

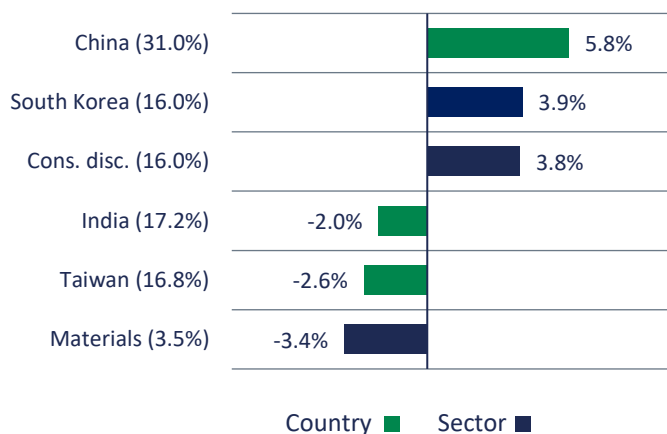
Emerging Markets Equity

Performance (CAD)										
Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception			
Hexavest Emerging Markets Composite	6.87	12.07	13.06	-3.93	2.84	4.09	3.67			
MSCI Emerging Markets (net)	6.17	11.54	16.38	-1.85	4.05	5.40	4.68			
VALUE ADDED	0.70	0.53	-3.32	-2.08	-1.21	-1.31	-1.01			
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

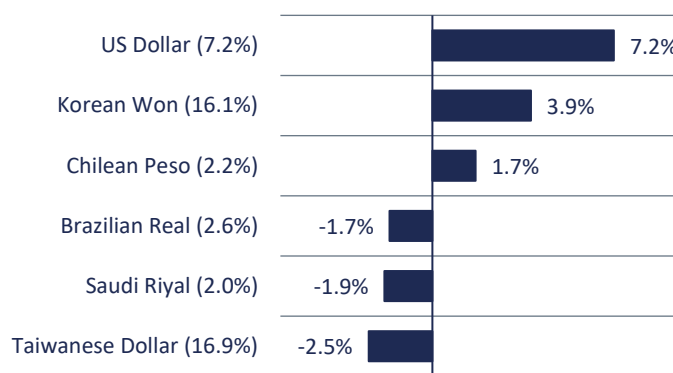
*Since inception: February 1, 2011

Positioning (vs MSCI Emerging Markets)

COUNTRIES AND SECTORS



CURRENCIES



Country ■ Sector ■

Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
++	-	++

Analysts’ revisions to corporate earnings are the most positive in nearly three years. Our forecast that North Asia will be the engine of emerging market growth this year is coming true; the region’s growth forecast has been revised upward significantly. Inflation is back in comfortable territory in most countries. The first rate cut by the U.S. Federal Reserve, which is expected by year-end, will allow for further monetary easing in emerging markets. In China, additional measures to support the property sector have been announced, but consumer sentiment remains depressed. Pending the domestic recovery, growth in production and exports is providing economic support.

The valuation of emerging market equities is no longer particularly attractive. According to our standardized model based on seven ratios, it rose from the 66th to the 77th percentile of its historical distribution in the second quarter of the year. That being said, no ratios indicate an extreme valuation at this point. The emerging markets valuation is still very attractive relative to U.S. equities but is comparable to that of European and Asia-Pacific equities. As for sectors, IT’s expensiveness is increasingly hard to ignore. In contrast, the consumer discretionary sector still has the most attractive valuation in our view.

Emerging market equities continued to advance in the second quarter (+6.2%), for a year-to-date gain of 11.0%. According to our proprietary index, investor sentiment improved in the second quarter, albeit more gradually than in previous months. Sentiment is still reasonably optimistic and far from exuberant. Market conditions are still favourable. Institutions are adding to their emerging markets holdings but are still underexposed to the region. We are monitoring the increased equity market concentration in terms of the largest countries and stocks in the index.

Emerging Markets Equity

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%

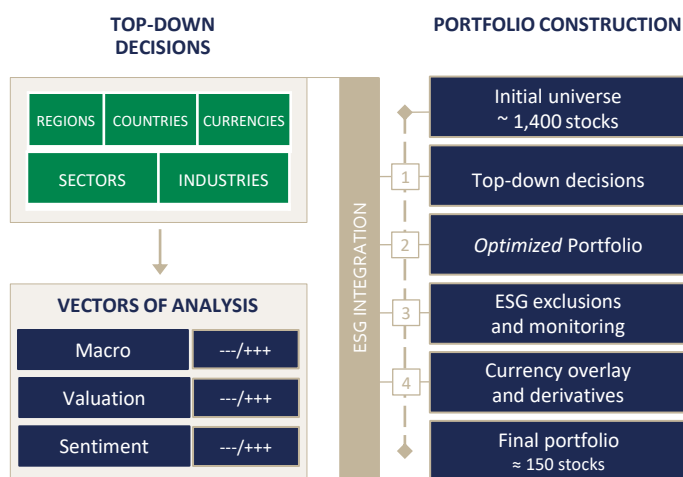
Investment Team

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

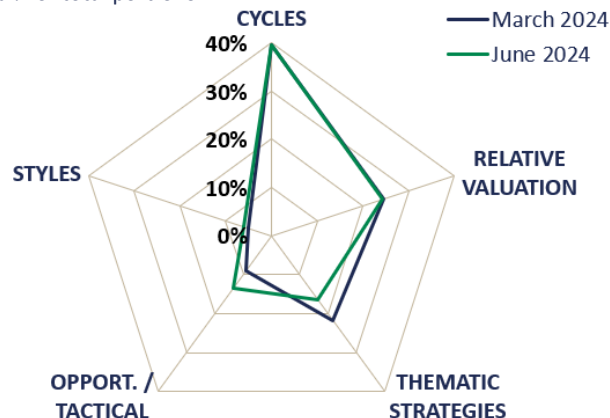
- Capture long term investment opportunities as well as benefit from short term dislocations.
- Top-down approach.
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks.
- Proprietary ESG process, tailored to emerging markets.

Investment Process



Investment Themes

As a % of total portfolio



Source: DGAM, June 30, 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 June 30, 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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