of a composite of portfolios that invest solely in companies that meet Hexavest's requirements in terms of ESG practices. The inception date of the Composite is June 1, 2019. Performance results are presented gross of management and administrative fees and net of transaction fees. 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.