NEI Income and Growth Private Portfolio
Q1 2025 Commentary

NEI

Portfolio details

AUM

$207,999,202.40

CIFSC category*: Global Fixed Income Balanced

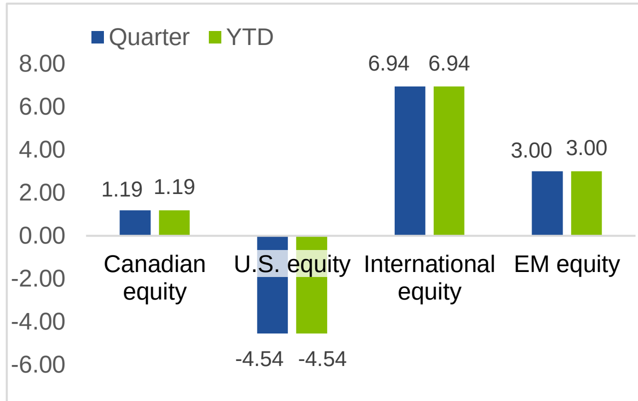
Prospectus risk: Low to medium

Distribution: Monthly

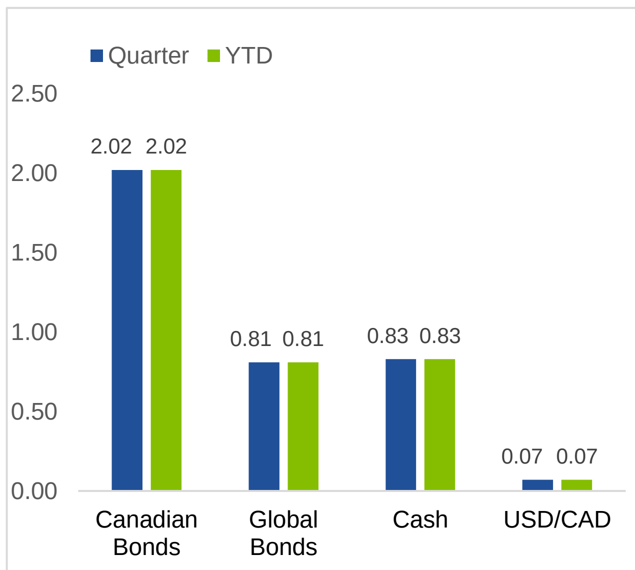
MER
2.04% (Series W)
0.98% (Series WF)

As of March 31, 2025.
*Canadian Investment Funds Standards Committee

Market performance (%)



Index returns include dividends but do not include fees. You cannot invest in an index. Source: MSCI. See page 5 for index names.



Source: MSCI

Highlights

- The “Magnificent Seven” experienced a significant correction.
- The Global Equity Pool outperformed due to greater allocation to Europe—the strongest performing region in Q1.
- A Canada’s fixed income market delivered a strong start to 2025.
- Canadian equities underperformed.

Portfolio review

Asset class	Current %	Change from prior Q
Equity	38.25	-3.25
Fixed income	61.75	3.25
Cash	0	0

Markets have undergone a significant shift in tone in the first quarter of this year, reflecting a broader regime change in the global economic landscape. The U.S. economy is showing signs of weakening, with slowing consumer activity and a softening labor market, which has weighed on U.S. equity performance. The market witnessed a rotation out of U.S. assets and into international markets driven by high valuations in the U.S. and ongoing tariff uncertainties. U.S. equities underperformed both Canadian equities and the cheaper overseas markets during the period, a reversal of trend where “U.S, exceptionalism” pushed equity markets to new highs. The “Magnificent Seven” also experienced a significant correction in the first quarter. The uncertainty has contributed to a risk-off tone, leading to a sector and factor rotation: economically sensitive sectors have lagged, while defensive areas—such as healthcare, consumer staples, and utilities—have outperformed. Similarly, low-volatility stocks and dividend-paying names have outshined small-cap and high-growth equities. In Canada, the materials sector had the strongest return, as gold reached a new record high.

