

# NEI

NEI Funds

# **Audited annual financial statements**

September 30, 2023



# Management's Responsibility for Financial Reporting

The accompanying financial statements of the NEI Funds have been prepared by Northwest & Ethical Investments L.P. (the "Manager"), as Manager of the Funds, and have been approved by the Board of Directors of Northwest & Ethical Investments Inc., acting as general partner of Northwest & Ethical Investments L.P. The Manager is responsible for the information and representations contained in these financial statements.

The Manager has taken the necessary measures to ensure that relevant and reliable financial information is reported. The financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include certain amounts that are based on estimates and judgments. The significant accounting policies which the Manager believes are appropriate are described in Note 2 to the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements as well as overseeing the Manager's performance of its financial reporting responsibilities. It meets with the external auditors of the NEI Funds to review the financial statements, the audit process and financial reporting. It also approves these financial statements for publication.

Ernst & Young LLP is the external auditor of the NEI Funds. They have audited the financial statements in accordance with International Financial Reporting Standards for the purpose of expressing to the unitholders their opinion on these financial statements. Their Report is found on the following page.

Signed on behalf of the Board of Directors of  
**Northwest & Ethical Investments Inc.**,  
acting as general partner of  
**Northwest & Ethical Investments L.P.**  
as Manager and Trustee



William Packham  
President and Chief Executive Officer



Rodney Ancrum  
SVP, Chief Financial Officer and Chief Administrative Officer

December 13, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of:

NEI Money Market Fund	NEI Environmental Leaders Fund
NEI Canadian Bond Fund	NEI Clean Infrastructure Fund
NEI Canadian Impact Bond Fund	NEI International Equity RS Fund
NEI Global Impact Bond Fund	NEI Emerging Markets Fund
NEI Global Total Return Bond Fund	NEI Select Income RS Portfolio
NEI Global High Yield Bond Fund	NEI Select Income & Growth RS Portfolio
NEI Conservative Yield Portfolio	NEI Select Balanced RS Portfolio
NEI Balanced Yield Portfolio	NEI Select Growth & Income RS Portfolio
NEI Global Sustainable Balanced Fund	NEI Select Growth RS Portfolio
NEI Growth & Income Fund	NEI Select Maximum Growth RS Portfolio
NEI Canadian Dividend Fund	NEI Impact Conservative Portfolio
NEI Canadian Equity RS Fund	NEI Impact Balanced Portfolio
NEI Canadian Equity Fund	NEI Impact Growth Portfolio
NEI ESG Canadian Enhanced Index Fund	NEI Income Private Portfolio
NEI U.S. Dividend Fund	NEI Income & Growth Private Portfolio
NEI U.S. Equity RS Fund	NEI Balanced Private Portfolio
NEI Canadian Small Cap Equity RS Fund	NEI Growth Private Portfolio
NEI Canadian Small Cap Equity Fund	NEI Fixed Income Pool
NEI Global Dividend RS Fund	NEI Canadian Equity Pool
NEI Global Value Fund	NEI Global Equity Pool
NEI Global Equity RS Fund	NEI Managed Asset Allocation Pool
NEI Global Growth Fund	

(collectively, the "Funds")

### Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at September 30, 2023 and 2022, and the statements of comprehensive income, statements of changes in financial position and statements of cash flows for the years (periods, as applicable) then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at September 30, 2023 and 2022, and their financial performance and their cash flows for the years (periods, as applicable) then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of the Funds. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Funds prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada  
December 13, 2023

The signature of Ernst & Young LLP is written in a black, cursive script.

Chartered Professional Accountants  
Licensed Public Accountants

# NEI Global Sustainable Balanced Fund

## STATEMENTS OF FINANCIAL POSITION

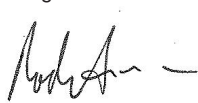
As at September 30

	2023	2022
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	1,524,516	1,060,034
Investments at fair value through profit or loss (FVTPL)	286,007,411	259,716,847
Subscriptions receivable	159,050	1,024,999
Interest, dividends and other receivables	981,736	809,608
	<u>288,672,713</u>	<u>262,611,488</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued expenses	114,054	95,268
Unrealized depreciation on derivatives	758,068	676,956
Redemptions payable	57,637	464,826
	<u>929,759</u>	<u>1,237,050</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>287,742,954</u>	<u>261,374,438</u>
<b>Data per Series (Note b)</b>		
<b>Series A</b>		
Net assets attributable to holders of redeemable units	<u>133,576,311</u>	<u>126,999,806</u>
- per unit	<u>9.45</u>	<u>9.18</u>
<b>Series F</b>		
Net assets attributable to holders of redeemable units	<u>23,084,184</u>	<u>22,979,336</u>
- per unit	<u>6.08</u>	<u>5.83</u>
<b>Series I</b>		
Net assets attributable to holders of redeemable units	<u>1,966,816</u>	<u>1,267,207</u>
- per unit	<u>18.22</u>	<u>16.42</u>
<b>Series O</b>		
Net assets attributable to holders of redeemable units	<u>8,311,403</u>	<u>6,506,829</u>
- per unit	<u>12.27</u>	<u>11.06</u>
<b>Series P</b>		
Net assets attributable to holders of redeemable units	<u>77,643,359</u>	<u>66,639,410</u>
- per unit	<u>8.95</u>	<u>8.66</u>
<b>Series PF</b>		
Net assets attributable to holders of redeemable units	<u>43,160,881</u>	<u>36,981,850</u>
- per unit	<u>9.46</u>	<u>9.05</u>

Approved on behalf of the Board of Directors of  
**Northwest & Ethical Investments Inc.**,  
 acting as general partner of  
**Northwest & Ethical Investments L.P.** as Manager and Trustee



William Packham,  
 President and Chief Executive Officer



Rodney Ancrum,  
 SVP, Chief Financial Officer and Chief Administrative Officer

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## STATEMENTS OF COMPREHENSIVE INCOME

