

# All-Country Equities

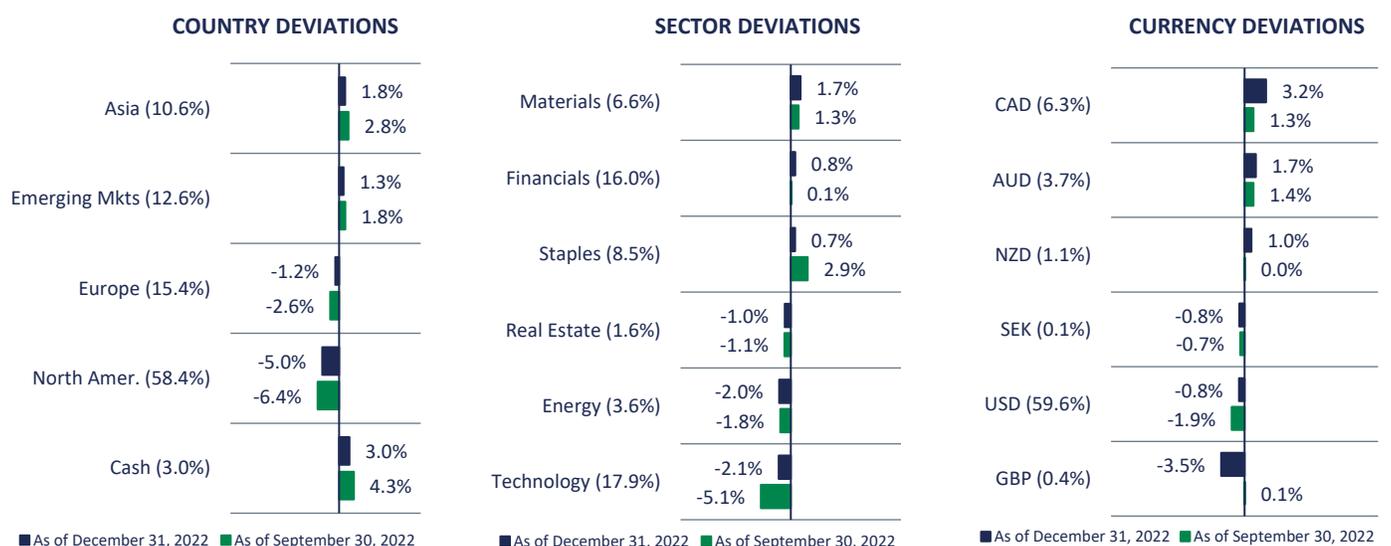
## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest All-Country Composite	8.73	-5.41	-5.41	2.45	4.16	9.59	8.92
MSCI ACWI (net)	8.24	-12.43	-12.43	5.54	6.89	11.36	10.33
VALUE ADDED	0.49	7.02	7.02	-3.09	-2.73	-1.77	-1.41

Ten last years (%)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Hexavest All-Country Composite	28.63	13.78	18.13	8.32	8.80	0.51	13.44	0.80	12.79	-5.41
MSCI ACWI (net)	31.04	13.55	17.10	4.13	15.83	-1.26	20.20	14.22	17.53	-12.43
VALUE ADDED	-2.41	0.23	1.03	4.19	-7.03	1.77	-6.76	-13.42	-4.74	7.02

## Positioning (vs MSCI ACWI)



## Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
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We find it difficult to reconcile the consensus scenario of rapid disinflation with a mild recession having limited impact on the job market. Today’s situation of full employment and strong wage growth casts doubt on this relatively optimistic scenario. The reopening of China’s economy, combined with government stimulus, will ignite latent Chinese demand and ensure that the economies of emerging markets can escape the trend in the developed countries to some extent. With North America and Europe potentially in recession, a sharp corporate earnings contraction is inevitable. For that reason, we are still negative with a double-negative rating (--).

