

# 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

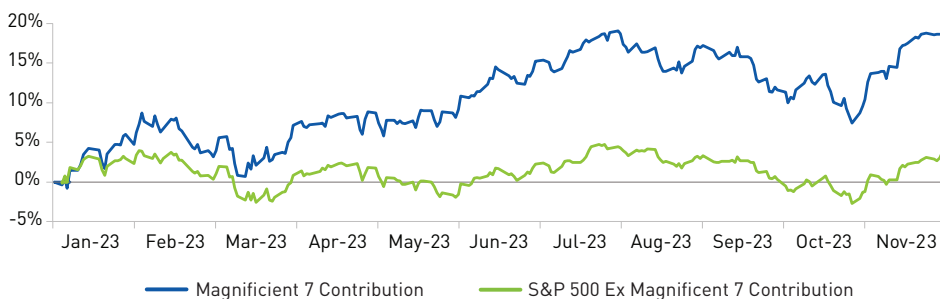
Provides some of the same exposures in traditional equity portfolios, while dampening broad market risk (targets a beta of 0.75 versus the S&P/TSX Composite Index)<sup>2</sup>.

## Downside protection

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

## Long-only investors subject to a narrow investment universe

"Largest 7 companies" dominate S&P 500 index returns in 2023<sup>3</sup>

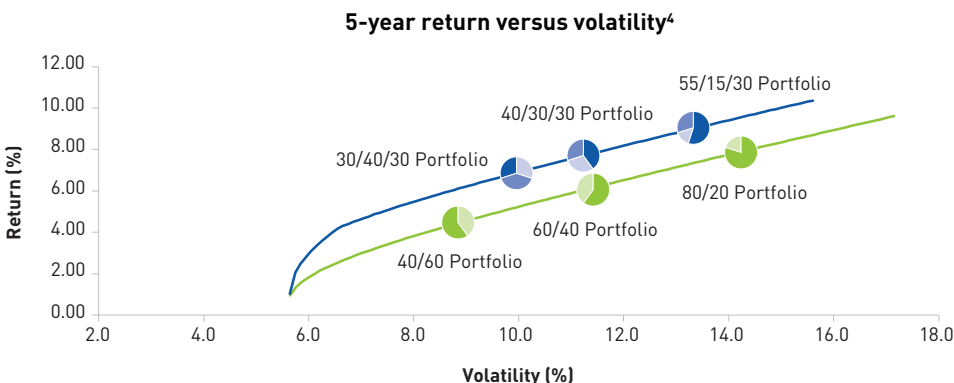


## Keys to successfully investing long short

- 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

## Alternative investments may enhance the characteristics of traditional portfolios

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



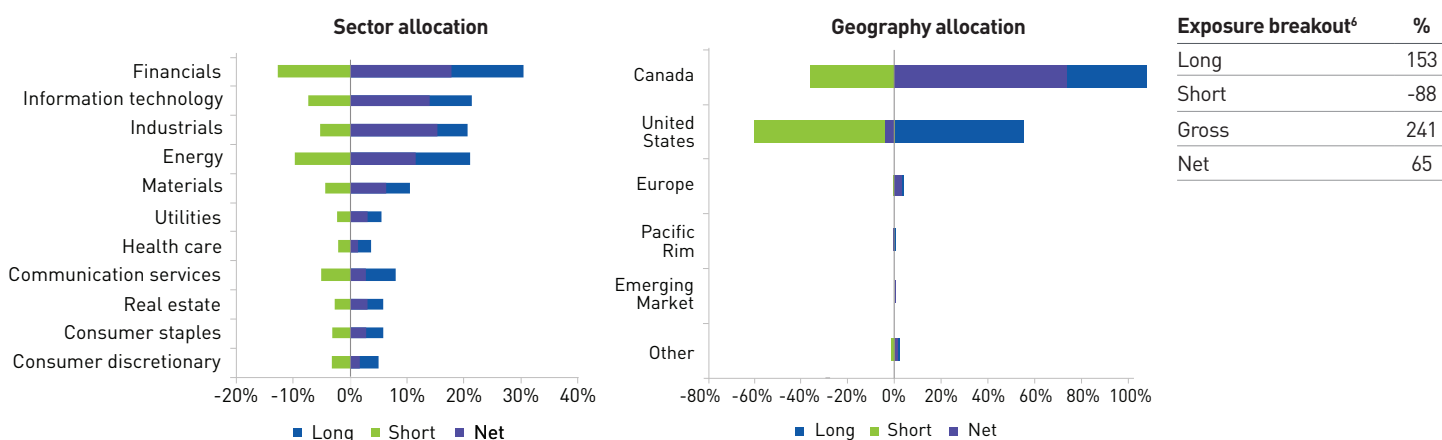
<sup>1</sup>Alpha represents excess returns versus benchmark. <sup>2</sup>Beta is a measurement of volatility relative to a benchmark. <sup>3</sup>Source: Bloomberg, NEI Investments. Data as of November 30, 2023. For illustrative purposes only. Chart highlights how a Long Short strategy may provide investment advantages by looking beyond long only investing. <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<sup>5</sup>

As of September 30, 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	1.00						
2 S&P/TSX Composite Dividend TR	0.84	1.00					
3 S&P 500 TR USD	0.86	0.79	1.00				
4 MSCI ACWI NR USD	0.87	0.83	0.98	1.00			
5 FTSE Canada Universe Bond	0.53	0.57	0.66	0.69	1.00		
6 Bloomberg Global Aggregate TR CAD	0.18	0.26	0.30	0.36	0.77	1.00	
7 Morningstar CAD O/N Cash GR CAD	0.19	0.02	0.21	0.26	0.30	0.40	1.00

Top 10 Long positions	%
Royal Bank of Canada	6.3
Canadian Pacific Kansas City Ltd	4.6
The Toronto-Dominion Bank	4.3
Waste Connections Inc	2.9
Canadian Imperial Bank of Commerce	2.9
Element Fleet Management Corp	2.7
Suncor Energy Inc	2.7
Enbridge Inc	2.5
Shopify Inc Registered Shs -A- Subord Vtg	2.3
Manulife Financial Corp	2.2

## 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 September 30, 2024.

## NEI Long Short Equity Fund fees

Series	Management fee (%)	Administration fee (%)	Inception date
Fund (series A)	2.0	0.25	2024-01-22
Fund (series F)	1.0	0.25	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
<b>A</b>	155	-
<b>F</b>	-	555

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus and/or Fund Facts before investing. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated. Series F/PF units are only available to investors who participate in eligible fee-based programs with their registered dealers that have entered into a Series F/PF Distribution agreement with NEI Investments. NEI Investments is a registered trademark of Northwest & Ethical Investments L.P. ("NEI LP"). Northwest & Ethical Investments Inc. is the general partner of NEI LP and a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is the sole limited partner of the NEI LP. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited.

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