Years Ended September 30

	2023	2022
	\$	\$
<b>Income</b>		
Interest for distribution purposes	4,258,899	3,198,963
Distributions from underlying funds	547,026	1,765,603
Foreign exchange gain (loss) on cash	(105,364)	118,373
Net realized gain (loss) on investments	(1,779,696)	(2,455,704)
Net realized gain (loss) on derivatives	1,188,950	(8,081,109)
Changes in fair value:		
Net unrealized gain (loss) on investments	24,237,261	(48,291,862)
Net unrealized gain (loss) on derivatives	(81,113)	(1,982,176)
	<u>28,265,963</u>	<u>(55,727,912)</u>
<b>Expenses (Note 5)</b>		
Management fees	3,863,029	3,910,368
Independent review committee's fees	2,670	2,479
Administration fees	750,816	757,784
Sales taxes	398,757	393,628
	<u>5,015,272</u>	<u>5,064,259</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>23,250,691</u>	<u>(60,792,171)</u>
<b>Data per Series</b>		
<b>Series A</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>11,080,879</u>	<u>(30,345,762)</u>
- per unit	<u>0.80</u>	<u>(2.30)</u>
Weighted average units	<u>13,924,212</u>	<u>13,191,816</u>
<b>Series F</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>2,286,034</u>	<u>(5,142,953)</u>
- per unit	<u>0.59</u>	<u>(1.36)</u>
Weighted average units	<u>3,846,766</u>	<u>3,781,102</u>
<b>Series I</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>135,621</u>	<u>(62,157)</u>
- per unit	<u>1.43</u>	<u>(3.61)</u>
Weighted average units	<u>94,697</u>	<u>17,199</u>
<b>Series O</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>674,741</u>	<u>(680,720)</u>
- per unit	<u>1.12</u>	<u>(3.22)</u>
Weighted average units	<u>603,291</u>	<u>211,242</u>
<b>Series P</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>5,617,330</u>	<u>(16,226,256)</u>
- per unit	<u>0.70</u>	<u>(2.23)</u>
Weighted average units	<u>8,078,163</u>	<u>7,265,863</u>
<b>Series PF</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>3,456,086</u>	<u>(8,334,323)</u>
- per unit	<u>0.82</u>	<u>(2.19)</u>
Weighted average units	<u>4,208,329</u>	<u>3,806,855</u>

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended September 30

	Series A		Series F		Series I	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Year</b>	<b>126,999,806</b>	146,424,981	<b>22,979,336</b>	26,730,050	<b>1,267,207</b>	178,747
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>11,080,879</b>	(30,345,762)	<b>2,286,034</b>	(5,142,953)	<b>135,621</b>	(62,157)
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	25,252,537	45,441,945	8,995,424	16,175,524	793,757	1,178,133
Reinvested distributions	7,224,406	8,036,048	1,049,913	1,203,239	-	-
Amounts paid for redeemable units redeemed	(29,682,866)	(34,426,850)	(10,945,094)	(14,501,792)	(229,769)	(27,516)
	<b>2,794,077</b>	19,051,143	<b>(899,757)</b>	2,876,971	<b>563,988</b>	1,150,617
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	-	-	(143,550)	(195,876)	-	-
Return of capital	(7,298,451)	(8,130,556)	(1,137,879)	(1,288,856)	-	-
	<b>(7,298,451)</b>	(8,130,556)	<b>(1,281,429)</b>	(1,484,732)	-	-
<b>Net Assets Attributable to Holders of Redeemable Units, End of Year</b>	<b>133,576,311</b>	126,999,806	<b>23,084,184</b>	22,979,336	<b>1,966,816</b>	1,267,207

Years Ended September 30

	Series O		Series P		Series PF	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Year</b>	<b>6,506,829</b>	2,414,708	<b>66,639,410</b>	66,050,315	<b>36,981,850</b>	36,557,217
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>674,741</b>	(680,720)	<b>5,617,330</b>	(16,226,256)	<b>3,456,086</b>	(8,334,323)
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	2,045,107	5,221,770	21,125,443	32,999,041	13,633,404	19,965,498
Reinvested distributions	-	-	3,855,490	4,147,184	1,576,877	1,600,493
Amounts paid for redeemable units redeemed	(915,274)	(448,929)	(15,660,508)	(16,102,021)	(10,338,478)	(10,495,896)
	<b>1,129,833</b>	4,772,841	<b>9,320,425</b>	21,044,204	<b>4,871,803</b>	11,070,095
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	-	-	-	-	(355,667)	(397,278)
Return of capital	-	-	(3,933,806)	(4,228,853)	(1,793,191)	(1,913,861)
	-	-	<b>(3,933,806)</b>	(4,228,853)	<b>(2,148,858)</b>	(2,311,139)
<b>Net Assets Attributable to Holders of Redeemable Units, End of Year</b>	<b>8,311,403</b>	6,506,829	<b>77,643,359</b>	66,639,410	<b>43,160,881</b>	36,981,850

The accompanying Notes are an integral part of these financial statements.



