

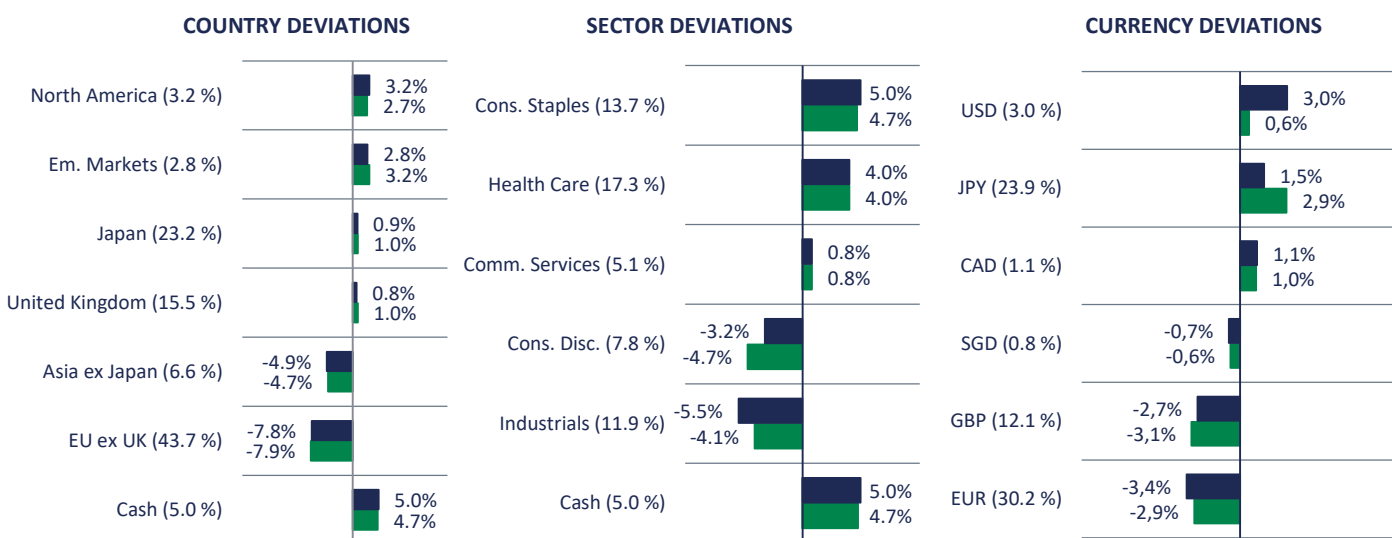
International Equities

Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest EAFE Composite	8.09	18.25	27.14	11.87	7.68	7.01	7.65
MSCI EAFE (net)	5.9	15.76	24.67	7.77	8.64	7.73	6.14
VALUE ADDED	2.19	2.49	2.47	4.10	-0.96	-0.72	1.51

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)



■ As of September 30, 2024 ■ As of June 30, 2024 ■ As of September 30, 2024 ■ As of June 30, 2024 ■ As of September 30, 2024 ■ As of June 30, 2024

Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
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The restrictive effect of interest rate hikes over the past two years will continue to dampen growth in the near term. It is clearly seen in household confidence and business climate surveys around the world. Over the medium term, however, falling inflation, interest rate cuts and Chinese stimulus will help support growth. The success of these measures will depend on the job market and the speed at which monetary and fiscal stimulus are deployed. For the time being, monetary policies remain very restrictive and, as we know, their full effect on economic activity takes 18 to 24 months to become apparent. We should therefore not expect the monetary easing that has just begun to have a significant positive impact as early as 2025. That said, the decline in inflation has a fundamentally positive effect on households' purchasing power and central banks' leeway. For that reason, we are raising our macroeconomic environment vector to "single negative".

Global equities were very expensive at the end of the third quarter, when the MSCI World's valuation reached the 93rd percentile of its historical distribution, the highest level since 2001 if we exclude the distortions of the pandemic in 2021. The S&P 500's valuation was in the 97th percentile. Despite these unusual, if not extremely rare, conditions, there were still a few market segments that were attractively valued or in sync with the economic context or the historical norm. These included small and mid-caps, some cyclical sectors of the traditional economy and some defensive sectors. In contrast, the technology sector and industries benefiting from artificial intelligence were the most expensive. Finally, there were no longer any bargain regions, but all looked cheap in relation to the United States. In this context, we are maintaining a "triple negative" valuation rating.

The impressive stock market surge over the past two years is due mainly to the expansion of valuation multiples, and therefore to investor optimism about earnings growth. Sentiment is particularly euphoric in the U.S. market: as at September 30, the S&P 500 index was showing its best year-to-date performance since 1997, despite all the political and economic uncertainty. But the tone changed in the third quarter after risk appetite seemingly peaked in July and then began to fall, even though the stock market continued to advance, reaching new highs in September. That being said, we consider the direction of our investor sentiment index as important as its level. A high but falling level usually bodes ill for returns in subsequent months. This change has prompted us to lower our investor sentiment rating to "double negative."

Our analysis of the three vectors has prompted us to maintain a defensive bias. We are concerned about the deteriorating economic growth outlook and its impact on corporate earnings at a time when market valuations and investor positioning reflect no indication 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
Joined team : 2003

Christian Crête, CFA
Senior Portfolio Manager
Experience : 24 years
Joined team : 2012

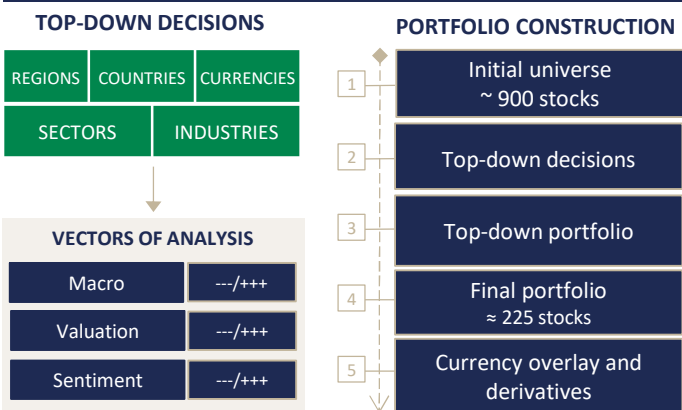
Frédéric-Bouchard Labonté, M.Sc., CFA
Senior Analyst
Experience : 10 years
Joined team : 2024

Jean-Pierre Couture, M.Sc.
Economist and Senior Portfolio Manager
Experience : 28 years
Joined team : 2010

Aïcha Traoré, M.Fin., M.Sc.
Analyst
Experience : 4 years
Joined team : 2022

Irina Prokopyeva, M.Sc., CFA
Senior Analyst
Experience : 8 years
Joined team : 2024

Investment Process



Responsible Investment

- We have a team of 11 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 September 30, 2024

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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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