The rise in risk-free interest rates in 2022 has made risk assets far less attractive. The equity risk premium has shrunk, especially in the case of U.S. equities, for which it is at its lowest level since 2007. Some equity markets stand out with attractive valuations, namely Asia-Pacific and emerging markets. Even though our global aggregate composite valuation index has improved, it is still far from recessionary territory. We have maintained a single-negative rating (moderate overvaluation) (-).

Our sentiment index has deteriorated sharply since the exuberance it reflected in January 2022. Sector positioning also reflects investor anxiety, as well as a lack of appetite for emerging market equities. One of the few indicators that some investors are clinging to hope is that they still have relatively high exposure to equities despite the uncertain context. Even so, the fact that the six-month average of our sentiment index is starting to rise from a depressed level justifies a double-positive rating (++)

**Our analysis of the three vectors has prompted us to maintain a slightly defensive positioning. We are concerned about persistent inflation, the deteriorating economic growth outlook and its impact on corporate earnings.**

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## Summary

<b>Benchmark</b>	MSCI ACWI (net)
<b>Value added objective</b>	2% (4-year rolling periods)
<b>Active risk</b>	3% to 5%
<b>Number of holdings</b>	375 to 470
<b>Currency management</b>	Active
<b>Maximum cash exposure</b>	10%

### DEVIATIONS VS. BENCHMARK

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

## Investment Team

**Marc C. Lavoie, CPA, CFA**  
 Manager, Global Top-down Strategies  
 Experience: 22 years  
 Team member since 2003

**Christian Crête, CFA**  
 Senior Portfolio Manager  
 Experience: 23 years  
 Team member since 2012

**Jean-Pierre Couture, M.Sc.**  
 Economist and Senior Portfolio Manager  
 Experience: 27 years  
 Team member since 2010

**Jean-Benoit Leblanc, M.Sc., CFA**  
 Senior Portfolio Manager  
 Experience: 23 years  
 Team member since 2009

**Julien Tousignant, M.Sc., CFA**  
 Portfolio Manager  
 Experience: 9 years  
 Team member since 2013

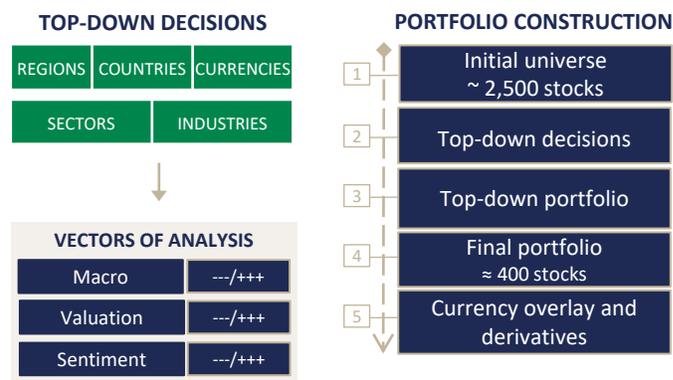
**Hao Feng, MBA, CFA**  
 Portfolio Manager  
 Experience: 11 years  
 Team member since 2021

**Aïcha Traoré, M.Sc.**  
 Analyst  
 Experience: 2 years  
 Team member since 2022

## 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

## Investment Process



## Responsible Investment

**Christian Felix**  
 Manager and Head of Responsible investment

**Solène Hanquier**  
 Head of ESG Strategies

- + We have a team of 8 specialists dedicated exclusively to responsible investment.

- Combine investments and RI expertise to offer high-performance strategies
- Development of a simple RI process that can be easily integrated into any mandate
- Ongoing exchanges between portfolio managers and the RI team increasing the efficiency of the investment process

## Contact Us

[clientexperience.dgia@desjardins.com](mailto:clientexperience.dgia@desjardins.com)

Sources: MSCI, DGAM, as of December 31, 2022

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The performance shown is that of a composite of all-country equity mandates managed by DGAM. Accounts in the composite may have investment guidelines that differ from those of the representative account. The inception date of the composite is December 1, 2010. 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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