# NEI Global Sustainable Balanced Fund

## STATEMENTS OF CASH FLOWS

Years Ended September 30

	2023	2022
	\$	\$
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units	23,250,691	(60,792,171)
Adjustments for:		
Foreign exchange (gain) loss on cash	105,364	(118,373)
Net realized (gain) loss on investments and derivatives	590,746	10,536,813
Net unrealized (gain) loss on investments and derivatives	(24,156,148)	50,274,038
Non-cash distribution from investments	(547,026)	(1,765,603)
Proceeds from sale/maturity of investments	53,227,958	33,791,171
Investments purchased	(55,322,419)	(75,006,476)
Receivable for investments sold	-	14,703
Interest, dividends and other receivables	(172,128)	(269,942)
Accrued expenses	18,786	(78,670)
Payable for investments purchased	-	(3,041,168)
<b>Net Cash Flows from (used in) Operating Activities</b>	<b>(3,004,176)</b>	<b>(46,455,678)</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from sale of redeemable units	72,711,621	120,820,076
Amounts paid for redeemable units redeemed	(68,179,178)	(75,670,311)
Distributions paid to holders of redeemable units, net of reinvested distributions	(955,858)	(1,168,316)
<b>Net Cash Flows from (used in) Financing Activities</b>	<b>3,576,585</b>	<b>43,981,449</b>
Effect of exchange rate changes on foreign cash	(107,927)	140,473
Increase (decrease) in cash/bank overdraft	464,482	(2,333,756)
Cash (bank overdraft), beginning of year	1,060,034	3,393,790
<b>Cash (Bank Overdraft), End of Year</b>	<b>1,524,516</b>	<b>1,060,034</b>
<b>Supplemental Information on Cash Flows from (used in) Operating Activities</b>		
Interest received	4,063,259	2,972,294
Interest paid	3,740	1,105

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023

	NUMBER OF UNITS	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>Investment Funds (58.1%)</b>							
NEI Environmental Leaders Fund, Series I	8,858,511	145,442,050	167,162,759				
	<b>PAR VALUE</b>						
<b>Bonds (32.1%)</b>							
<b>Canadian Bonds (0.6%)</b>							
<b>Provincial Governments and Crown Corporations (0.1%)</b>							
Ontario Teachers' Finance Trust, Private Placement Series 144A, 1.250%, 2030-09-27	USD	300,000	391,057				313,149
<b>Corporations (0.5%)</b>							
National Bank of Canada 0.550%, floating rate from 2023-11-15, 2024-11-15	USD	400,000	514,189				539,388
Open Text, Private Placement Series 144A, 6.900%, 2027-12-01	USD	250,000	334,716				340,011
Toronto-Dominion Bank 2.800%, 2027-03-10	USD	250,000	319,600				308,598
4.456%, 2032-06-08	USD	200,000	253,110				243,825
			1,421,615				1,431,822
<b>Total Canadian Bonds</b>			1,812,672				1,744,971
<b>U.S. Bonds (21.0%)</b>							
<b>State Governments and Crown Corporations (1.2%)</b>							
California State University 2.795%, 2041-11-01	USD	500,000	626,675				442,097
2.939%, 2052-11-01	USD	250,000	313,338				216,006
State of Oregon 4.721%, 2042-05-01	USD	500,000	653,220				600,462
U.S. International Development Finance 1.440%, 2028-04-15	USD	300,000	370,785				358,040
1.650%, 2028-04-15	USD	500,000	628,225				605,596
Series 4, 3.130%, 2028-04-15	USD	500,000	636,075				637,902
University of California 5.946%, 2045-05-15	USD	500,000	713,553				690,290
			3,941,871				3,550,393
<b>Cities and Semi-Public Institutions (0.6%)</b>							
California Health Facilities Financing Authority 4.190%, 2037-06-01	USD	500,000	623,775				585,145
Commonwealth of Massachusetts Series A, 3.881%, 2031-01-15	USD	500,000	645,275				632,354
Series F, 3.277%, 2046-06-01	USD	500,000	542,588				495,074
			1,811,638				1,712,573
<b>Corporations (19.2%)</b>							
AbbVie 3.200%, 2029-11-21	USD	552,000	837,789				664,095
Advanced Drainage Systems, Private Placement Series 144A, 5.000%, 2027-09-30	USD	200,000	284,876				255,623
Series 144A, 6.375%, 2030-06-15	USD	250,000	314,400				327,209
Air Products and Chemicals 4.800%, 2033-03-03	USD	500,000	677,576				653,923
Albertsons, Private Placement Series 144A, 4.625%, 2027-01-15	USD	250,000	321,702				321,409
Allison Transmission, Private Placement Series 144A, 4.750%, 2027-10-01	USD	161,000	214,504				202,494
Series 144A, 3.750%, 2031-01-30	USD	200,000	238,257				220,295
Alphabet 1.900%, 2040-08-15	USD	1,300,000	1,471,490				1,119,929
Amazon.com 2.875%, 2041-05-12	USD	450,000	526,057				434,969
3.950%, 2052-04-13	USD	500,000	633,472				531,565
American Museum of Natural History Series 2021, 3.121%, 2052-07-15	USD	250,000	306,788				200,500
American Tower 5.900%, 2033-11-15	USD	500,000	675,570				665,196
American Tower Trust, Private Placement Series 144A, 5.490%, 2028-03-15	USD	370,000	503,546				495,310
American Water Capital 2.800%, 2030-05-01	USD	581,000	839,082				670,006
Amgen 3.000%, 2029-02-22	USD	250,000	316,656				302,170
Analog Devices 1.700%, 2028-10-01	USD	250,000	314,990				286,665
Apple 3.950%, 2052-08-08	USD	500,000	599,999				535,592
4.850%, 2053-05-10	USD	500,000	653,130				629,175
Aptiv 3.250%, 2032-03-01	USD	250,000	315,495				279,412
Ardagh Metal Packaging Finance, Private Placement Series 144A, 3.250%, 2028-09-01	USD	250,000	317,337				283,202
Series 144A, 4.000%, 2029-09-01	USD	250,000	317,479				267,314
Ashtead Capital, Private Placement Series 144A, 4.250%, 2029-11-01	USD	250,000	346,797				302,917
Assured Guaranty US Holdings 6.125%, 2028-09-15	USD	250,000	336,480				339,376
AT&T 5.400%, 2034-02-15	USD	250,000	333,352				319,606
3.500%, 2053-09-15	USD	500,000	642,317				424,772
Avantor Funding, Private Placement Series 144A, 3.875%, 2029-11-01	USD	250,000	309,947				291,504
Ball 6.875%, 2028-03-15	USD	250,000	338,414				342,164
Bank of America 5.819%, floating rate from 2028-09-15, 2029-09-15	USD	500,000	677,950				673,522
3.311%, floating rate from 2041-04-22, 2042-04-22	USD	500,000	498,981				475,897
Becton Dickinson and Company 4.298%, 2032-08-22	USD	250,000	321,512				307,732
Bellring Brands, Private Placement Series 144A, 7.000%, 2030-03-15	USD	250,000	318,525				335,478
Block 3.500%, 2031-06-01	USD	275,000	331,678				293,694
Broadcom, Private Placement Series 144A, 4.926%, 2037-05-15	USD	500,000	594,796				589,514

