

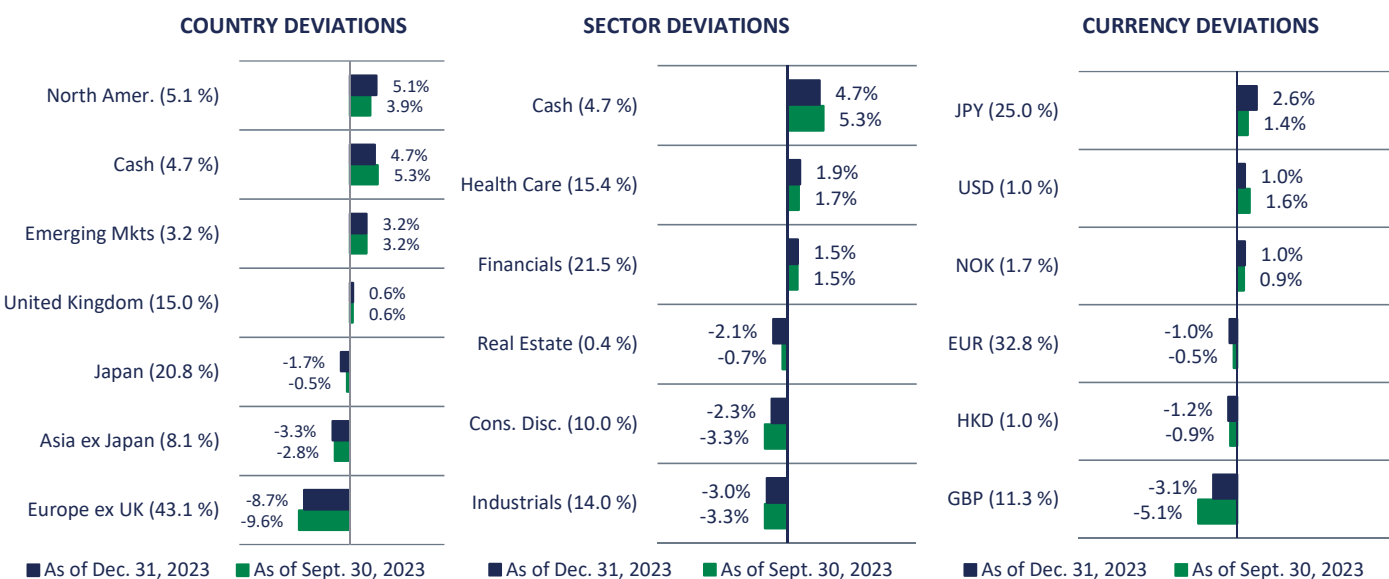
International Equities

Performance (CAD)

| Annualized (%) | 3 months | YTD | 1 year | 3 years | 5 years | 10 years | Since inception |
|-------------------------|----------|-------|--------|---------|---------|----------|-----------------|
| Hexavest EAFE Composite | 7.51 | 18.47 | 18.47 | 7.15 | 5.34 | 5.79 | 7.28 |
| MSCI EAFE (net) | 7.69 | 15.07 | 15.07 | 5.22 | 7.41 | 6.55 | 5.81 |
| VALUE ADDED | -0.18 | 3.40 | 3.40 | 1.93 | -2.07 | -0.76 | 1.47 |

| Ten last years (%) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
| Hexavest EAFE Composite | 4.97 | 19.02 | 0.73 | 10.26 | -2.51 | 11.47 | -5.41 | 6.38 | -2.37 | 18.47 |
| MSCI EAFE (net) | 3.67 | 18.95 | -2.49 | 16.82 | -6.03 | 15.85 | 5.92 | 10.32 | -8.23 | 15.07 |
| VALUE ADDED | 1.30 | 0.07 | 3.22 | -6.56 | 3.52 | -4.38 | -11.33 | -3.94 | 5.86 | 3.40 |

Positioning (vs MSCI EAFE)



