

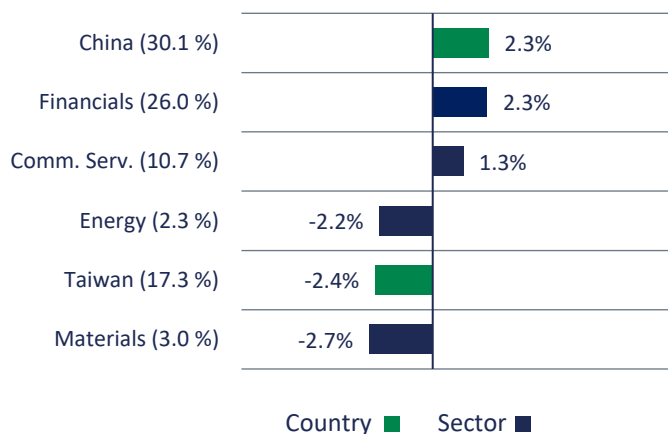
# Emerging Markets Equity

Performance (CAD)										
Annualized (%)	3 months		YTD	1 year	3 years	5 years	10 years	Since inception		
Hexavest Emerging Markets Composite	-2.22		18.42	18.42	0.82	3.02	4.81	3.95		
MSCI Emerging Markets (net)	-2.07		17.25	17.25	2.42	3.83	5.90	4.88		
VALUE ADDED	-0.15		1.17	1.17	-1.60	-0.81	-1.09	-0.93		
Ten last years (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Hexavest Emerging Markets Composite	1.87	3.71	24.61	-2.89	7.86	19.29	-5.11	-15.69	2.65	18.42
MSCI Emerging Markets (net)	2.04	7.34	28.26	-6.88	12.45	16.23	-3.37	-14.28	6.88	17.25
VALUE ADDED	-0.17	-3.63	-3.65	3.99	-4.59	3.06	-1.74	-1.41	-4.23	1.17

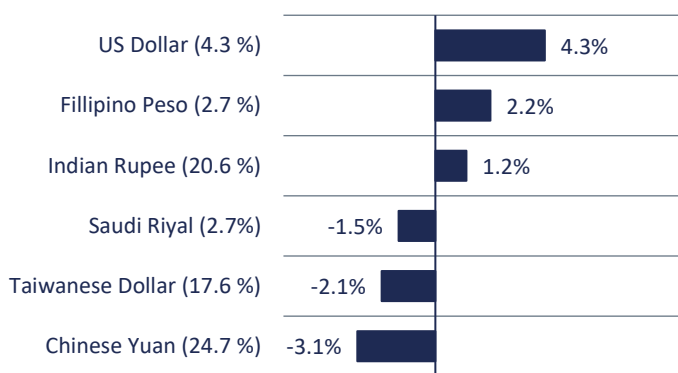
\*Since inception: February 1, 2011

## Positioning (vs MSCI Emerging Markets)

### COUNTRIES AND SECTORS



### CURRENCIES



Country ■ Sector ■

## Market Outlook

MACROECONOMIC ENVIRONMENT	VALUATION	SENTIMENT
Neutral	--	+

Economic and political uncertainty rose a notch after Donald Trump was re-elected in the United States. A negotiating game on the application of new tariffs is expected to start early in the year. The consensus expects emerging markets growth to slow by 0.5% in 2025, going from 4.4% in 2024 to 3.9%. Even so, the announcement of expansionary policies in China and/or the United States could offer positive surprises. The strong greenback and rising U.S. bond yields are complicating central banks' decision making and also bringing the fiscal situation of various countries back to the fore. According to IMF estimates, only 27% of emerging markets economies will have expansionary fiscal policies in 2025, the lowest proportion since 2011.

The emerging markets equity valuation improved slightly in the fourth quarter of 2024. As measured by our standardized model based on seven ratios, it went from the 83rd to the 74th percentile of its historical distribution during the quarter. The valuation of emerging markets equities is still advantageous relative to U.S. equities. Even so, EM equities are becoming more expensive relative to Asia-Pacific equities. The priciness of the information technology sector and of Taiwanese companies is becoming increasingly significant. Conversely, the relative valuations of equities in the Philippines, Brazil, Mexico and South Korea are at historic lows. As for sector valuations, consumer staples is particularly attractive.