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023 (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>U.S. Bonds (continued)</b>					Garden Spinco, Private Placement				
Cars.com, Private Placement					Series 144A, 8.625%,				
Series 144A, 6.375%,					2030-07-20	USD	250,000	332,325	
2028-11-01	USD	250,000	332,772	310,462				355,821	
CCO Holdings, Private Placement					Georgia Power Company				
Series 144A, 7.375%,					Series A, 3.250%, 2051-03-15	USD	250,000	314,965	216,702
2031-03-01	USD	250,000	335,077	328,068	Goldman Sachs Group				
Chubb INA Holdings					0.855%, floating rate from				
4.350%, 2045-11-03	USD	250,000	387,156	281,433	2025-02-12, 2026-02-12	USD	500,000	635,175	629,882
2.850%, 2051-12-15	USD	250,000	312,656	211,758	3.210%, floating rate from				
Ciena, Private Placement					2041-04-22, 2042-04-22	USD	250,000	313,362	231,164
Series 144A, 4.000%,					Health Care REIT				
2030-01-31	USD	200,000	253,309	231,628	6.500%, 2041-03-15	USD	350,000	475,855	474,037
Citigroup					HealthEquity, Private Placement				
1.281%, floating rate from					Series 144A, 4.500%,				
2024-11-03, 2025-11-03	USD	500,000	618,125	643,057	2029-10-01	USD	250,000	319,252	294,160
Clarivate, Private Placement					Hertz, Private Placement				
Series 144A, 3.875%,					Series 144A, 5.000%,				
2028-07-01	USD	275,000	340,545	324,916	2029-12-01	USD	250,000	317,699	269,113
Clean Harbors, Private Placement					Home Depot				
6.375%, 2031-02-01	USD	250,000	334,675	331,230	2.750%, 2051-09-15	USD	500,000	625,732	405,078
Cleanway Energy Operating,					Intel				
Private Placement					5.700%, 2053-02-10	USD	250,000	334,968	319,311
Series 144A, 3.750%,					Interface, Private Placement				
2032-01-15	USD	250,000	316,375	265,409	Series 144A, 5.500%,				
Cogent Communications Holdings,					2028-12-01	USD	250,000	324,491	291,742
Private Placement					IQVIA, Private Placement				
Series 144A, 7.000%,					Series 144A, 5.000%,				
2027-06-15	USD	93,000	116,869	121,137	2027-05-15	USD	250,000	350,313	320,764
Comcast					JPMorgan Chase & Co.				
4.650%, 2033-02-15	USD	750,000	1,004,372	962,211	0.563%, floating rate from				
5.350%, 2053-05-15	USD	200,000	270,113	250,008	2024-02-16, 2025-02-16	USD	500,000	635,100	664,069
Condor Merger Sub, Private					0.768%, floating rate from				
Placement					2024-08-09, 2025-08-09	USD	500,000	626,725	647,308
Series 144A, 7.375%,					3.964%, floating rate from				
2030-02-15	USD	175,000	217,659	199,805	2047-11-15, 2048-11-15	USD	550,000	844,285	551,687
CVS Health					KLA				
5.000%, 2029-01-30	USD	200,000	270,944	263,813	4.950%, 2052-07-15	USD	250,000	302,076	299,195
5.875%, 2053-06-01	USD	700,000	951,992	884,630	Kraft Heinz Foods Company				
Darling Ingredients, Private					4.375%, 2046-06-01	USD	500,000	561,924	530,757
Placement					Leeward Renewable Energy				
Series 144A, 6.000%,					Operations				
2030-06-15	USD	375,000	477,402	484,905	Private Placement, Series 144A,				
DIRECTV Holdings, Private					4.250%, 2029-07-01	USD	300,000	365,364	338,041
Placement					Lowe's Companies				
Series 144A, 5.875%,					4.800%, 2026-04-01	USD	250,000	340,109	333,977
2027-08-15	USD	125,000	160,845	149,076	2.800%, 2041-09-15	USD	500,000	548,578	441,214
Doris Duke Charitable Foundation					5.750%, 2053-07-01	USD	250,000	339,514	320,676
Series 2020, 2.345%,					Masco				
2050-07-01	USD	330,000	292,853	246,303	2.000%, 2031-02-15	USD	500,000	629,204	524,013
DTE Electric					Massachusetts Institute of				
Series A, 1.900%, 2028-04-01	USD	500,000	625,768	591,464	Technology				
Elevance Health					Series H, 3.067%, 2052-04-01	USD	300,000	382,230	276,671
5.125%, 2053-02-15	USD	500,000	650,365	604,530	Merck & Co.				
Emerald Debt Merger, Private					3.700%, 2045-02-10	USD	400,000	667,273	417,564
Placement					MetLife				
Series 144A, 6.625%,					5.250%, 2054-01-15	USD	250,000	339,111	305,671
2030-12-15	USD	250,000	338,425	329,661	MidAmerican Energy				
Equinix					3.650%, 2029-04-15	USD	413,000	680,471	514,213
3.900%, 2032-04-15	USD	750,000	932,681	873,973	Morgan Stanley				
Fifth Third Bancorp					5.597%, floating rate from				
1.707%, floating rate from					2050-03-24, 2051-03-24	USD	900,000	1,490,960	1,153,211
2026-11-01, 2027-11-01	USD	500,000	615,962	588,869	Nasdaq				
Fiserv					5.550%, 2034-02-15	USD	350,000	461,723	453,677
5.625%, 2033-08-21	USD	500,000	667,651	661,610	Nature Conservancy				
4.400%, 2049-07-01	USD	250,000	288,923	261,915	Series A, 1.861%, 2033-07-01	USD	265,000	339,293	242,339
Five Point Operating Company,					Norfolk Southern				
Private Placement					5.050%, 2030-08-01	USD	250,000	328,990	328,625
Series 144A, 7.875%,					2.300%, 2031-05-15	USD	500,000	612,923	546,091
2025-11-15	USD	275,000	367,895	353,558	NortonLifeLock, Private Placement				
Fortrea Holdings, Private					Series 144A, 6.750%,				
Placement					2027-09-30	USD	250,000	326,903	333,325
Series 144A, 7.500%,					Series 144A, 7.125%,				
2030-07-01	USD	250,000	335,892	331,695	2030-09-30	USD	150,000	196,540	201,278
					Novant Health Care				
					2.637%, 2036-11-01	USD	500,000	632,807	491,028

