

Emerging Markets Equity

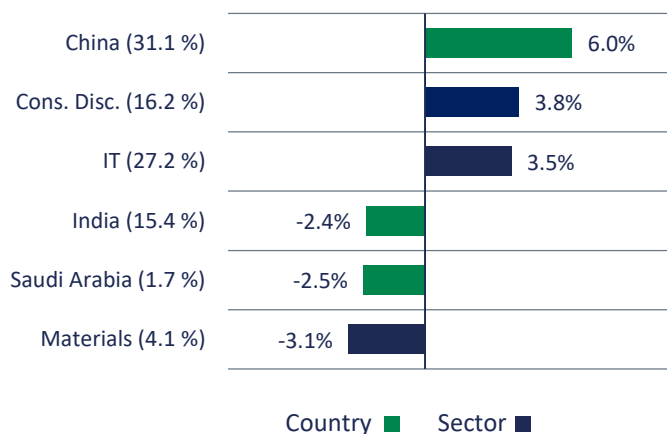
Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	4.87	4.87	3.21	-5.46	0.95	3.59	3.22
MSCI Emerging Markets (net)	5.06	5.06	8.14	-2.68	2.48	5.07	4.29
VALUE ADDED	-0.19	-0.19	-4.93	-2.78	-1.53	-1.48	-1.07

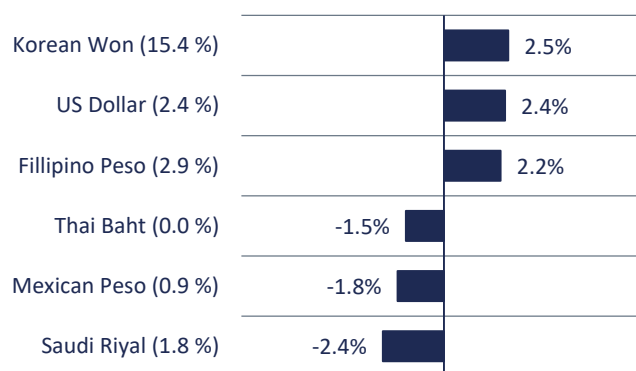
Ten last years (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hexavest Emerging Markets Composite	3.94	1.87	3.71	24.61	-2.89	7.86	19.29	-5.11	-15.69	2.65
MSCI Emerging Markets (net)	6.63	2.04	7.34	28.26	-6.88	12.45	16.23	-3.37	-14.28	6.88
VALUE ADDED	-2.69	-0.17	-3.63	-3.65	3.99	-4.59	3.06	-1.74	-1.41	-4.23

Positioning (vs MSCI Emerging Markets)

COUNTRIES AND SECTORS



CURRENCIES



Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
+	Neutral	+

North Asia currently has the best economic growth environment, propelled by a recovery in exports. Resilience in the developed countries and the demand for semiconductors related to artificial intelligence (AI) are contributing to this solid performance. The information technology (IT) sector's upcycle is expected to support emerging market earnings growth in 2024. The Chinese authorities have an ambitious growth target of 5% for 2024. To that end, the government's fiscal support will be greater than in 2023. The Chinese economic data have been constructive since the start of the year. Manufacturing is doing well, but real estate and consumer spending continue to lag.

The emerging market equity valuation deteriorated somewhat in the first quarter, going from the 57th to the 66th percentile of its historical distribution. The valuation ratios that are less affected by the cyclicity of IT and materials earnings indicate that the valuation is still reasonable. The emerging market valuation remains very attractive relative to U.S. stocks but is similar to those of European and Asia-Pacific stocks. The valuations diverge significantly between countries. For example, India's cyclically adjusted price-to-earnings ratio is more than triple that of China and has reached an all-time high.

Investor sentiment has improved since the start of the year and has entered the optimistic zone. Even so, it is far from exuberant. Emerging markets returned 4.5% on the quarter, significantly less than developed markets, at 10.1%. Downward revisions to expectations of key interest rate cuts by the U.S. Federal Reserve (Fed) and the strong dollar have hurt the performance of emerging markets. Even so, market momentum is still constructive and inflows from institutional investors continue. There has even been some renewed interest in Chinese equities, which were previously shunned.

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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%

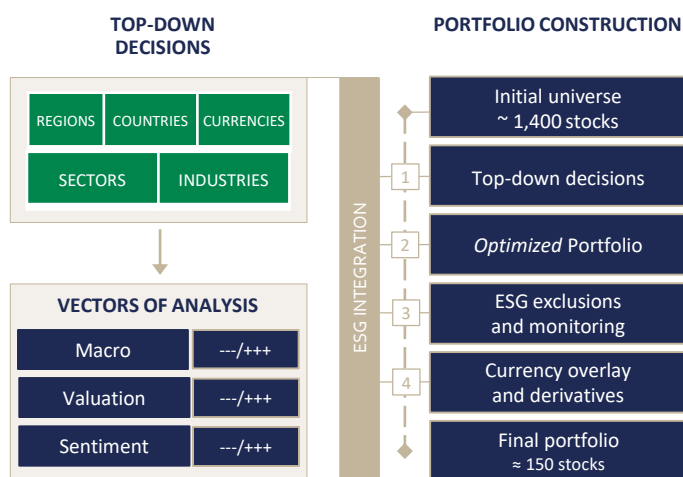
Investment Team

Jean-Benoit Leblanc, M.Sc., CFA Senior Portfolio Manager Experience: 24 years Team member since 2009	Jean-Pierre Couture, M.Sc. Economist and Senior Portfolio Manager Experience: 28 years Team member since 2010
Julien Tousignant, M.Sc., CFA Portfolio Manager Experience: 10 years Team member since 2013	Hao Feng, MBA, CFA Portfolio Manager Experience: 12 years Team member since 2021

Investment Approach

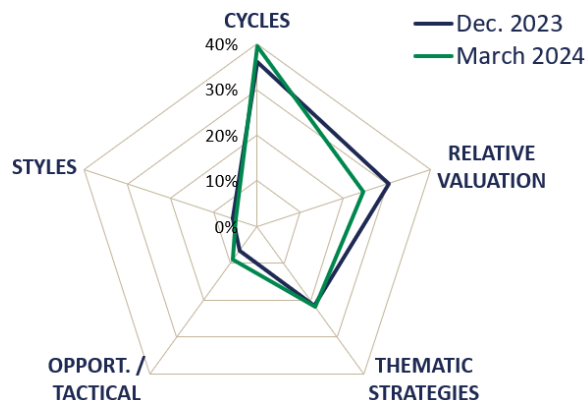
- Capture long term investment opportunities as well as benefit from short term dislocations
- Top-down approach
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks
- Proprietary ESG process, tailored to emerging markets

Investment Process



Investment Themes

As a % of total portfolio



Source: DGAM, March 31, 2024

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

Contact Us

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

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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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