The fixed income markets also navigated a volatile macro backdrop shaped by geopolitical tensions, tariff uncertainty, and diverging monetary policies. U.S. Treasury yields had notable fluctuations, initially rising due to fiscal stimulus expectations under the Trump administration but later eased as inflation data softened and markets priced in further Federal Reserve rate cuts. Credit spreads widened moderately, reflecting resilience in corporate fundamentals, but investors remained cautious amid elevated inflation concerns and possible stagflation stemming from tariffs. Canada’s fixed income market delivered a strong start to 2025, driven by rate cuts from the Bank of Canada, as well as a flight to safety based on concerns about tariffs on Canadian goods. European government bonds posted mixed results, with German Bunds underperforming due to fiscal policy shifts, while U.K. gilts rebounded after inflation surprised to the downside.

Within the portfolio the Global Impact Bond Fund, and Global Total Return Fund outperformed their benchmarks, and the fixed income pool performed in line with the benchmark, however our allocation to global bonds detracted as Canadian fixed income outperformed. Canada’s fixed income market delivered a strong start to 2025, driven by rate cuts from the Bank of Canada, as well as concerns about tariffs on Canadian goods which drove a flight to safety. The Global Total Return Bond Fund added value as the overweight duration, country allocation and steepening bias contributed positively.

The Fixed Income Pool positioning in CMHC NHA-MBS was beneficial during the quarter. Credit spreads on these products tightened slightly, while those for provincial and corporate issuers widened. Uncertainty in the financial markets over the tariff war led to underperformance among corporate and provincial issuers, which detracted from performance. In the Global Impact Bond Fund, the underweight to U.S. investment grade corporates contributed favorably to relative performance. Emerging markets corporates also contributed, while high-yield corporates had a modestly negative impact.

Within equities, our Global Equity Pool outperformed due to its greater allocation to Europe which was the strongest performing region in the first quarter. Performance was also boosted by strong selection across sectors such as IT, consumer cyclicals and financials. The Canadian Equity Pool underperformed due to an underweight in materials, which had the strongest return, as gold reached a new record high, and also due to negative sector and stock selection effects in IT. The Long Short Equity Fund also detracted as the uncertainty around tariffs caused market volatility and a quick market unwind and reversal of sector performance, especially the technology sector which detracted from performance.

