

# NEI Global Growth Fund

## Q1 2025 Commentary



### Performance

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

The first quarter of 2025 was characterized by heightened geopolitical uncertainty and economic volatility. The new US administration's increasing unpredictability raised concerns about global growth prospects, while China's emergence of a low-cost AI model, Deepseek, challenged US technological dominance, adding complexity to the investment landscape. These developments contributed to declines in equity markets, led by the US, with the Fund delivering negative returns in both absolute and relative terms.

### Returns

Fund	3 months	6 months	YTD	1 year	3 years	5 years	10 years	Since inception <sup>1</sup>
NEI Global Growth Fund Series I	-6.16	-3.65	-6.16	5.65	1.25	5.37	4.54	N/A
NEI Global Growth Fund Series A	-6.66	-4.69	-6.66	3.37	-0.93	3.01	2.04	N/A
NEI Global Growth Fund Series F	-6.41	-4.16	-6.41	4.53	0.18	4.12	3.19	N/A
Benchmark 1: MSCI ACWI NR CAD	-1.25	4.09	-1.25	13.96	12.09	15.43	10.31	N/A

<sup>1</sup>Source: Morningstar. As of March 31, 2025. 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

Among the largest detractors in the quarter were US companies. While sentiment for US growth companies may have hastened their descent, there were stock-specific reasons behind their falls. Illumina faced headwinds from subdued demand in academic research due to US budget scrutiny and geopolitical pressures following its addition to China's "unreliable entities" list. Despite competitive challenges, including Roche launching a rival gene sequencer, Illumina remains dominant in clinical genomics, where its NovaSeq X platform offers transformative efficiency gains for customers.

The Trade Desk experienced a sharp decline after missing revenue guidance for the first time in its history as a public company. Execution challenges from a commercial reorganization and delayed platform updates weighed on results. However, its leadership in programmatic advertising remains intact, supported by opportunities in retail media and international expansion.

Recruit, the Japanese human resources company, struggled amid cyclical pressures in recruitment spending globally, particularly affecting its HR Tech segment. While near-term challenges persist, the sub-advisor believes Recruit's innovative matching technologies position it well for long-term leadership in online recruitment markets as job openings recover over time.

Illustrating the swings in market sentiment over the past six months, especially in the Americas, one of this quarter's top contributors to relative returns was the Fund's bottom contributor last quarter. Operationally, e-commerce and fintech platform MercadoLibre continues to purr, though, with marketplace revenues growing around a third year-on-year last quarter and the credit portfolio expanding by three quarters.

The streaming platform Spotify has been a more consistent performer, with strong revenue growth and impressive profit growth.

Prudential, the life insurance company, had a strong quarter underpinned by a 10% increase in operating profit and growth in new business premiums. The company exceeded expectations and demonstrated resilience in its core markets across Asia and Africa. The sub-advisor believes Prudential's ability to meet rising demand from middle-class consumers ensures its long-term growth potential.

The sub-advisor's approach to stewardship is rooted in long-term thinking, enabling meaningful engagement with companies to support their sustainable practices and strategic goals. This quarter, engagements with Wabtec and Prudential offered insights into how these businesses are navigating complex challenges while pursuing growth and innovation opportunities.

This quarter, Cadence Design Systems and Synopsys were added to the portfolio, enhancing exposure to semiconductor design automation, a critical enabler of AI innovation and energy efficiency.

The sub-advisor also exited Amazon due to concerns over insufficient progress on climate commitments. This decision reflects the sub-advisor's disciplined approach to reallocating capital towards companies better aligned with its sustainability criteria.

## Outlook

Looking ahead, the sub-advisor remains optimistic about the portfolio's ability to deliver long-term returns despite short-term volatility. Structural enhancements made over recent years have improved diversification and resilience across sectors and geographies. The companies within the Fund are addressing critical global challenges through innovation and sustainable practices. The sub-advisor is confident that its strategy will continue generating value for society and strives to deliver strong returns for clients over the long term.

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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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