

Emerging Markets Equity

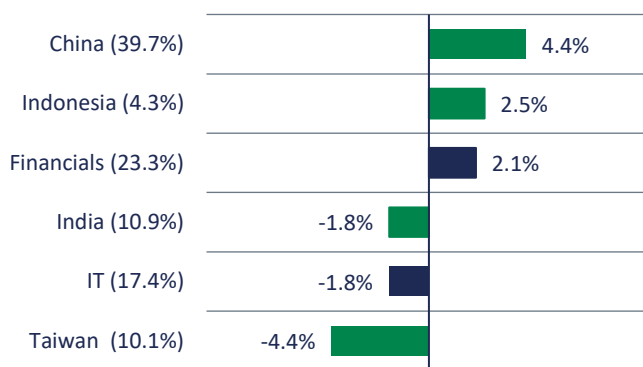
Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	-7.78	-14.52	-21.86	0.45	1.98	4.66	3.18
MSCI Emerging Markets (net)	-8.55	-15.88	-22.17	0.13	2.04	5.52	3.74
VALUE ADDED	0.77	1.36	0.31	0.32	-0.06	-0.86	-0.56

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

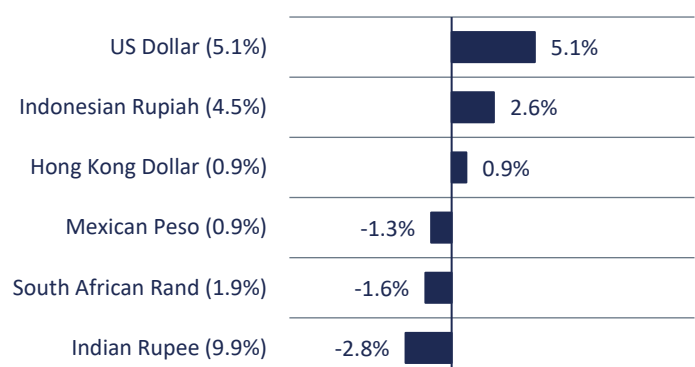
Positioning (vs MSCI Emerging Markets)

COUNTRIES AND SECTORS



Country ■ Sector ■

CURRENCIES



Market Outlook

MACROECONOMIC ENVIRONMENT

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VALUATION

+

SENTIMENT

+

The outlook for global growth has deteriorated. As unexpectedly persistent inflation and tight monetary policy curb consumption growth; world trade is set to slow. Emerging markets (EM) that depend on exports will be hit harder than those with more domestically-focused economies. China's cycle is running counter to the rest of the world. Its economy is benefiting from the reopening after the recent lockdowns, and the authorities are maintaining an accommodative tone.

According to our standardized valuation model, the EMs are trading in the 33rd percentile of their historical distribution, a drop of 41 notches since the start of 2022. This improvement can be seen in short- and long-term price-to-earnings ratios, which have fallen below their pre-pandemic levels. Earnings growth expectations for the EMs have started to be lowered, but further revisions are likely. The EM's valuation is still attractive in relation to the U.S. stock market but is quite similar to that of the European and Asia-Pacific stock markets.

EM shares have fallen 13.7% so far in 2022, recording their worst first half in more than 30 years. With 4 consecutive quarters of negative returns, EMs are having their worst run since the 2008-09 financial crisis. Even so, EMs outperformed developed countries in the second quarter, after five quarters of underperformance. Sentiment toward China seems to have turned. China had a positive return this quarter, and investor interest in the country is reviving. The high level of pessimism leads us to believe that some negative news has already been priced in. A reversal of our sentiment index would make us more positive.

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Summary

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

Jean-Benoit Leblanc, M.Sc., CFA Senior Portfolio Manager Experience: 23 years Team member since 2009	Jean-Pierre Couture, M.Sc. Economist and Portfolio Manager Experience: 27 years Team member since 2010
Julien Tousignant, M.Sc., CFA Portfolio Manager Experience: 9 years Team member since 2013	Hao Feng, MBA, CFA Senior Portfolio Manager Experience: 11 years Team member since 2021

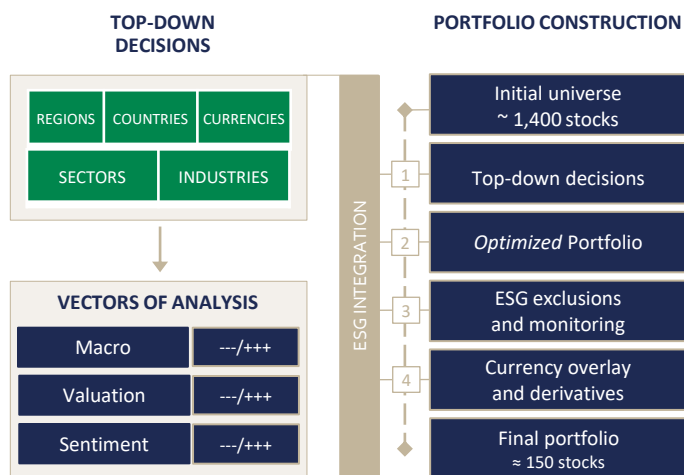
ESG Research

Véronique Marchetti, CFA
Analyst
Experience: 17 years
Team member since 2010

Investment Approach

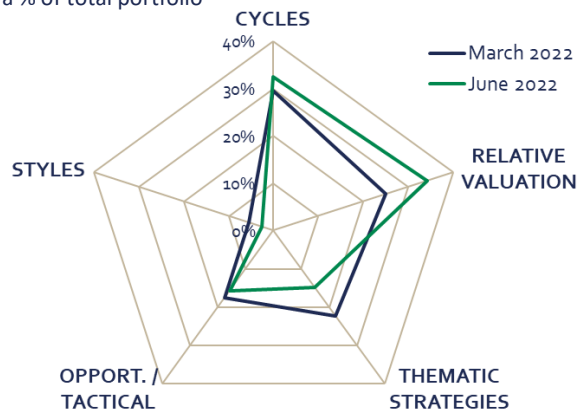
- Capture long term investment opportunities as well as benefit from short term dislocations
- Top-down approach
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks
- Proprietary ESG process, tailored to emerging markets

Investment Process



Investment Themes

As a % of total portfolio



Source: DGAM, June 30, 2022

Contact Us

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Sources: MSCI, DGAM, as of June 30, 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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