

## Emerging Markets Equity

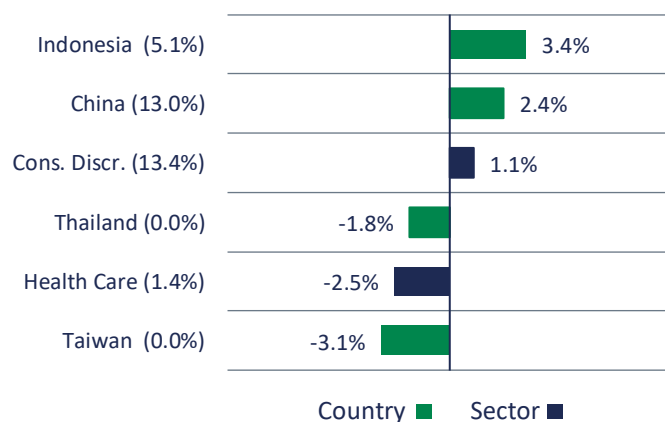
## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	-7.31	-7.31	-13.72	2.29	4.26	4.80	4.00
MSCI Emerging Markets (net)	-8.01	-8.01	-11.92	2.61	4.60	5.69	4.66
VALUE ADDED	0.70	0.70	-1.80	-0.32	-0.34	-0.89	-0.66

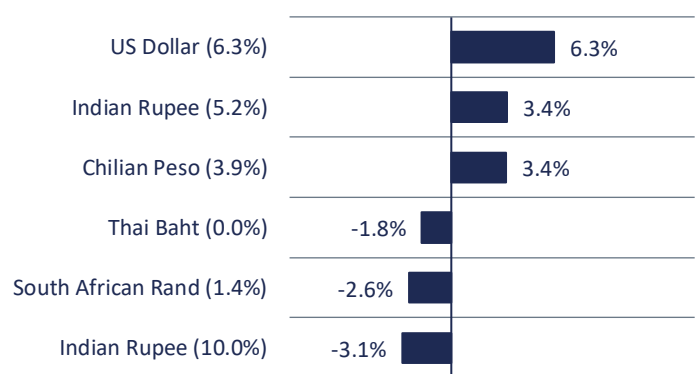
Ten last years (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hexavest Emerging Markets Composite	11.38	4.91	3.94	1.87	3.71	24.61	-2.89	7.86	19.29	-5.11
MSCI Emerging Markets (net)	15.61	3.93	6.63	2.04	7.34	28.26	-6.88	12.45	16.23	-3.37
VALUE ADDED	-4.23	0.98	-2.69	-0.17	-3.63	-3.65	3.99	-4.59	3.06	-1.74

## Positioning (vs MSCI Emerging Markets)

## COUNTRIES AND SECTORS



## CURRENCIES



## Market Outlook

## MACROECONOMIC ENVIRONMENT

-

## VALUATION

N

## SENTIMENT

+

Rising commodity prices caused by the conflict in Ukraine will weigh on household spending and on profit margins in a number of sectors. China is one of the few countries whose government spending will be stimulative this year. In the long run, commodity-rich areas could benefit as some countries replace their imports from Russia. We have revised our macroeconomic vector downward to negative (-).

According to our standardized valuation model, the EM valuation is still attractive relative to the U.S. and European markets. Global bond yields remain relatively low, which supports the valuation. Even so, continuing rate hikes could complicate the situation, especially for very expensive securities. Our valuation vector changes to neutral (N).

Q1 2022 was volatile for EMs, with the Russian invasion of Ukraine, Russia's exclusion from the MSCI Emerging Markets Index and the ups and downs on the Chinese stock market. The Chinese authorities have tried to reassure the market recently and their actions could turn the tide. The very limited holdings of EM shares by institutional investors are still a positive long-term factor. Our assessment of the sentiment vector changes to positive (+).

# Emerging Markets Equity

## Summary

<b>Benchmark</b>	MSCI Emerging Markets (net)
<b>Exclusions</b>	Tobacco, coal production and controversial weapons
<b>Value added objective</b>	2% (4-year rolling periods)
<b>Active risk</b>	3% to 5%
<b>Number of holdings</b>	130 to 170
<b>Currency management</b>	Active

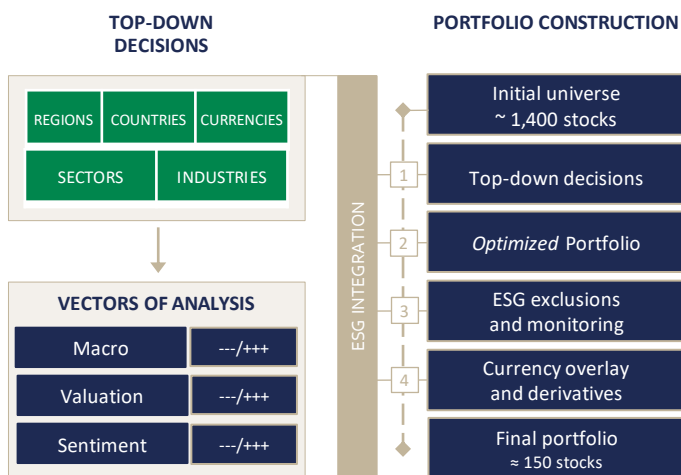
### DEVIATIONS VS. BENCHMARK

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

### MANAGEMENT FEES

Commingled vehicle	Separate accounts
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 Process



## Investment Team

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

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

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

**Hao Feng, MBA, CFA**  
Senior Portfolio Manager  
Experience: 10 years  
Team member since 2021

## ESG Research

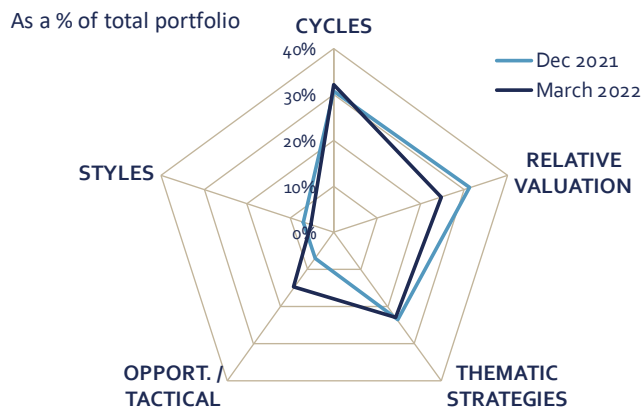
**Véronique Marchetti, CFA**  
Analyst  
Experience: 16 years  
Team member since 2010

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

## Investment Approach

- Capture long term investment opportunities as well as benefit from short term dislocations
- Top-down approach
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks
- Proprietary ESG process, tailored to emerging markets

## Investment Themes



Source: DGAM, March 31, 2022

## 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 emerging markets equity mandates managed by DGAM. 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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