

Performance

The Fund (Series I) underperformed its benchmark over the quarter.

The final quarter of 2024 largely mirrored the year's overall trend, with tech-focused US businesses leading and European industrials lagging. A slight shift occurred as small US companies outperformed larger ones, possibly anticipating lower taxes and reduced regulation in Donald Trump's second term.

Returns

Fund	3 months	6 months	YTD	1 year	3 years	5 years	10 years	Since inception ¹
NEI Global Growth Fund Series I	2.67	11.83	19.68	19.68	-3.25	3.59	6.46	N/A
NEI Global Growth Fund Series A	2.12	10.61	17.11	17.11	-5.33	1.25	3.90	N/A
NEI Global Growth Fund Series F	2.40	11.23	18.41	18.41	-4.27	2.35	5.08	N/A
<i>Benchmark 1: MSCI ACWI NR CAD (linked)</i>	5.41	10.95	28.15	28.15	10.10	12.37	11.69	N/A

¹Source: Morningstar. As of December 31, 2024. Since inception is only provided for Funds with less than 10 years of performance.

On November 15, 2021, NEI Global Growth Fund (formerly NEI Global Equity Fund) changed its sub-advisor and its fundamental investment objectives. The purpose of the change is to enhance the environmental, social, and governance characteristics of the Fund, with a focus on growth-style equity opportunities. The performance of this Fund for the period prior to this date may have been different had the current investment objectives and strategies been in place during that period.

Portfolio commentary

Top performer was fintech platform Wise - an international money transfer facilitator. Its share price has steadily risen due to operational progress evidenced through robust results. Cross-border volumes and active customer numbers have been rising. The sub-advisor believes the company is leading the way in making overseas transactions easier, faster, and more transparent for millions. Furthermore, there remains a large growth runway ahead. Today, it serves around 5% of the world's international money transfers for individuals (in a market expanding at 19% p.a. since 2022) and only 0.5% - 1% of transactions for small businesses. Shopify and Spotify were top contributors, benefitting from strict cost control measures. Shopify, now a pure-play in ecommerce software, is beginning to earn software-like margins. Spotify saw revenues increase +20% year-on-year, reflected in gross margin expansion.

US technology firms' strong performance meant that not owning index-heavyweights NVIDIA and Tesla negatively impacted the fund's relative returns. MercadoLibre, the Latin American e-commerce and fintech company, detracted driven by a weaker third-quarter earnings report falling short of analyst expectations. Investors reacted negatively to margin compression from increased investment in its credit and logistics operations. As a long-term shareholder, the sub-advisor believes these investments evidence a forward-looking expansion strategy which should bear fruit in the years to come.

Long-term shareholding allows for strong communication with investee companies. A recent meeting with Amazon's ESG team covered topics including employee engagement, supply chain transparency, human rights implications, AI governance, and decarbonization commitments. Amazon provided evidence to counter suggestions of unsustainable practices, including initiatives to improve employee safety and working conditions, supply chain monitoring, and decarbonization efforts. The appointment of AI expert, Dr. Andrew Ng, to the board was highlighted as strengthening the company's perspective on AI opportunities and challenges.

The sub-advisor exited Denali Therapeutics, the biotech focused on neurodegeneration, due to slow trial progress and an unexciting pipeline, despite its admirable mission to treat neurodegenerative diseases like Alzheimer's and Parkinson's.

They also moved on from Chinese ecommerce company, JD.com and European sportswear giant, adidas, as competition overshadowed the companies' sustainability missions.

In their place, the sub-advisor added US cold storage logistics business Lineage, which holds a 30% market share, offering resilience and supporting automation. Lineage's efficiency could significantly reduce food waste, potentially feeding over a billion people annually.

Another new purchase by the sub-advisor is Edwards Lifesciences, a pioneer in minimally invasive heart treatments. Its transcatheter aortic valve replacement offers a less invasive alternative to open heart surgery. Despite short-term growth challenges, it has significant long-term expansion potential. A recent share price drop made it an attractive investment.

Outlook

The Index's strong return was primarily driven by valuation multiple expansion, while earnings growth dominated the fund's return. Entering 2025, the sub-advisor expects other investors to recognize the fundamental strength in the Fund's holdings, leading to improved share price outcomes across a wider spectrum of growth opportunities. The sub-advisor's investment approach maintains contact with diverse growth opportunities across sectors and regions. While the market currently focuses on US tech and AI, the Fund's broader perspective reveals a landscape of operational progress and emerging opportunities, positioning it well for the future.

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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.

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