Market Outlook

| MACROECONOMIC ENVIRONMENT | VALUATION | SENTIMENT |
|---------------------------|-----------|-----------|
| -- | -- | - |

Even though economic growth for 2023 exceeded all expectations, particularly in the United States, our base case for 2024 continues to be a mild recession in the developed countries. The leading economic indicators, credit conditions and some coincident indicators continue to favour this scenario. A number of European countries are already in a technical recession, and Canada may have joined them in the fourth quarter. The real economy's response time to monetary tightening is not unusual, and the maximum impact of the rate hikes on economic activity and corporate earnings is yet to come. On the positive side, the deceleration in inflation seen in 2023 will continue this year, albeit at a more moderate pace because of slowing demand. We are maintaining a double-negative rating on the macro environment.

The starting point in 2024 for the S&P 500 and the NASDAQ is an extremely expensive valuation. The potential for surprises therefore looks asymmetrical: good news is already priced in, whereas bad news isn't. Outside the U.S., however, stock market valuations are more normal. Europe, Asia Pacific and emerging markets have valuations close to their historical medians. Mid and small caps already reflect an austere economic scenario (a lot of bad news is priced in). Our analysis of market valuations clearly shows that a defensive equity positioning is very cheap, whereas a pro-cyclical positioning has become very expensive. In an environment where the S&P 500 is in the most expensive decile of its historical distribution and because of its importance in the global market, we are maintaining a double-negative rating on valuation.

The Federal Reserve's change of tone fuelled a broadly based stock market surge at the end of the year. Our risk appetite metrics all jumped, as investors, worried about missing the boat, rushed to buy stocks with just weeks to go before year-end. As for insiders, they took the opportunity to sell shares. In a sign that the year-end rally was overdone, the various short-term sentiment metrics jumped into euphoria territory and the technical indicators quickly moved into overbought territory. The fact that low-quality stocks outperformed was also a sign of euphoria. Even so, given that the three- and six-month averages of our composite sentiment index are still neutral, we have lowered our investor sentiment vector only one notch to negative.

Our analysis of the three vectors has prompted us to maintain a defensive bias. We're concerned about the deteriorating economic growth outlook and its impact on corporate earnings at a time when market valuations and investor positioning are not indicative of a slowdown.

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: 23 years
Team member since 2003

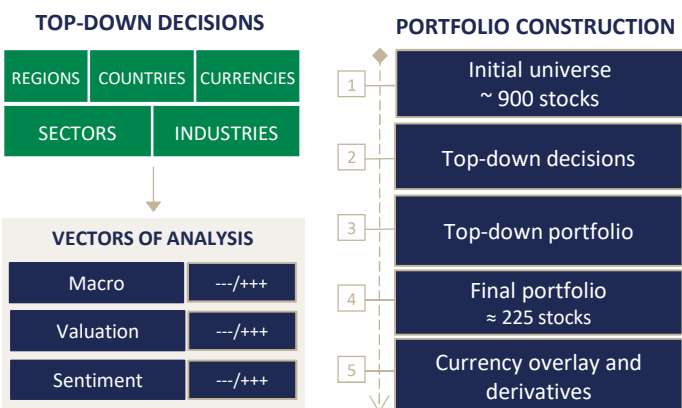
Christian Crête, CFA
Senior Portfolio Manager
Experience: 24 years
Team member since 2012

Jérôme Lacombe, M.Sc., CFA, FRM
Portfolio Manager
Experience: 16 years
Team member since 2023

Jean-Pierre Couture, M.Sc.
Economist and Senior Portfolio Manager
Experience: 28 years
Team member since 2010

Aïcha Traoré, M.Fin., M.Sc.
Analyst
Experience: 4 years
Team member since 2022

Investment Process



Responsible Investment

Christian Felx

Manager and Head of Responsible investment

- + We have a team of 10 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, 2023

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The performance shown is that of a composite of international equity mandates managed by 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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