

NEI International Equity RS Fund

Q1 2025 Commentary



Performance

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

Sectors more exposed to the economic cycle, including Information Technology and Consumer Discretionary were amongst the weakest performing sectors in the first quarter, as uncertainty in the US surrounding tariffs and the outlook for the economy supported European stocks more broadly. That said, the strongest performing sectors skewed defensive, including Energy and Utilities. Financials also performed strongly, benefitting from strength in European banks.

Returns

Fund	3 months	6 months	YTD	1 year	3 years	5 years	10 years	Since inception ¹
NEI International Equity RS Fund Series I	4.15	0.79	4.15	9.60	9.67	8.91	6.55	N/A
NEI International Equity RS Fund Series A	3.55	-0.37	3.55	7.06	7.14	6.41	4.04	N/A
NEI International Equity RS Fund Series F	3.84	0.18	3.84	8.28	8.35	7.58	5.15	N/A
<i>Benchmark 1: MSCI EAFE NR CAD</i>	6.94	4.61	6.94	11.55	11.18	12.02	6.75	N/A

¹Source: Morningstar. As of March 31, 2025. Since inception is only provided for Funds with less than 10 years of performance.

Portfolio commentary

In terms of security selection, Information Technology (Application Software holdings), Materials (Industrial Gases), and Consumer Staples (Food & Beverage holdings) positively contributed to performance. Industrials was the largest detractor from performance, with two holdings (ABB and Schneider) trading lower through the quarter, impacted by tariff concerns and the news that DeepSeek, a Chinese company, had created an AI model at a meaningfully lower cost to competitors.

From a sector allocation perspective, relative performance modestly benefitted from the lack of exposure to the Real Estate sector. Financials detracted from performance both from a security selection and sector allocation perspective.

In terms of transactions in Q1 2025, the sub-advisor crystallized gains by trimming the existing positions in Richemont, Relx, and SAP, also trimming Qiagen given its deteriorating risk/return profile.

The sub-advisor added two new holdings to the Fund, Ashtead and ASML. Ashtead is a British industrial equipment rental company, and the owner of the Sunbelt Rentals brand, with operations in the United States, the United Kingdom, and Canada. The company provides a wide range of equipment and services for customers in commercial construction, entertainment venues, emergency response, film and TV production and many other sectors. ASML is a leading global manufacturer of lithography machines used in the production of semiconductors. Lithography is a technique that uses light to print tiny patterns on silicon. The company has more than 80% market share and its machines are essential to produce the most advanced chips. ASML is exposed to different end markets, with sales focused out of Asia.

During the period, the sub-advisor continued to build the position in Ashtead, which was added to the Fund in the quarter, as well as building the positions in Amadeus, Dassault Systems, and London Stock Exchange Group. The sub-advisor also added to DSM-Firmenich and Novo Nordisk, on an attractive valuation opportunity.

Two holdings were liquidated over the period: Sodexo and Nidec. For each of these, the sub-advisor determined that there was a deterioration in the risk/return profile.

Outlook

Given the investment criteria and portfolio characteristics, most of the companies in the Fund are well-equipped to respond to short-term volatility. In most cases, these events do not alter the underlying long-term fundamentals of the investment themes. The sub-advisor is committed to continually upgrade the risk/return profile of the fund and act on market disconnections as opportunities may arise.

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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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