

Emerging Markets Equity

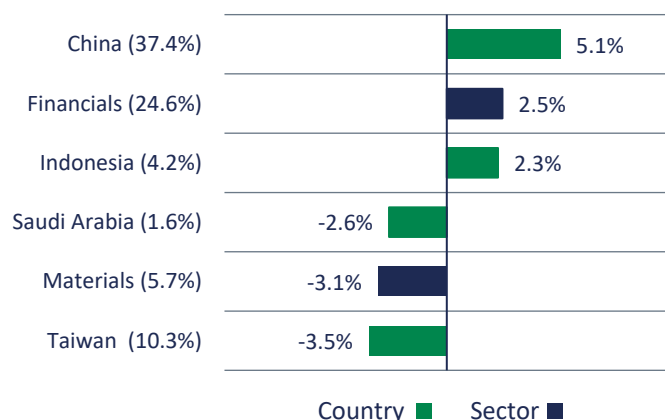
Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	5.18	-15.69	-15.69	-1.55	-0.01	3.68	2.92
MSCI Emerging Markets (net)	8.18	-14.28	-14.28	-1.26	0.16	4.61	3.74
VALUE ADDED	-3.00	-1.41	-1.41	-0.29	-0.17	-0.93	-0.82

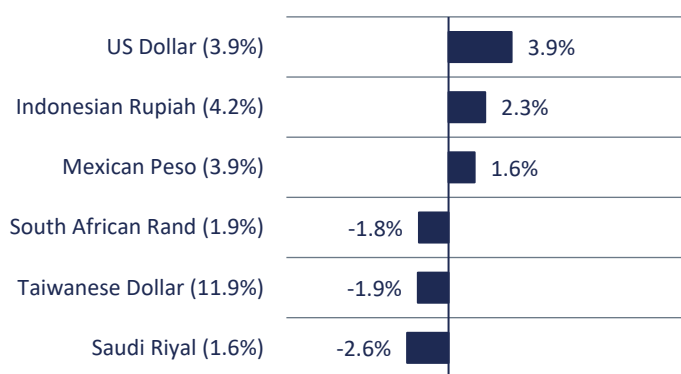
Ten last years (%)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Hexavest Emerging Markets Composite	4.91	3.94	1.87	3.71	24.61	-2.89	7.86	19.29	-5.11	-15.69
MSCI Emerging Markets (net)	3.93	6.63	2.04	7.34	28.26	-6.88	12.45	16.23	-3.37	-14.28
VALUE ADDED	0.98	-2.69	-0.17	-3.63	-3.65	3.99	-4.59	3.06	-1.74	-1.41

Positioning (vs MSCI Emerging Markets)

COUNTRIES AND SECTORS



CURRENCIES



Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
N	++	+

The economic slowdown is already apparent in North Asia, which is the start of the supply chain. Generally speaking, China’s recovery should allow emerging countries in 2023 to maintain growth similar to 2022, in contrast to the slowdown in developed countries. Monetary tightening is coming to an end, with inflation easing in a number of countries. However, the rate hikes of 2022 will continue to restrain activity in 2023. We have upgraded our rating by two levels from double negative to neutral.

The emerging market equity valuation is still attractive, even though it began an upward trend in October. According to our standardized valuation model, emerging market equities are trading in the 27th percentile of their historical distribution, an improvement of 47 notches during 2022. Their valuation is comparable to that of European and Asia-Pacific equities and is still attractive in relation to U.S. equities. The valuation of the cyclical sectors continues to be advantageous vis-à-vis that of the defensive sectors. We maintain our appreciation of this vector to double positive.

2022 was a challenging year for most asset classes. In this context, emerging market equities were down nearly 16%. After a second year of decline for emerging market equities, institutional investors have very limited holdings of this asset class. Only a few months ago, many deemed the Chinese stock market « uninvestable ». Our investor sentiment index ended the year in the middle of the -1.00 to -2.00 range, where it had fluctuated since February 2022. An upside exit from this range would make us more positive on investor sentiment. For these reasons, we maintain our single positive rating.

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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	2% to 4%
Number of holdings	130 to 170
Currency management	Active

DEVIATIONS VS. BENCHMARK

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

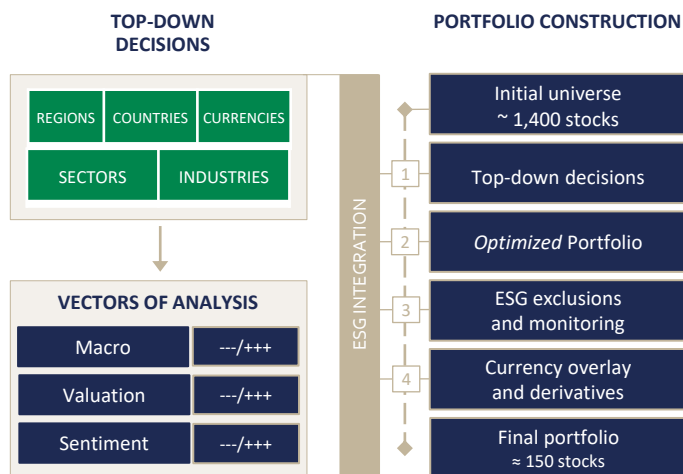
Investment Team

Jean-Benoit Leblanc, M.Sc., CFA Senior Portfolio Manager Experience: 23 years Team member since 2009	Jean-Pierre Couture, M.Sc. Economist and Senior 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 Portfolio Manager Experience: 11 years Team member since 2021

Investment Approach

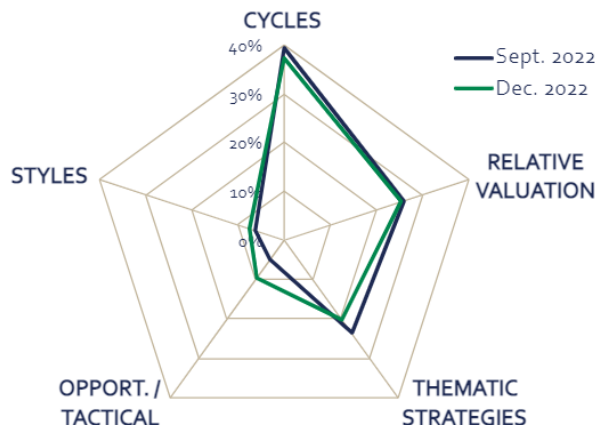
- Capture long term investment opportunities as well as benefit from short term dislocations
- Top-down approach
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks
- Proprietary ESG process, tailored to emerging markets

Investment Process



Investment Themes

As a % of total portfolio



Responsible Investment

Christian Felx
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 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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