

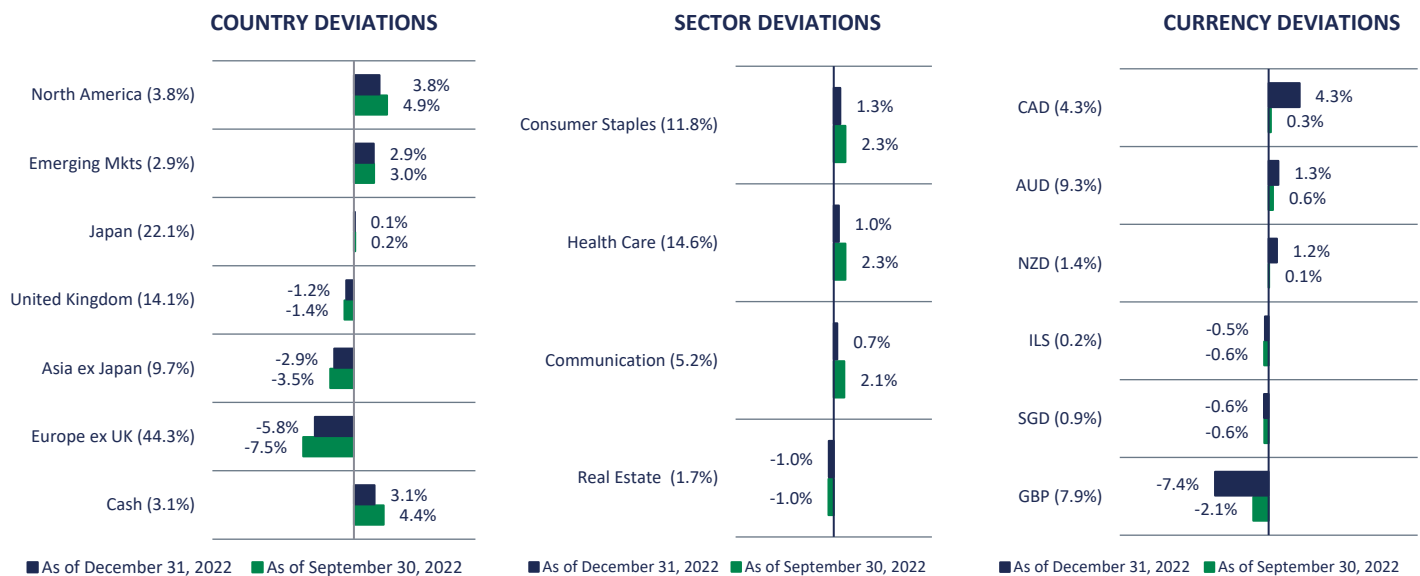
International Equities

Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest EAFE Composite	17.73	-2.37	-2.37	-0.59	1.32	6.75	6.95
MSCI EAFE (net)	15.71	-8.23	-8.23	2.35	3.14	7.95	5.53
VALUE ADDED	2.02	5.86	5.86	-2.94	-1.82	-1.20	1.42

Ten last years (%)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Hexavest EAFE Composite	29.69	4.97	19.02	0.73	10.26	-2.51	11.47	-5.41	6.38	-2.37
MSCI EAFE (net)	31.02	3.67	18.95	-2.49	16.82	-6.03	15.85	5.92	10.32	-8.23
VALUE ADDED	-1.33	1.30	0.07	3.22	-6.56	3.52	-4.38	-11.33	-3.94	5.86

Positioning (vs MSCI EAFE)



Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
--	-	++

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.

International Equities

Summary

Benchmark	MSCI EAFE (net)
Value added objective	2% (4-year rolling periods)
Active risk	3% to 5%
Number of holdings	200 to 250 (higher if exposure to EM)
Currency management	Active
Maximum cash exposure	10%

DEVIATIONS VS. BENCHMARK

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

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 Team

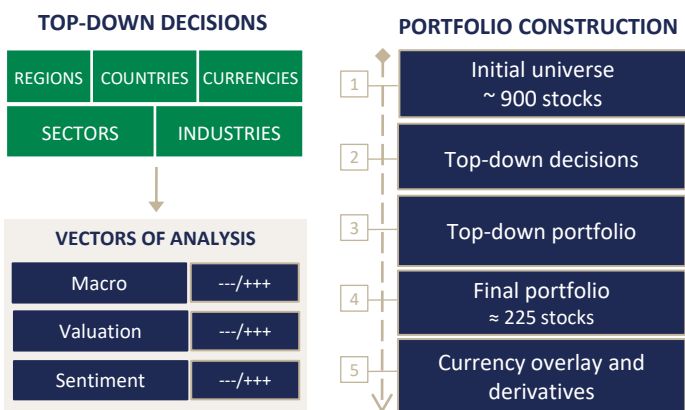
Marc C. Lavoie, CPA, CFA
Manager, Global Top-down Strategy
Experience: 22 years
Team member since 2003

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

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

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

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

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Sources: MSCI, DGAM, as of December 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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