

Systematic ESG World Equity

SUMMARY		ESG CHARACTERISTICS		
Benchmark ⁽¹⁾	MSCI World (net)		Hexavest	MSCI World
Value added objective	2% (4-year rolling periods)	Carbon emissions (t CO ₂ / \$B)	6.41	74
Target active risk	4% to 6%	Water intensity (m ³ / M\$ of sales)	123	11,144
ESG approach	Negative and positive filters	Energy use intensity (GJ / M\$ of sales)	171	1,293
Number of holdings	50 to 100	Recycling ratio (t recycled / t produced)	72%	67%
Currency hedging	Hedged back to the index	Renewable energy use	39%	38%
Target beta vs index	0.98 to 1.02			

Sources of company ESG data: 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)

Momentum	4.35
Value	3.09
Quality	1.97
Growth	1.61
Volatility	0.2
Revisions	0.57
Size	-4.14

Note: As at April 30, 2021. 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)

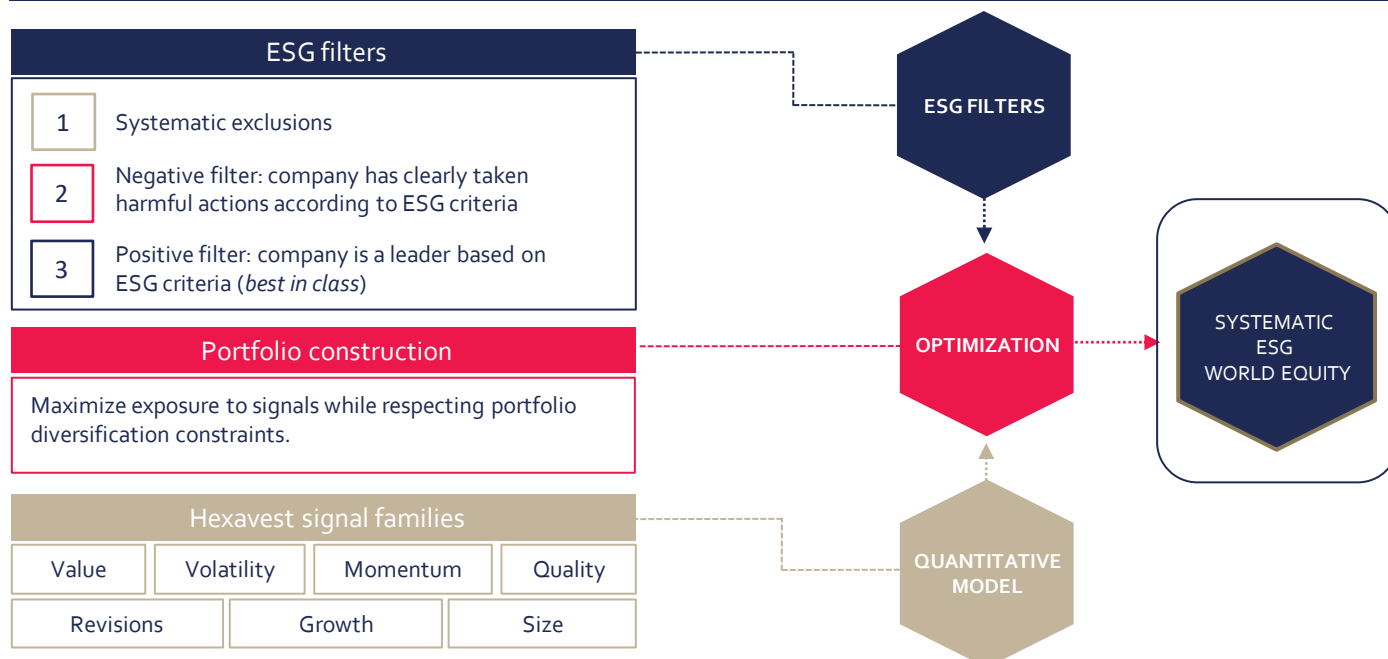
	3 months	YTD	1 year	2 years	3 years	5 years	10 years	Since inception
Systematic ESG World Equity	8.38	7.57	36.21	---	---	---	---	23.54
MSCI World (net) ⁽¹⁾	6.80	6.03	25.33	---	---	---	---	15.86
VALUE ADDED	1.58	1.54	10.88	---	---	---	---	7.68
	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Systematic ESG World Equity	4.79	5.02	7.11	-11.34	13.09	7.18	10.00	6.32
MSCI World (net) ⁽¹⁾	2.46	3.07	5.47	-11.98	13.45	4.73	7.33	3.51
VALUE ADDED	2.33	1.95	1.64	0.64	-0.36	2.45	2.67	2.81

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

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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: 18 years
Team member since 2009

Nelson Cabral, M.Sc., CFA

Portfolio manager
Experience: 15 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

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