

# NEI Long Short Equity Fund

An alternative investment solution designed to capture more upside with less broad market risk

NEI

## Expanded opportunity set

More opportunity to generate additional alpha<sup>1</sup> via undervalued long and overvalued short securities.

## Portfolio enhancer

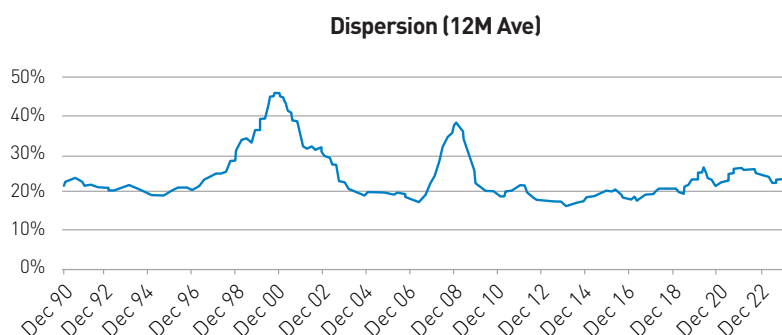
Provides some of the same exposures in traditional equity portfolios, while dampening broad market risk (targets a beta of 0.75 versus the S&P/TSX Composite Index)<sup>2</sup>.

## Downside protection

When markets decline, gains on short positions may offset losses on long positions (hedge) — resulting in better risk-adjusted returns.

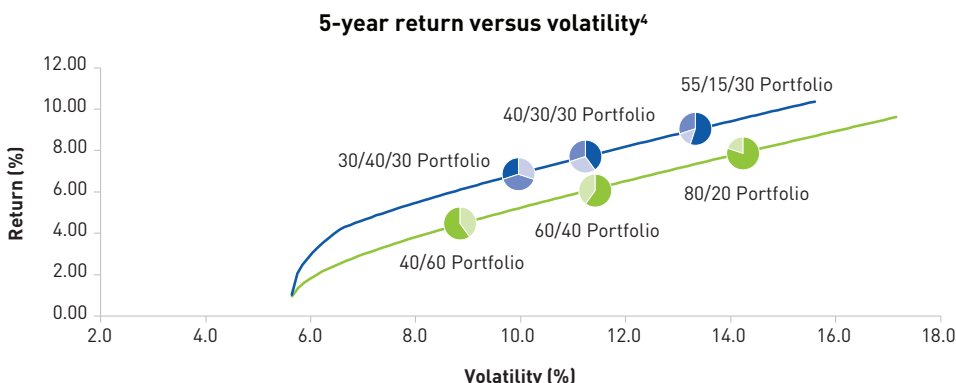
## Wider performance spreads between stocks, creates a favourable setup for long short framework

S&P 500 Dispersion (12M trailing average)<sup>3</sup>



## Alternative investments may enhance the characteristics of traditional portfolios

Challenges to meet and exceed return targets set around investor risk tolerance



## Keys to successfully investing long short

- Ability to actively invest in opposing directions
- Expertise with hedging and shorting strategies
- Proven capabilities to add value regardless of the market cycle
- Focus on generating profit, enhancing quality of return and diversification of risk

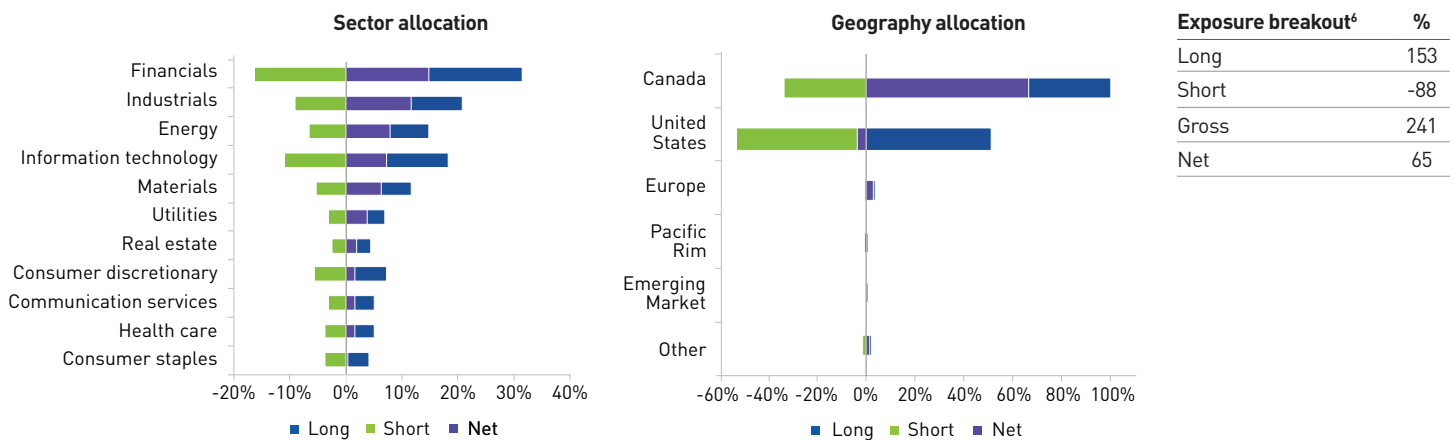
<sup>1</sup>Alpha represents excess returns versus benchmark. <sup>2</sup>Beta is a measurement of volatility relative to a benchmark. <sup>3</sup>Source: S&P Dow Jones Indices as of January 31, 2025. Dispersion refers to the range of potential outcomes of investments based on historical volatility or returns. <sup>4</sup>Source: Morningstar. From March 31, 2019 to September 30, 2024. For illustrative purposes only. Traditional efficient frontier is made of only equities and bonds, and the new efficient frontier is made of equities, bonds and alternatives. 60/40 Portfolio represents 60% equities and 40% bonds, and the 40/30/30 portfolio represents 40% equities, 30% bonds, and 30% alternatives. Equity is represented by S&P/TSX Composite Index, and Bond is represented by ICE BofA Canada Broad Market Index. Past performance is no guarantee of future performance. Weight of the alternatives is capped at 30%. The hypothetical portfolios were calculated with the benefit of hindsight and are rebalanced monthly. Hypothetical analysis involves historical performance data and simulated portfolios. In such instances, no allowance has been made for trading costs, management fees, implementation shortfalls or other costs, and are not indicative of any specific investments. Past performance, including simulated performance, is no guarantee of future performance and actual investment results may differ significantly.

