

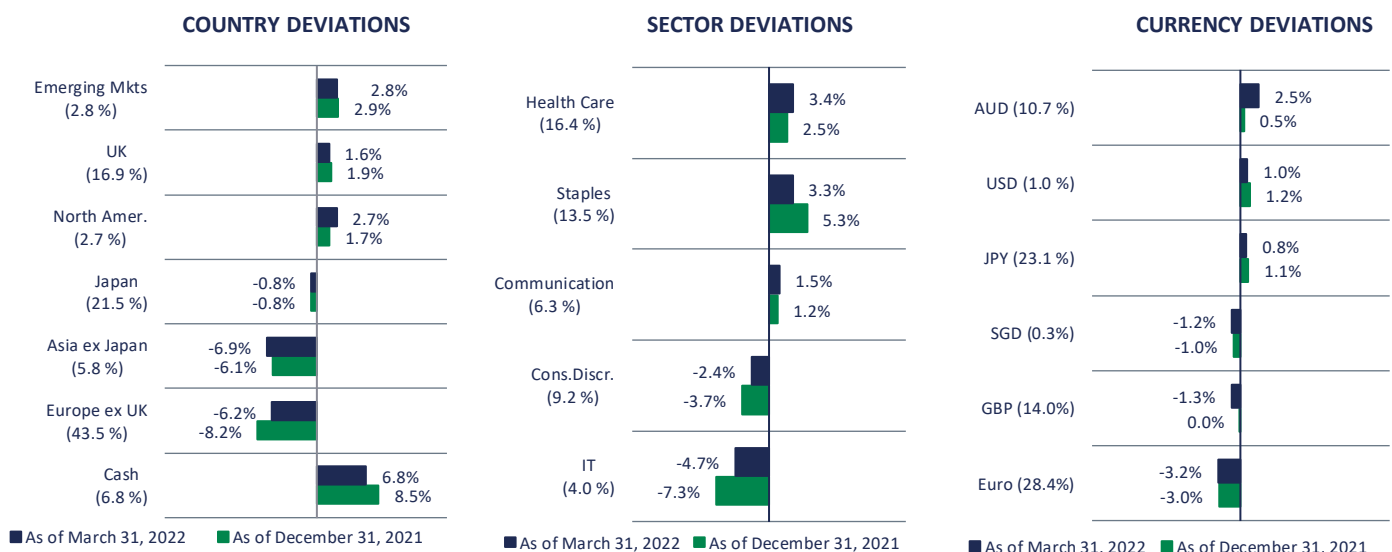
# International Equities

## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest EAFE Composite	-4.98	-4.98	1.86	0.22	1.66	6.93	7.03
MSCI EAFE (net)	-6.96	-6.96	0.54	5.39	5.33	8.67	5.72
<b>VALUE ADDED</b>	<b>1.98</b>	<b>1.98</b>	<b>1.32</b>	<b>-5.17</b>	<b>-3.67</b>	<b>-1.74</b>	<b>1.31</b>

Ten last years (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hexavest EAFE Composite	11.99	29.69	4.97	19.02	0.73	10.26	-2.51	11.47	-5.41	6.38
MSCI EAFE (net)	14.72	31.02	3.67	18.95	-2.49	16.82	-6.03	15.85	5.92	10.32
<b>VALUE ADDED</b>	<b>-2.73</b>	<b>-1.33</b>	<b>1.30</b>	<b>0.07</b>	<b>3.22</b>	<b>-6.56</b>	<b>3.52</b>	<b>-4.38</b>	<b>-11.33</b>	<b>-3.94</b>

## Positioning (vs MSCI EAFE)



## Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
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Signs of a change in the inflation scenario are accumulating: a tight labour market, inflation in services and declining global trade flows. Central banks are hardening their tone and tightening credit conditions. On average, an oil price spike implies an earnings recession 12 months later. We expect the combined effects of all these factors to depress corporate earnings in the coming quarters. Accordingly, we have revised our macroeconomic vector downward from single negative to double negative (- -).

Interest rates that stayed very low for a number of years pushed stock prices to extremely expensive levels. The rise in interest rates should have the opposite effect. The combination of rising interest rates and high prices has resulted in global equities that are at their least attractive level in more than a decade. We are maintaining a triple negative for the valuation vector (- - -).

Volatility is back, along with large differences across sector returns. Our sentiment index captured the rising uncertainty well, but the equity markets were very resilient despite the build-up of financial and geopolitical risks. Investor sentiment is no longer euphoric; instead, it is rather pessimistic and continues to deteriorate. As a result, we have revised the sentiment vector upward from double negative to single negative (-).

Our analysis of the three vectors has prompted us to maintain a defensive positioning. We are concerned about high equity valuations and high-risk investor positioning at a time of increasing economic uncertainty.

# International Equities

## 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%
Administrative fees: 0.16% (2021)	> \$200 million: 0.30%

## Investment Team

**Marc C. Lavoie, CPA, CA, CFA**  
Manager, Core strategy  
Experience: 21 years  
Team member since 2003

**Christian Crête, CFA**  
Senior Portfolio Manager  
Experience: 22 years  
Team member since 2012

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

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

## ESG Research

**Véronique Marchetti, CFA**  
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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Sources: MSCI, DGAM, as of March 31, 2022

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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), Hexavest (from May 2004 to August 2021) and DGAM (since September 2021). 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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## Investment Process

