# NEI Clean Infrastructure Fund

## Q3 2025 Commentary

NEI

## Performance

The Fund (Series I) outperformed the benchmark for the quarter.

The story for power infrastructure in Q3 is very much a continuation of trend we have seen over the past several quarters, regarding incremental demand for electricity needs towards 2027-2030 and beyond, particularly in the US and relating primarily to data centers and hyperscaler/AI infrastructure. The pace of additional investments has surprised some investors, particularly with the late Q3 announcement from Oracle for firm data warehouse backlog growth approaching half a trillion USD, way above investor consensus. Power demand needs for such annually compounding cloud capacity are significant and will require substantial new supply and infrastructure resources. Equally there are serious concerns regarding the timing for bringing on new power resources relative to cloud/hyperscaler demand, where renewable power projects may have a significant advantage vs traditional fossil fuel or nuclear alternatives.

Separately, a major milestone this quarter relates to the resolution of uncertainty associated with the Republican OBBB tax reconciliation legislation. The bill sharply limits wind and solar tax credits to projects that are already underway and effectively ends credits for many new renewable projects starting in 2028, while significantly tightening foreign ownership and supply chain rules for claiming any clean energy tax incentives.

The sub-advisor believes these tax credit and rule shifts leave relatively intact the prevailing cost structure for renewable project development in the US, which implies pricing may not need large adjustments to achieve investment hurdle rates by developers. However, the sub-advisor does believe now that acceleration of activity will begin in more earnest. By way of example, they visited the big annual RE+ renewable energy convention and conference in Las Vegas this September, which followed the final OBBB legislation. Attendance set an all-time record, and conversations with both developers and equipment vendors revealed very significant demand and quickening pace of activity, relative to the new timetables for tax credit eligibility.

### Returns

| Fund | 3 months | 6 months | YTD | 1 year | 3 years | 5 years | 10 years | Since inception[1] |
|---|---|---|---|---|---|---|---|---|
| NEI Clean Infrastructure Fund Series I | 5.80 | 17.00 | 21.16 | 9.89 | 6.38 | N/A | N/A | 4.67 |
| NEI Clean Infrastructure Fund Series A | 5.22 | 15.74 | 19.22 | 7.54 | 4.10 | N/A | N/A | 2.43 |
| NEI Clean Infrastructure Fund Series F | 5.51 | 16.38 | 20.20 | 8.71 | 5.25 | N/A | N/A | 3.56 |
| *Benchmark: S&P Global Infrastructure NR CAD* | 5.54 | 10.11 | 15.05 | 19.27 | 17.21 | N/A | N/A | 13.25 |

[1]Source: Morningstar. As of September 30, 2025. The benchmark since inception return in the table is calculated as of the inception date of Series A. Since inception benchmark returns for Series F and Series I are 13.25 and 13.25, respectively.

## Portfolio commentary

During the quarter, the Fund exited Neoenergia and Orsted, and started a new position in Sunrun.

In terms of decarbonisation impact, at the end of the quarter, CO2 emissions are 60% lower per CAD 1 mn invested in the fund compared to CAD 1 mn invested in the MSCI World Utilities Index

The top 5 contributors over the quarter were Renova, Renew Energy, EDPR, ERG and Dominion. The bottom 5 contributors were Clearway Energy, Orsted, Neoenergia, Algonquin and SSE. All regions contributed positively in the quarter, except South America who had a marginally negative contribution.

## Outlook

Power demand across the world is undergoing positive revisions to expectations as a result of multiple sectors of growth: AI/datacenter, electrification of transport and industry, digital economy and businesses including logistics, and a resumption of growth from retail customers, as large efficiency gains from substitution opportunities like LEDs have now largely been achieved. The sub-advisor sees the next several quarters adding to this narrative, and believes forward power prices are now firming, relative to tightening supply/demand outlooks.

From a supply perspective, different forms of power demand require different solutions. Renewables continue to be as much as 80% of new power supply capex, but this may have peaked (in market share) and the sub-advisor sees some broadening on the technology side, for these complementary needs.

The Fund had been limiting exposure to the IRA based on the assumption that the current US administration intended to shrink incentives afforded to the renewables sector, which created downside/underperformance of those types of names. As the final outcome to these revisions within the OBBB came in better than expected or at least within a reasonableness for maintaining economic integrity of growth for a normal investment horizon, the sub-advisor has rotated back into some of these companies and positions and has seen strong recent outperformance accordingly.

This material is for informational and educational purposes and it is not intended to provide specific advice including, without limitation, investment, financial, tax or similar matters. The views expressed herein are subject to change without notice as markets change over time. For complete information about a mutual fund managed by NEI Investments, please refer to the fund's simplified prospectus and/or Fund Facts which can be downloaded at www.neiinvestments.com.

Series F units are only available to investors who participate in eligible fee-based programs with their registered dealers that have entered into a Series F Distribution agreement with NEI Investments.

Series I have high minimum investment requirements and are typically aimed at institutional investors (such as pension plans) or investors making large investments in the fund. Funds in these series generally have lower management fees than the retail series of the same fund.

Information herein is believed to be reliable but NEI does not warrant its completeness or accuracy. Views expressed regarding a particular security, industry or market sector should not be considered an indication of trading intent of any funds managed by NEI Investments. Forward-looking statements are not guaranteed of future performance and risks and uncertainties often cause actual results to differ materially from forward-looking information or expectations. Do not place undue reliance on forward-looking information.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in units value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

NEI Investments is a registered trademark of Northwest & Ethical Investments L.P. (“NEI LP”). Northwest & Ethical Investments Inc. is the general partner of NEI LP and a wholly-owned subsidiary of Aviso Wealth Inc. (“Aviso”). Aviso is the sole limited partner of the NEI LP. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited.

For more performance related information about a mutual fund managed by NEI Investments, please visit the prices and performance page on neiinvestments.com.