## Managed by Picton Mahoney Asset Management, a specialist in Alternatives with nearly 20 years of experience managing long short strategies

1. Investment process focused on buying quality companies amidst positive change with reasonable valuations
2. Quantitative models and fundamental research uncover early-stage change ideas to create consistent portfolio characteristics over time
3. Overvalued investments are sold short to hedge the market exposure of the Fund's long positions
4. NEI's responsible investing program aims to provide further risk mitigation through exclusionary screens, ESG evaluations and stewardship of investments

## Picton Mahoney Fortified Long Short Alternative Fund

As of December 31, 2024



## Alternative approach

Long short strategy provides diversification benefits as it is not correlated with traditional investments<sup>7</sup>

Investment	3-year correlation						
	1	2	3	4	5	6	7
1 Picton Mahoney Fortified L/S Alt F <sup>5</sup>	1.00						
2 S&P/TSX Composite Dividend TR	0.84	1.00					
3 S&P 500 TR USD	0.87	0.79	1.00				
4 MSCI ACWI NR USD	0.86	0.82	0.98	1.00			
5 FTSE Canada Universe Bond	0.61	0.61	0.70	0.73	1.00		
6 Bloomberg Global Aggregate TR CAD	0.35	0.38	0.41	0.47	0.81	1.00	
7 Morningstar CAD O/N Cash GR CAD	0.26	0.11	0.35	0.36	0.39	0.48	1.00

Top 10 Long positions	%
Royal Bank of Canada	4.5
Canadian Pacific Kansas City Ltd	4.1
The Toronto-Dominion Bank	3.7
Shopify Inc Registered Shs -A- Subord Vtg	3.6
Waste Connections Inc	3.0
Enbridge Inc	2.6
Suncor Energy Inc	2.6
Canadian Natural Resources Ltd	2.4
Canadian Imperial Bank of Commerce	2.3
Bank of Nova Scotia	2.3

## NEI fast facts

- ✓ Actively managed with expected portfolio turnover of 200–300% per annum
- ✓ Highly diversified with 200–500 holdings across mostly Canada and the U.S.
- ✓ Utilizes leverage of 2.0 to 3.0 times its net assets to drive performance
- ✓ NEI's proxy voting and corporate engagement program applied across long portion of the portfolio

<sup>5</sup>All information pertaining to the Picton Mahoney Fortified Long Short Alternative Fund Class F is for informational purposes only and should not be deemed as a guide to investing. Such information does not constitute a solicitation to invest in the NEI Long Short Equity Fund or representation of future performance related to NEI Long Short Equity Fund.

<sup>6</sup>Exposure breakout categories are shown as market values, except where indicated. Notional represents the total underlying notional exposure of the derivatives positions.

<sup>7</sup>Source: Morningstar, NEI Investments as of December 31, 2024.

# NEI Long Short Equity Fund fees

Series	MER <sup>®</sup> %	Inception date
Series A	7.59	2024-01-22
Series F	6.60	2024-01-22

Hurdle rate = 2% Performance fee = 20%

Please refer to the Fund’s prospectus for details on the performance fee, what it comprises and how it is calculated and paid.

# Fund codes

Prefix: NWT

Series	FE	NL
A	155	–
F	–	555

<sup>®</sup> As of September 30, 2024.

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