

Performance

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

Returns

Fund	3 months	6 months	YTD	1 year	3 years	5 years	10 years	Since inception ¹
NEI U.S. Dividend Fund Series I	10.94	12.19	24.41	32.93	11.80	9.51	10.39	N/A
NEI US Dividend Fund Series A	10.28	10.87	22.26	29.88	9.23	6.99	7.78	N/A
NEI US Dividend Fund Series F	10.57	11.46	23.21	31.21	10.35	8.09	8.94	N/A
<i>Benchmark 1: Russell 3000 Value TR CAD</i>	8.07	6.82	19.08	27.55	11.05	11.05	11.26	N/A

¹Source: Morningstar. As of September 30, 2024. Since inception is only provided for Funds with less than 10 years of performance.

On March 19th 2013, the fund benchmark was changed. Prior to this date the fund benchmark was S&P 500 TR (CAD).

Portfolio commentary

Financials (+110 bps) and Energy (+68 bps) were the sectors with the highest contribution to relative return. The holdings with the highest contribution to active return were Cogent Communications Holdings Inc. (CCOI: +36%, +68 bps), Oracle Corp. (ORCL: +21%, +57 bps), and Progressive Corp. (PGR: +22%, +51 bps). Industrials (-26 bps) and Consumer Staples (-10 bps) were the sectors with the lowest contribution to relative return. The holdings with the lowest contribution to active return were Micron Technology Inc. (MU: -21%, -87 bps), Dollar General Corp. (DG: -39%, -30 bps), and United Parcel Service Inc. (CLB) (UPS: +1%, -24 bps).

During the quarter, the Fund held 53 positions, a decrease from 55 held at the end of Q2.

Outlook

The subadvisor's outlook has remained substantially unchanged since the beginning of the year. While the Fed's obvious dovish bias eases concerns of a catastrophic policy mistake, it is much too early for investors to breathe a sigh of relief. To rein in inflation, Federal Reserve officials deliberately set the U.S. economy on a course toward recession and now they are hoping that they were able thread the needle and generate a smooth, soft landing. Looking forward, either they pulled it off and economic growth remains strong and inflation stubbornly persists above the Fed's target, or the economy starts to crack. Unfortunately, the subadvisor expects economic stress in the months ahead and fear that will be compounded by the upcoming election. Fortunately, they also expect such stress would prompt quick rate cuts which would in turn drive outperformance for dividend-focused strategies. As such, they will likely continue to follow value toward cheaper, more defensive areas, like Consumer Staples and Utilities, and tread carefully in more cyclical sectors. The increased scrutiny surrounding dividend sustainability will also play an important role in ensuring that they are aligned with the higher quality bias they believe will be successful in the coming quarters.

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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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