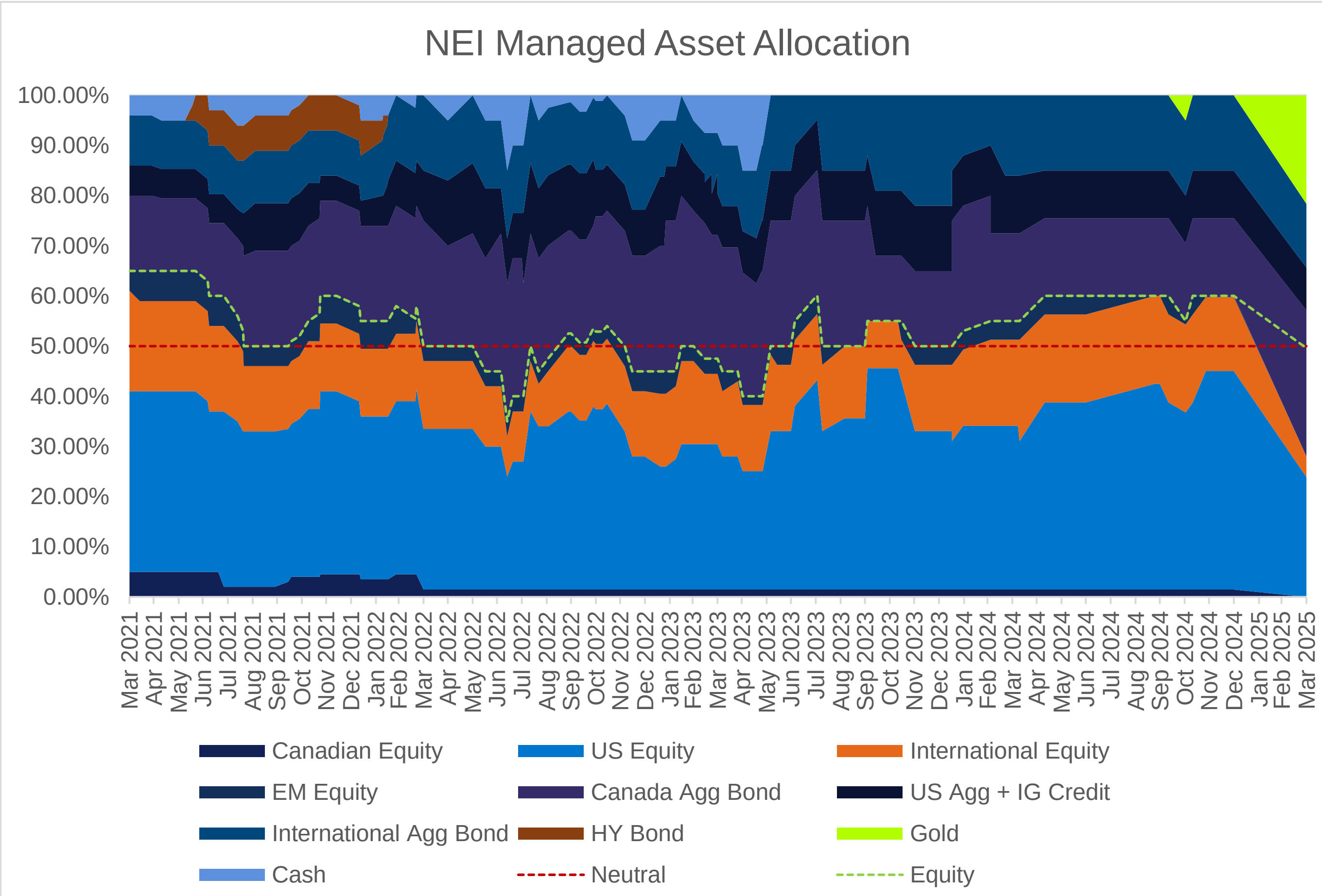
ESG ACTIVITIES

NEI engaged 26 companies in the quarter, covering 32 topics across our focus themes of social capital, natural capital, net-zero alignment and general corporate governance. Net-zero alignment remained the primary focus area, with 53% of our engagements in that area. Activities we undertook included sending emails, reviewing correspondence received, and meeting with company staff online, by phone, or in person.

One concern we wanted to address in the period was the departure of banks from the Net Zero Banking Alliance (NZBA). What we sought to learn was whether and how those firms intend to continue fulfilling their climate strategies after leaving the NZBA and given the evolving regulatory and political environment. The banks we spoke with, including JPMorgan Chase, RBC, BMO, and CIBC, all reaffirmed their climate commitments and targets. They expect to continue publishing their emissions data every year in line with industry best practices, and to report on progress against interim targets. They also remain committed to working with clients on their transition plans, with priority given to emissions-intensive sectors.

This year we have introduced a new sub-theme of “Advancing better chemistry” under our focus theme of natural capital. We engaged Nutrien and Corteva on this topic, along with other investors, to discuss with the companies how they are evolving their businesses to eliminate the use of toxic chemicals. We encouraged the companies to increase disclosure and produce a realistic roadmap that includes targets and key performance indicators.

Tactical asset allocation review – MAAP



This NEI Investments chart illustrates tactical asset allocation changes over time within NEI Managed Asset Allocation Pool, or “MAAP”, which is held in the Private Portfolios. With this chart, you can see how NEI’s investment team responds to market conditions to capture opportunities and/or reduce risk.

