

# Emerging Markets Equity

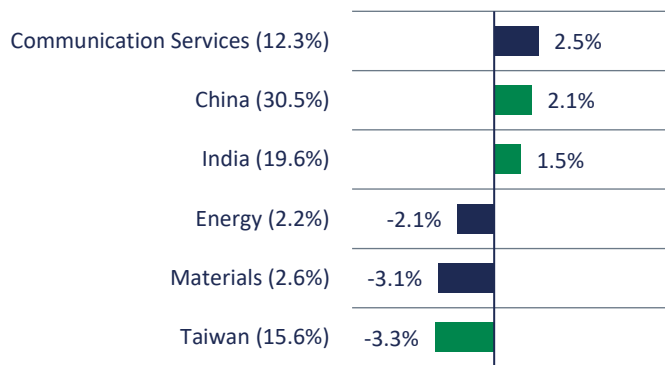
## Performance (CAD)

Annualized (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Hexavest Emerging Markets Composite	5.77	10.01	16.24	9.67	6.23	4.94	4.50
MSCI Emerging Markets (net)	6.17	9.36	14.96	11.78	6.85	5.75	5.36
VALUE ADDED	-0.40	0.65	1.28	-2.11	-0.62	-0.81	-0.86

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

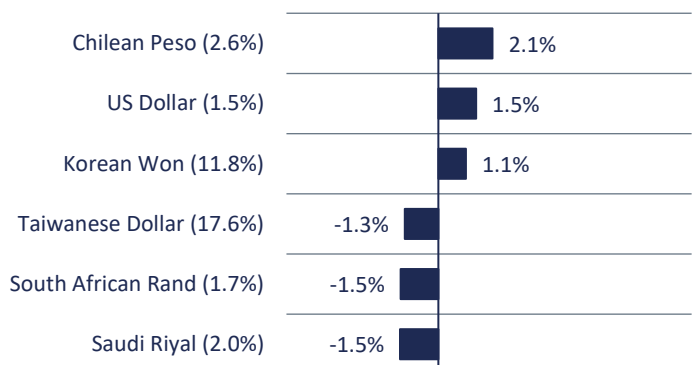
## Positioning (vs MSCI Emerging Markets)

### COUNTRIES AND SECTORS



Country ■ Sector ■

### CURRENCIES



## Market Outlook

### MACROECONOMIC ENVIRONMENT

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### VALUATION

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### SENTIMENT

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The growth of emerging markets surprised positively in the first half of 2025, thanks in part to the acceleration of exports, which continued into the second quarter following the U.S. tariff truce. The second half of the year is expected to be more challenging. The export acceleration will eventually fade, likely leading to a slowdown in trade activity. Global economic and political uncertainty is also expected to persist. That said, emerging markets have some tools to help mitigate these headwinds. The current monetary easing—the third most significant since the beginning of the century—will provide support to the economy. Increased government spending in India and China, the two largest emerging market economies, is expected to continue bearing fruit in the coming months.

Valuations of emerging market equities slightly deteriorated during the second quarter of 2025. However, relative valuations remain favorable compared to U.S. equities and, to a lesser extent, European equities. That said, emerging market equities are becoming more expensive relative to Asia-Pacific equities. Southeast Asian countries and the consumer staples sector continue to offer the most attractive valuations. In contrast, Taiwan, India, Energy, Real Estate, and Industrials appear particularly expensive, according to our analysis. Defensive sectors are once again trading at a discount compared to cyclical sectors.

Given the perception that Donald Trump's threats are mostly bluster and that he always backs down ("TACO," for "Trump always chickens out"), investors are no longer particularly concerned by tariff announcements. Despite the lack of visibility, we are seeing a degree of complacency. This sentiment contributed to the 7.9% stock market gain in emerging market equities during the second quarter. Our investor sentiment index for emerging markets has been particularly volatile since the beginning of the year. Despite all this uncertainty, the three main emerging market asset classes—equities, bonds, and currencies—have all posted gains over the past six months, and the region has seen fund inflows.

# 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%

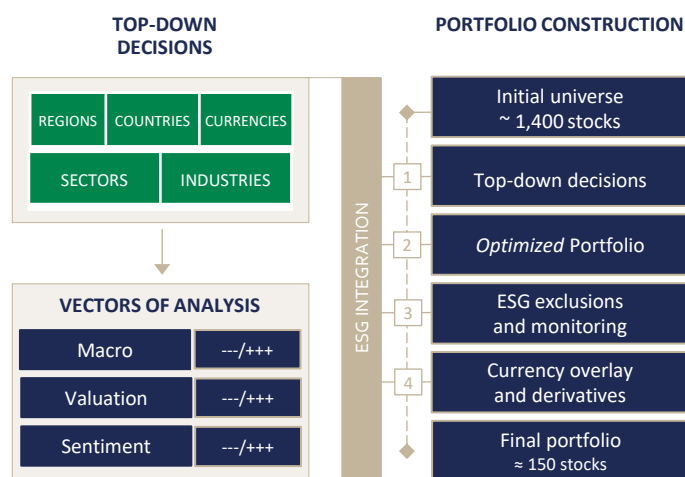
## Investment Team

<b>Jean-Benoit Leblanc, M.Sc., CFA</b> Senior Portfolio Manager Experience: 25 years Joined team: 2009	<b>Jean-Pierre Couture, M.Sc.</b> Economist and Senior Portfolio Manager Experience: 29 years Joined team: 2010
<b>Julien Tousignant, M.Sc., CFA</b> Portfolio Manager Experience: 12 years Joined team: 2013	<b>Evelyn Sun, M.Sc.</b> Senior Analyst Experience: 10 years Joined team: 2025

## Investment Approach

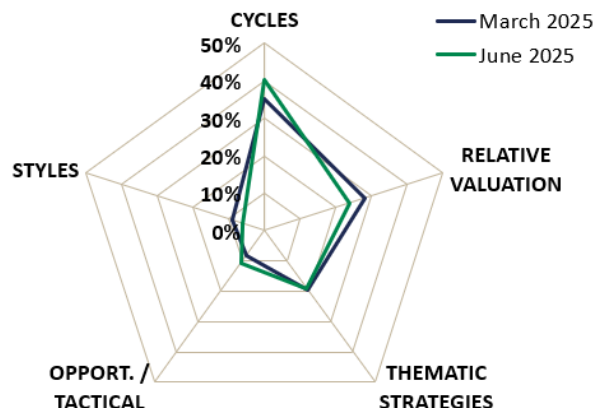
- Capture long term investment opportunities as well as benefit from short term dislocations.
- Top-down approach.
- Diversified sources of alpha: regions, countries, currencies, sectors, industries, and stocks.
- Proprietary ESG process, tailored to emerging markets.

## Investment Process



## Investment Themes

As a % of total portfolio



Source: DGAM, June 30, 2025

## Responsible Investment

We have a team of specialists dedicated exclusively to responsible investment.

- Combine investments and RI expertise to offer high-performance strategies.
- Develop a simple RI process that can be easily integrated into any mandate.
- Increase the efficiency of the investment process thanks to ongoing exchanges between portfolio managers and the RI team.

## Contact Us

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Sources: MSCI, DGAM, as of June 30, 2025

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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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