

Performance

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

After a tumultuous year, the final quarter of 2023 brought with it welcome optimism thanks to tentative signals for potential interest rate cuts and the potential of a soft landing in the US in 2024. Earlier-stage growth equity assets rebounded, with many of the companies in the portfolio experiencing share price gains.

Returns

Fund	3 months	6 months	YTD	1 year	3 years	5 years	10 years	Since inception ¹
NEI Global Growth Fund I	11.93	5.56	20.55	20.55	-5.94	2.62	5.54	
NEI Global Growth Fund A	11.32	4.41	17.95	17.95	-8.05	0.24	2.93	
NEI Global Growth Fund F	11.63	5.00	19.28	19.28	-7.06	1.33	4.11	
<i>Benchmark 1: MSCI ACWI NR CAD (linked)</i>	8.29	6.88	18.92	18.92	6.97	10.94	10.43	

¹Source: Morningstar. As of Dec 31, 2023. Since inception is only provided for Funds with less than 10 years of performance.

On November 15, 2021, NEI Global Growth Fund (formerly NEI Global Equity Fund) changed its sub-advisor and its fundamental investment objectives. The purpose of the change is to enhance the environmental, social, and governance characteristics of the Fund, with a focus on growth-style equity opportunities. The performance of this Fund for the period prior to this date may have been different had the current investment objectives and strategies been in place during that period.

Portfolio commentary

The portfolio outperformed the MSCI ACWI Index on a relative basis over the period. Strong company results contributed to outperformance, with many reporting strong earnings and revenue results for the quarter.

Canadian e-commerce services provider, Shopify, achieved its first quarterly profit in two years driven by impressive revenue growth (25% year-on-year increase) and strategic cost-cutting. Meanwhile, Japanese recruitment giant, Recruit – owner of well-known platforms Glassdoor and Indeed.com, reported robust second-quarter results in November with operating profit growing by 18% year-on-year. Recruit's diversified business model which spans various human resources-related sectors such as temporary staffing, education and HR technology, has mitigated risks associated with any individual segment, thus aiding resilience.

On the other hand, Danish freight-forwarding and logistics giant, DSV, has faced a more challenging period. As well as concerns surrounding economic weakness – dampening demand for air and sea freight – it has also faced challenges brought by its 2019 acquisition of handling company, Panalpina. Higher-than-expected costs and integration delays have impacted investor confidence. Despite these challenges, DSV remains a major player in the global logistics industry with a strong track record. It continues to use this scale to help reduce the carbon intensity of its customers' logistics networks, with a significant influence on both customers and shippers. Despite its share price increasing 68% over the year, programmatic advertising platform, The Trade Desk (TTD), had a weaker final quarter. While results were solid, management's cautious outlook for Q4 raised concerns among short-term-focused investors. This outlook does, however, still far exceed the growth of the broader advertising industry (growing at ~5%), as well as that of the digital advertising industry (growing at ~10%). Longer term, the subadvisor believes that it could become the dominant ad-buying platform for the open internet, outside the walled gardens of 'Big Tech' platforms.

The subadvisor continues to take advantage of new opportunities at compelling valuations. One such example is new buy, MSA Safety. It is a purposeful company that exists to protect workers in the most hazardous environments with its flagship product being the V-Gard hard hat – a product that dominates the industry, selling over 10m units per year. It has been adding connectivity to its products which will improve safety, as well as margins. To fund this purchase, they sold a handful

of lower conviction holdings where there were questions about their resilience. UK companies, Ocado and ITM Power were two of these – both of which had negative earnings and free cashflow, making the chances of thriving through uncertain macro-environments more challenging.

Outlook

The disconnect between operating performance and share prices remains a compellingly attractive opportunity. In aggregate the Funds sales and earnings growth rates are a multiple of market levels, balance sheets are markedly stronger and reinvestment rates are superior to prior periods. Yet valuation levels are below those seen prior to the pandemic.

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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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