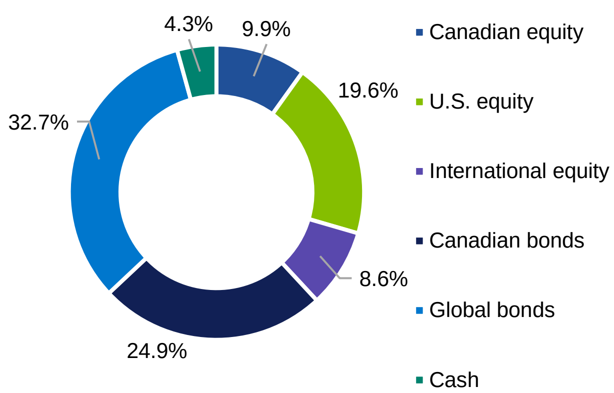
MAAP Q1 2025

In the last quarter, we strategically reduced our exposure to U.S. equities, anticipating heightened volatility stemming from uncertainty in U.S. policy directions. This move allowed us to mitigate risks associated with U.S. market fluctuations, which were driven by shifting regulatory and macroeconomic expectations. By reallocating capital away from U.S. equities, we preserved value and positioned ourselves to capitalize on opportunities in more stable markets.

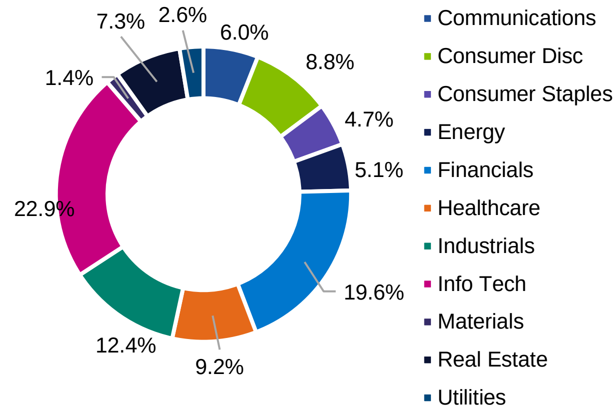
To navigate these dynamics, we increased allocations to European equities and gold, both of which offered compelling risk-adjusted opportunities. European equities were selected for their relative undervaluation and resilience, supported by steady regional growth and accommodative monetary policies. Gold, meanwhile, served as a safe-haven asset, providing a hedge against inflation and geopolitical uncertainties amplified by U.S. policy shifts. This diversified approach not only cushioned the portfolio against volatility but also enhanced its potential for long-term growth.

Portfolio characteristics

Asset class breakdown



Equity sector breakdown



	Duration	Yield to maturity
Fixed income allocation	6.66	3.65%

Asset class breakdown applies to entire portfolio. Equity sector breakdown applies to equity portion only. Sources: MSCI, FTSE, Bloomberg, NEI.

Portfolio returns

Series	Q1	YTD	1 yr	3 yr	5 yr	Since inception
W	0.26%	0.26%	7.46%	3.77%	4.23%	2.84%
WF	0.52%	0.52%	8.61%	4.87%	5.34%	3.95%

Returns for periods longer than 1 year are annualized. The inception date for the portfolio is July 16, 2019.

Asset class legend

Asset class	Index
Canadian equity	MSCI Canada Index
U.S. equity	MSCI USA Index
International equity	MSCI EAFE Index
EM equity	MSCI Emerging Markets Index
Canadian bonds	FTSE Canada Universe Bond Index
Global bonds	Bloomberg Barclays Global Aggregate Bond Index (Hedged)
Cash	FTSE Canada 91 Day T-Bill Index

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.

Series W units are available to investors making an initial investment in an NEI Private Portfolio of at least $100,000 and whose dealer has entered into a Dealer Agreement with NEI Investments that provides for distribution of Series W units. Series W units may only be purchased on a front-end sales charge option basis. NEI may vary the initial investment criteria from time to time. Series WF units are available to investors making an initial investment in units of an NEI Private Portfolio of at least $100,000, participating in programs that do not require the payment of sales charges by investors, and do not require the payment of trailing commissions to investment professionals or dealers from NEI Investments and whose dealer has entered into a Dealer Agreement with NEI that provides for distribution of Series WF units. For these investors, NEI is able to charge a lower management fee. NEI may vary the initial investment criteria from time to time.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. The MSSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to computing, computing or creating any MCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

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 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.