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023 (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>U.S. Bonds (continued)</b>								
Olympus Water, Private Placement Series 144A, 4.250%, 2028-10-01	USD	300,000	384,300	332,597	Union Electric Company 2.150%, 2032-03-15	USD	500,000	605,015
OneMain Finance 3.500%, 2027-01-15	USD	350,000	426,580	406,970	Union Pacific 4.950%, 2053-05-15	USD	500,000	665,908
Owens-Brockway Glass Container, Private Placement Series 144A, 7.250%, 2031-05-15	USD	139,000	189,627	184,790	UnitedHealth Group 3.050%, 2041-05-15	USD	250,000	300,390
Pattern Energy Operations, Private Placement Series 144A, 4.500%, 2028-08-15	USD	250,000	345,481	297,216	5.875%, 2053-02-15	USD	500,000	675,012
PG&E Energy Recovery Funding Series A-2, 2.280%, 2036-01-15	USD	340,000	346,459	331,585	Uniti Group, Private Placement Series 144A, 4.750%, 2028-04-15	USD	250,000	314,300
Series A-2, 5.256%, 2038-01-15	USD	250,000	352,193	334,320	Series 144A, 6.500%, 2029-02-15	USD	250,000	320,960
Series A-3, 2.822%, 2046-07-15	USD	250,000	311,461	221,741	Verizon Communications 3.400%, 2041-03-22	USD	500,000	625,887
Series A-3, 5.536%, 2047-07-15	USD	375,000	501,955	519,016	2.850%, 2041-09-03	USD	500,000	629,672
PTC, Private Placement Series 144A, 4.000%, 2028-02-15	USD	200,000	251,806	244,490	Visa 3.650%, 2047-09-15	USD	488,000	845,245
Qualcomm 6.000%, 2053-05-20	USD	250,000	366,603	345,532	Warnermedia Holdings 5.141%, 2052-03-15	USD	500,000	515,512
Regal Rexnord, Private Placement Series 144A, 6.050%, 2028-04-15	USD	250,000	334,498	332,422	Waste Management 2.500%, 2050-11-15	USD	250,000	316,018
SBA Tower Trust, Private Placement Series 144A, 1.631%, 2026-11-15	USD	500,000	613,875	588,193	Welltower 2.050%, 2029-01-15	USD	250,000	306,848
Series 144A, 1.840%, 2051-10-15	USD	500,000	623,600	582,735	3.850%, 2032-06-15	USD	500,000	627,253
SCE Recovery Funding Series A-1, 4.697%, 2040-06-15	USD	250,000	336,382	316,900	Xylem 1.950%, 2028-01-30	USD	400,000	557,386
Series A-2, 2.943%, 2042-11-15	USD	345,000	418,224	353,747	ZF North America Capital, Private Placement Series 144A, 6.875%, 2028-04-14	USD	250,000	335,176
Series A-2, 5.112%, 2047-12-15	USD	250,000	336,377	308,863	ZipRecruiter, Private Placement Series 144A, 5.000%, 2030-01-15	USD	250,000	317,643
Sensata Technologies, Private Placement Series 144A, 5.875%, 2030-09-01	USD	250,000	322,985	314,177	ZoomInfo Technologies, Private Placement Series 144A, 3.875%, 2029-02-01	USD	350,000	449,463
Southwestern Public Service Company Series 8, 3.150%, 2050-05-01	USD	500,000	694,734	422,518				398,070
Standard Industries, Private Placement Series 144A, 5.000%, 2027-02-15	USD	296,000	423,677	374,189			62,216,900	55,261,425
Series 144A, 4.375%, 2030-07-15	USD	200,000	234,278	225,127				
Star Parent, Private Placement Series 144A, 9.000%, 2030-10-01	USD	100,000	136,073	137,650				
Sunnova Energy, Private Placement Series 144A, 5.875%, 2026-09-01	USD	300,000	367,963	350,331				
TerraForm Power Operating, Private Placement Series 144A, 5.000%, 2028-01-31	USD	200,000	293,671	247,457				
T-Mobile USA 5.050%, 2033-07-15	USD	500,000	644,868	631,919				
5.750%, 2054-01-15	USD	250,000	334,456	316,819				
Travelers Companies 5.450%, 2053-05-25	USD	500,000	672,601	652,150				
					<b>Total U.S. Bonds</b>		67,970,409	60,524,391
					<b>Foreign Bonds (3.2%)</b>			
					<b>Cayman Islands (0.1%)</b>			
					<b>Corporations</b>			
					Sable International Finance, Private Placement Series 144A, 5.750%, 2027-09-07	USD	250,000	329,245
								309,746
					<b>China (0.3%)</b>			
					<b>Corporations</b>			
					NXP Funding 2.500%, 2031-05-11	USD	500,000	613,165
					5.000%, 2033-01-15	USD	200,000	260,090
					<b>Total China</b>		873,255	783,376
					<b>Finland (0.1%)</b>			
					<b>Corporations</b>			
					Nokia Oyj 6.625%, 2039-05-15	USD	150,000	244,405
								184,468