Investor sentiment toward emerging markets ended the year in neutral territory. The 4.4% decline in emerging markets equities in the fourth quarter contrasted with the 1.9% gain recorded by developed market equities. Emerging markets sentiment has not been as depressed relative to developed market sentiment since late 2018. Even though a deterioration of optimism in developed markets is an overall risk, we think much of the EM-specific risks are already starting to be priced in. Investors continue to underweight emerging markets assets.

# Emerging Markets Equity

## Summary

<b>Benchmark</b>	MSCI Emerging Markets (net)
<b>Exclusions</b>	Tobacco, coal production and controversial weapons
<b>Value added objective</b>	2% (4-year rolling periods)
<b>Active risk</b>	2% to 4%
<b>Number of holdings</b>	130 to 170
<b>Currency management</b>	Active

### DEVIATIONS VS. BENCHMARK

Regions:	+/- 15%
Countries:	+/- 15%
Currencies:	+/- 15%
Sectors:	+/- 10%

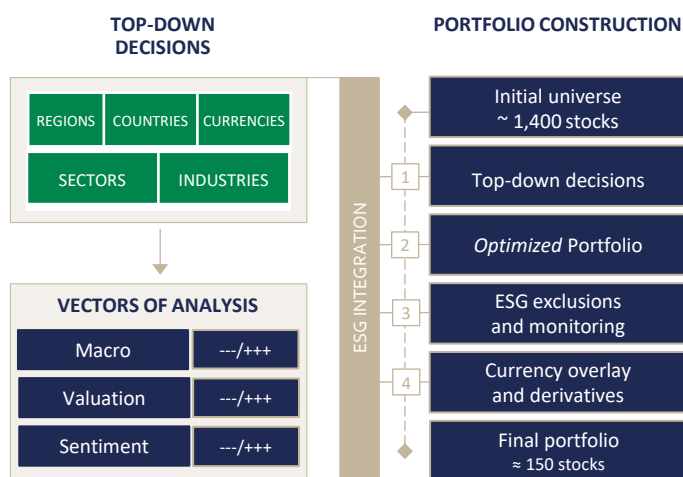
## Investment Team

<b>Jean-Benoit Leblanc, M.Sc., CFA</b> Senior Portfolio Manager Experience: 24 years Joined team : 2009	<b>Jean-Pierre Couture, M.Sc.</b> Economist and Senior Portfolio Manager Experience: 28 years Joined team : 2010
<b>Julien Tousignant, M.Sc., CFA</b> Portfolio Manager Experience: 10 years Joined team : 2013	<b>Hao Feng, MBA, CFA</b> Portfolio Manager Experience: 12 years Joined team : 2021

## Investment Approach

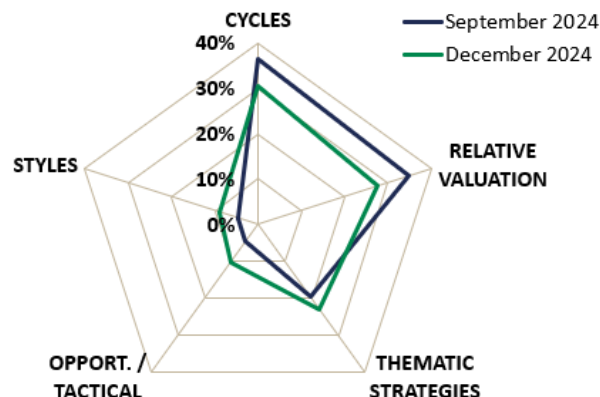
- Capture long term investment opportunities as well as benefit from short term dislocations.
- Top-down approach.
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks.
- Proprietary ESG process, tailored to emerging markets.

## Investment Process



## Investment Themes

As a % of total portfolio



Source: DGAM, December 31, 2024

## 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

## Contact Us

[clientexperience.dgia@desjardins.com](mailto:clientexperience.dgia@desjardins.com)

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

FOR CANADIAN INSTITUTIONAL INVESTOR USE ONLY

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.

The information and opinions herein are provided for informational purposes only and are subject to change based on market and other conditions. It should not be relied upon as the basis for your investment decisions. This document is not and should not be construed as a solicitation or offering of units of any fund or other security in any jurisdiction. No part of this document may be reproduced in any manner without the prior written permission of DGAM.