HEXAVEST BY Desjardins Global Asset Management

FACT SHEET / MARCH 31, 2024

International Equities

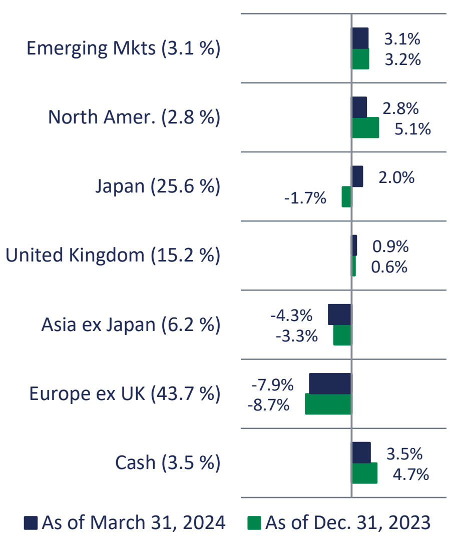
Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest EAFE Composite	7.54	7.54	17.77	10.07	5.67	6.22	7.46
MSCI EAFE (net)	8.56	8.56	15.31	7.40	7.60	6.95	6.03
VALUE ADDED	**-1.02**	**-1.02**	**2.46**	**2.67**	**-1.93**	**-0.73**	**1.43**

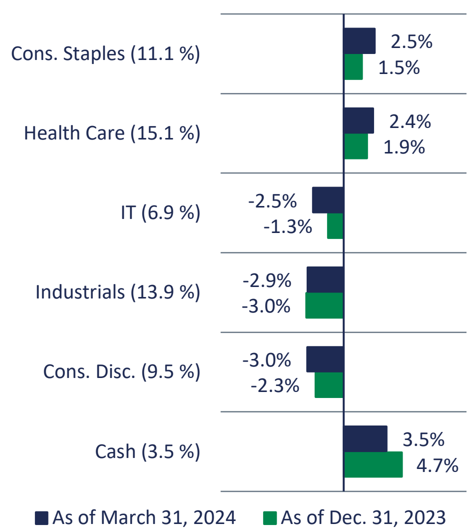
Ten last years (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hexavest EAFE Composite	4.97	19.02	0.73	10.26	-2.51	11.47	-5.41	6.38	-2.37	18.47
MSCI EAFE (net)	3.67	18.95	-2.49	16.82	-6.03	15.85	5.92	10.32	-8.23	15.07
VALUE ADDED	**1.30**	**0.07**	**3.22**	**-6.56**	**3.52**	**-4.38**	**-11.33**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

Positioning (vs MSCI EAFE)

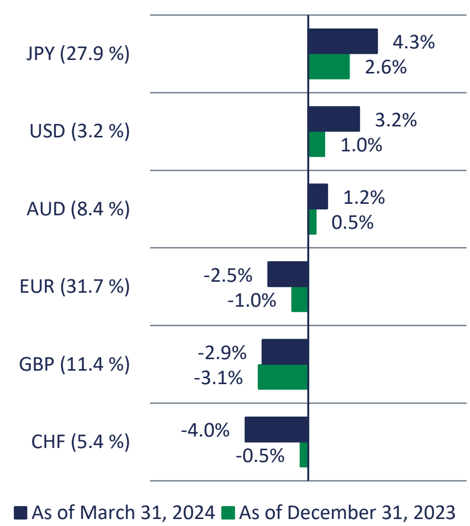
COUNTRY DEVIATIONS



SECTOR DEVIATIONS



CURRENCY DEVIATIONS



Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
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Unlike the Canadian and European economies, the U.S. economy has been resilient to monetary tightening so far. But demand is not immune to interest rate hikes in the United States. They will eventually slow activity. In the meantime, it must be noted that growth is defying all forecasts. This resilience obliges us to question our scenarios. Should we adjust our outlook on the basis of data from past months or rely on empirical tools pointing to high probability of a recession, even though they contradict the consensus? In fact, the consensus of forecasters has not ruled out the scenario of a U.S. slowdown; instead, it has been postponed to 2025. That being said, this outlook is fairly consistent with a longer, but not abnormal, lag between the start of rate hikes and their full impact on economic activity. We are maintaining a double-negative rating on the macro environment.

Even with the best models, economic forecasting involves a lot of uncertainty. But the scenario expected by the stock market in March leaves very little room for uncertainty. In the 95th percentile of its historical distribution, the MSCI World valuation appears to be excessively optimistic. The high prices are no longer limited to a few ultra-large-cap U.S. names with strong balance sheets. Over the months, they have spread to other regions and market segments that were pricing in a significant slowdown a few quarters ago. It is true that the equity market is less expensive than it was in 2000 at the height of the speculative bubble, but frequent reference to an extreme point in history doesn't make the current valuation attractive; rather, it is a disquieting reminder that says a lot about the current context. We have lowered the rating of this valuation vector to triple-negative.

After a stock market rally of a magnitude rarely seen, most sentiment metrics entered in overheated territory. But risk appetite is still very much present on the part of large institutional investors and small speculators alike. Is it due to their sense of invincibility or their fear of missing out (FOMO)? History tells us that such bouts of euphoria can last for several quarters. Moreover, the back-testing we have done shows that a change in the regime of our sentiment metric is required for us adopt a more defensive positioning. Thus, patience is required, even for contrarian managers. Against this backdrop, we are maintaining a single-negative rating on sentiment.

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

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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

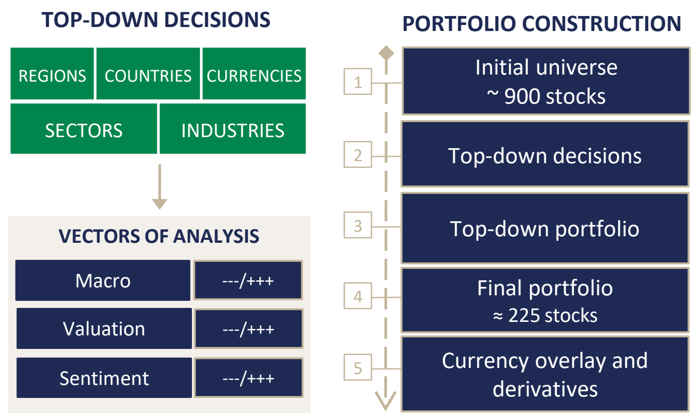
Christian Crête, CFA
Senior Portfolio Manager
Experience: 24 years
Team member since 2012

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

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

clientexperience.dgia@desjardins.com

Sources: MSCI, DGAM, as of March 31, 2024

FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY

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.