

# NEI Long Short Equity Fund

## Q4 2024 Commentary

NEI

### Performance

In accordance with National Instrument 81-102, the Fund's performance data is not disclosed as the Fund has distributed securities under its prospectus for less than 12 consecutive months.

### Portfolio commentary

Positive sector contributors were stock selection in Materials and Financials. Being overweight in Information Technology and underweight Materials also added to performance.

The two top single name contributors to the fund were Celestica Inc. and NVIDIA Corporation. Celestica reported strong financial results with an increase in both its revenue and earnings comparables. The company further guided positively on a go-forward basis given the strength in their higher margin data center related businesses. Q4 completed another strong year of stock performance for NVIDIA as their market-leading chips benefit from rampant spending by customers as they expand their AI infrastructure. Optimism is starting to build as their next generation Blackwell chips ramp volume production with strong results expected in the second half of 2025.

Negative sector contributors were stock selection in Industrials and Real Estate. Being overweight Industrials and Communication Services both detracted from performance.

Two of the bottom single name detractors for the fund were Canadian Pacific Kansas City Limited and Toronto-Dominion Bank. CP detracted from performance given a slight earnings miss over the quarter coupled with a higher operating expense ratio. Overall, the sub-advisor still expects the entity to outperform on a go-forward basis given the unique synergies now inherent in the north-south compliment provided by Kansas City Southern. TD detracted from performance as well given continued pressure from its AML breach. The company paused guidance during the period as it undergoes a full strategic review. Asset caps on its business were also a surprise to the downside. Despite these challenges, the sub-advisor believes positive change is heightened because of the ongoing review.

During the period, the sub-advisor added a new position in Reddit, Inc. They see a long runway of growth in RDDT's advertising business. RDDT's ad business is nascent as it only started in 2018 despite the platform being around since 2005. However, they believe RDDT has a unique and compelling platform for contextual advertising relative to other social media peers, given the large quantity of product reviews and topic discussions happening on the site.

A holding in Imperial Oil Limited was eliminated from the Fund as the positive catalyst played out and now the valuation is expensive, so the position was exited.

### Outlook

While the sub-advisor expects some near-term economic headwinds to continue, new monetary policy easing around the world has boosted the probability of a soft landing, especially in the critical U.S. economy. Markets have overall responded bullishly to these developments, leaving investors with a not particularly great set-up for boosting risk in most markets. Given near-term hurdles, the sub-advisor believes patience is currently the best approach for investors, although buying on pullbacks in risk assets could be attractive.

As mentioned in prior write-ups, the sub-advisor expects acceleration in global growth and increasing wealth effects that will end up pulling forward the timeline in which inflationary forces begin to reappear, bringing the party to an abrupt end.

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