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023 (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>France (0.1%)</b>					<b>Norway (0.5%)</b>				
<b>Corporations</b>					<b>State Governments and Crown Corporations</b>				
Altice France, Private Placement Series 144A, 5.125%, 2029-07-15	USD	250,000	314,112	242,957	Kommunalbanken, Private Placement Series 144A, 0.500%, 2024-10-21	USD	500,000	623,891	644,537
					Series 144A, 4.625%, 2025-10-24	USD	250,000	343,453	337,810
					Series 144A, 1.125%, 2026-10-26	USD	500,000	615,197	605,195
<b>Germany (1.0%)</b>					<b>Total Norway</b>				
<b>State Governments and Crown Corporations (0.9%)</b>									
KfW							1,582,541	1,587,542	
1.000%, 2026-10-01	USD	500,000	618,703	605,766	<b>South Korea (0.2%)</b>				
3.750%, 2028-02-15	USD	750,000	1,002,227	977,094	<b>State Governments and Crown Corporations</b>				
0.750%, 2030-09-30	USD	300,000	393,063	311,808	Export-Import Bank of Korea				
4.125%, 2033-07-15	USD	500,000	660,514	645,984	5.125%, 2033-01-11	USD	500,000	671,311	664,517
			2,674,507	2,540,652	<b>United Kingdom (0.1%)</b>				
<b>Corporations (0.1%)</b>					<b>Corporations</b>				
IHO Verwaltungs Private Placement, Series 144A, 6.375%, floating rate from 2024-05-15, 2029-05-15	USD	250,000	306,639	309,358	Vmed 02 UK Financing I, Private Placement Series 144A, 4.750%, 2031-07-15	USD	200,000	247,163	220,319
<b>Total Germany</b>					<b>Total Foreign Bonds</b>				
			2,981,146	2,850,010			9,796,482	9,170,020	
<b>Japan (0.2%)</b>					<b>Supranational Bonds (7.3%)</b>				
<b>Corporations</b>					Council of Europe Development Bank				
Toyota Motor 5.275%, 2026-07-13	USD	500,000	668,300	678,616	3.000%, 2025-06-16	USD	500,000	625,097	653,284
<b>Luxembourg (0.1%)</b>					European Investment Bank				
<b>Corporations</b>					Private Placement, Series 144A, 2.875%, 2025-06-13				
Altice France, Private Placement Series 144A, 10.500%, 2027-05-15	USD	200,000	272,377	168,415	1.375%, 2027-03-15	USD	700,000	1,077,553	916,918
<b>Netherlands (0.5%)</b>					1.375%, 2027-03-15				
<b>Corporations</b>					2.375%, 2027-05-24				
ING Groep 3.869%, floating rate from 2025-03-28, 2026-03-28	USD	500,000	629,500	655,845	3.875%, 2028-03-15	USD	500,000	632,695	605,189
ING Groep, Private Placement Series 144A, 4.625%, 2026-01-06	USD	423,000	667,182	558,838	0.750%, 2030-09-23	USD	782,000	1,229,631	978,305
VZ Secured Financing, Private Placement Series 144A, 5.000%, 2032-01-15	USD	250,000	315,945	265,371	3.750%, 2033-02-14	USD	1,000,000	1,341,328	1,312,545
<b>Total Netherlands</b>					0.750%, 2030-09-23				
			1,612,627	1,480,054	3.750%, 2033-02-14	USD	750,000	936,578	780,447
					Inter-American Development Bank				
					0.340%, 2024-10-15				
					1.500%, 2027-01-13				
					1.125%, 2028-07-20				
					2.250%, 2029-06-18				
					3.500%, 2029-09-14				
					1.125%, 2031-01-13				
					3.500%, 2033-04-12				
					International Bank for Reconstruction and Development				
					0.625%, 2025-04-22				
					0.500%, 2025-10-28				
					Stripped, 2028-03-31				
					4.625%, 2028-08-01				
					3.875%, 2030-02-14				
					International Development Association				
					Private Placement, Series 144A, 0.375%, 2025-09-23				
					International Finance Corporation				
					0.750%, 2026-10-08				
					4.500%, 2028-07-13				

The accompanying Notes are an integral part of these financial statements.



# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023 (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>Supranational Bonds (continued)</b>								
Nordic Investment Bank 0.375%, 2024-09-20	USD	500,000	632,355	646,880	Private Placement, Series 2021- B, Class A, Sequential Pay Class, 1.620%, 2048-07-20	USD	415,349	521,889
					Private Placement, Series 2021- C, Class B, Subprime, 2.330%, 2048-10-26	USD	434,624	537,420
<b>Total Supranational Bonds</b>			22,172,974	20,869,199	Hertz Vehicle Financing Private Placement, Series 2023-1A, Class B, Subprime, 6.220%, 2027-06-25	USD	350,000	468,055
<b>Total Bonds</b>			101,752,537	92,308,581	Loanpal Solar Loan Series 2021-1GS, Class A, Sequential Pay, 2.290%, 2048-01-20	USD	403,015	516,618
<b>Asset-Backed Securities (5.9%)</b>								
<b>U.S. Asset-Backed Securities (5.8%)</b>								
Avis Budget Car Rental Series 2023-8A, Class A, Sequential Pay Class, 6.020%, 2030-02-20	USD	250,000	338,842	339,429	Private Placement, Series 2021-2GS, Class A, Sequential Pay Class, 2.220%, 2048-03-20	USD	452,868	572,296
CarMax Auto Owner Trust Series 2020-3, Class D, Subprime, 2.530%, 2027-01-15	USD	500,000	669,831	656,456	Mosaic Solar Loans Private Placement, Series 2017-2A, Class C, Subprime, 2.000%, 2024-02-20	USD	31,437	40,127
College Avenue Student Loans Private Placement, Series 2021- B, Class A2, Sequential Pay Class, 1.760%, 2052-06-25	USD	331,648	408,213	384,665	Private Placement, Series 2017-2A, Class A, Sequential Pay Class, 3.820%, 2043-06-22	USD	336,001	463,857
Commonbond Student Loan Trust Private Placement, Series 2016- A, Class A1, Sequential Pay Class, 3.320%, 2040-05-25	USD	106,617	136,665	135,943	Private Placement, Series 2018-2GS, Class A, Sequential Pay Class, 4.200%, 2044-02-22	USD	175,291	218,018
Private Placement, Series 2018- BGS, Class A1, Sequential Pay Class, 3.560%, 2045-09-25	USD	96,367	131,008	121,154	Private Placement, Series 2020-1A, Class A, Sequential Pay Class, 2.100%, 2046-04-20	USD	296,967	400,787
Private Placement, Series 2018- CGS, Class A1, Sequential Pay Class, 3.870%, 2046-02-25	USD	88,577	128,572	112,365	Private Placement, Series 2020-2A, Class A, Sequential Pay Class, 1.440%, 2046-08-20	USD	338,930	441,547
Private Placement, Series 2021- AGS, Class A, Sequential Pay Class, 1.200%, 2050-08-25	USD	258,448	326,060	282,866	Private Placement, Series 2020-2A, Class C, Subprime, 3.000%, 2046-08-20	USD	135,104	177,019
Private Placement, Series 2021- BGS, Class A, Sequential Pay Class, 1.170%, 2051-09-25	USD	331,186	419,041	365,282	Private Placement, Series 2021-1A, Class A, Sequential Pay Class, 1.510%, 2046-12-20	USD	295,629	368,180
Foundation Finance Trust Private Placement, Series 2021-1A, Class A, 1.270%, 2041-05-15	USD	187,452	233,216	224,704	Private Placement, Series 2021-2A, Class B, Subprime, 2.090%, 2047-04-22	USD	351,488	433,138
Private Placement, Series 2023-1A, Class A, Sequential Pay Class, 5.670%, 2043-12-15	USD	452,396	608,888	599,361	Private Placement, Series 2022-3A, Class A, Sequential Pay Class, 6.100%, 2053-06-20	USD	226,064	312,041
Private Placement, Series 2023-2A, Class A, Sequential Pay Class, 6.530%, 2049-06-15	USD	280,000	377,168	380,340	OneMain Financial Issuance Trust Private Placement, Series 2022- S1, Class A, Sequential Pay Class, 4.130%, 2035-05-14	USD	500,000	631,395
FRTKL Private Placement, Series 2021- SFR1, Class A, Sequential Pay Class, 1.571%, 2026-09-17	USD	500,000	632,491	593,783	PACEWell 5 Trust Private Placement, Series 2021-1, Class A, Sequential Pay Class, 2.628%, 2059-10-10	USD	477,533	603,826
Goodleap Sustainable Home Private Placement, Series 2022-2CS, Class A, Sequential Pay Class, 4.000%, 2049-04-20	USD	359,160	445,352	419,761	SBA Small Business Investment Company Series 2023-10A, 5.168%, 2033-03-10	USD	495,255	668,413
Helios Issuer Series 2019-AA, Class A, Sequential Pay Class, 3.750%, 2046-06-20	USD	292,183	383,805	350,681	Series 2023-10B, 5.688%, 2033-09-10	USD	375,000	506,888
Private Placement, Series 2020- AA, Class A, Sequential Pay Class, 2.980%, 2047-06-20	USD	178,173	227,168	214,942				
Private Placement, Series 2021- A, Class A, Sequential Pay Class, 1.800%, 2048-02-20	USD	404,098	514,856	462,598				

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023 (continued)

	PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$		
<b>U.S. Asset-Backed Securities (continued)</b>									
Service Experts Issuer				Series 2019-M22, Class A2, Sequential Pay Class, 2.522%, 2029-08-25	USD	446,840	648,061	528,942	
Private Placement, Series 2021-1A, Class A, Sequential Pay Class, 2.670%, 2032-02-02	USD	302,721	381,968	374,235					
SoFi Professional Loan Program				Series 2018-M13, Class A2, Collateral Strip Rate, floating rate, 2030-09-25	USD	484,539	636,287	608,151	
Private Placement, Series 2017- A, Class C, Subprime, Available Funds Cap, floating rate, 2040-03-26	USD	230,000	301,380	284,066					
Private Placement, Series 2017- D, Class BFX, Subprime, 3.610%, 2040-09-25	USD	500,000	654,805	602,586					
Private Placement, Series 2017- F, Class BFX, Subprime, 3.620%, 2041-01-25	USD	320,000	463,083	384,319					
Private Placement, Series 2018- A, Class A2B, Sequential Pay Class, 2.950%, 2042-02-25	USD	59,235	75,530	77,667					
Private Placement, Series 2018- B, Class BFX, Subprime, 3.830%, 2047-08-25	USD	250,000	347,002	303,270					
Tesla Auto Lease Trust				Series 2023-M1S, Class A2, Sequential Pay Class, floating rate, 2033-04-25	USD	500,000	650,446	642,767	
Private Placement, Series 2021- A, Class C, Subprime, 1.180%, 2025-03-20	USD	250,000	315,398	335,589					
Private Placement, Series 2021- A, Class D, Subprime, 1.340%, 2025-03-20	USD	750,000	948,765	1,002,720					
Private Placement, Series 2021- B, Class C, Subprime, 1.120%, 2025-09-22	USD	500,000	634,466	650,964					
<b>Total U.S. Asset-Backed Securities</b>		17,985,087	16,744,077						
<b>Foreign Asset-Backed Securities (0.1%)</b>									
<b>Cayman Islands</b>									
Mill City Solar Loan				Freddie Mac					
Private Placement, Series 2019-1A, Class A, Sequential Pay Class, 4.340%, 2043-03-20	USD	116,830	159,704	138,544	Series KG01, Class A7, Multi- Family, Structured Collateral, 2.875%, 2026-04-25	USD	500,000	755,961	641,913
<b>Total Asset-Backed Securities</b>		18,144,791	16,882,621		Series KG02, Class A2, Multi- Family, Sequential Pay Class, floating rate, 2029-08-25	USD	500,000	644,538	586,198
<b>U.S. Mortgage-Backed Securities (3.3%)</b>									
Angel Oak Mortgage Trust				Series KSG1, Class A2, Multi- Family, Structured Collateral, 1.503%, 2030-09-25	USD	305,000	377,444	326,747	
Private Placement, Series 2022-5, Class A1, Available Funds Cap, Sequential Pay Class, 4.500%, 2067-05-25	USD	442,545	566,749	566,462	Series 2021-P009, Class A1, Sequential Pay Class, 1.132%, 2031-01-25	USD	407,823	471,031	469,536
Aqua Finance Trust				Series 2021-P011, Class A1, Multi-Family, Sequential Pay Class, floating rate, 2031-09-25	USD	186,477	236,425	214,468	
Private Placement, Series 2019- A, Class A, Sequential Pay Class, 3.140%, 2040-07-16	USD	112,459	139,061	141,522	Series KG07, Class A2, Multi- Family, Structured Collateral, Available Funds Cap, 3.123%, 2032-08-25	USD	250,000	313,363	288,737
Fannie Mae				Series KSG4, Class A2, Multi- Family, Structured Collateral, Available Funds Cap, floating rate, 2032-08-25	USD	250,000	299,854	295,562	
Series 2017-M2, Class A2, Collateral Strip Rate, floating rate, 2027-02-25	USD	301,922	450,258	382,367	Mosaic Solar Loans				
Series 2017-M13, Class A2, Collateral Strip Rate, floating rate, 2027-09-25	USD	409,599	545,869	513,233	Private Placement, Series 2019-1A, Class A, Sequential Pay Class, 4.370%, 2043-12-21	USD	162,069	200,264	199,383
Series 2018-M4, Class A2, Collateral Strip Rate, floating rate, 2028-03-25	USD	425,875	575,033	533,729	OneMain Financial Issuance Trust				
Series 2019-M9, Class A2, Multi-Family, Sequential Pay Class, 2.937%, 2029-04-25	USD	316,919	439,094	388,055	Private Placement, Series 2022-3A, Class A, Sequential Pay Class, 5.940%, 2034-05-15	USD	250,000	339,589	337,673
					Progress Residential Trust				
					Private Placement, Series 2022- SFR1, Class A, Subprime, 2.709%, 2029-02-17	USD	497,959	634,697	575,683
					SLG Office Trust Commercial Mortgage				
					Private Placement, Series 2021- OVA, Class A, Sequential Pay Class, 2.585%, 2041-07-15	USD	500,000	589,781	531,215

The accompanying Notes are an integral part of these financial statements.

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT SEPTEMBER 30, 2023 (continued)

	PAR VALUE	COST \$	FAIR VALUE \$
<b>U.S. Mortgage-Backed Securities (continued)</b>			
Tricon American Homes			
Private Placement, Series 2020- SFR2, Class A, Sequential Pay Class, 1.482%, 2039-11-17	USD 493,080	629,006	564,541
<b>Total U.S. Mortgage-Backed Securities</b>		10,525,258	9,653,450
<b>Total Investments (99.4%)</b>		<u>275,864,636</u>	<u>286,007,411</u>
<b>Unrealized Depreciation on Derivatives (TABLE 1) (-0.3%)</b>			<u>(758,068)</u>
<b>Other Net Assets (0.9%)</b>			<u>2,493,611</u>
<b>Net Assets (100.0%)</b>			<u>287,742,954</u>

TABLE 1

	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED APPRECIATION \$
Foreign Currency Forward Contracts						
Unrealized Depreciation on Sale of Foreign Currencies for Canadian Dollars						
U.S. Dollar	1	October 2023	1.3492	89,351,395	120,550,820	<u>(758,068)</u>
Unrealized Depreciation on Derivatives						<u>(758,068)</u>

The accompanying Notes are an integral part of these financial statements.



# NEI Global Sustainable Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION

### a) Establishment of the Fund (Note 1)

The NEI Global Sustainable Balanced Fund (the "Fund") is an unincorporated mutual fund trust. The establishment date for each series of the Fund is the date set out in the simplified prospectus as the start date for that series, as listed below:

Series A	Series F	Series I
June 1, 1989	July 25, 2006	December 23, 1998
Series O	Series P	Series PF
June 29, 2018	December 3, 2018	December 3, 2018

### b) Units (Note 4)

#### Issued and Outstanding Units

	Number of Units, Beginning of Year	Units Issued	Reinvested Units	Units Redeemed	Number of Units, End of Year
Series A					
September 30, 2023	13,838,096	2,540,703	730,486	2,979,363	14,129,922
September 30, 2022	12,137,984	4,077,111	757,409	3,134,408	13,838,096
Series F					
September 30, 2023	3,938,228	1,408,275	166,024	1,716,435	3,796,092
September 30, 2022	3,523,345	2,318,272	179,250	2,082,639	3,938,228
Series I					
September 30, 2023	77,187	43,210	-	12,458	107,939
September 30, 2022	8,966	69,802	-	1,581	77,187
Series O					
September 30, 2023	588,106	162,649	-	73,627	677,128
September 30, 2022	179,642	442,892	-	34,428	588,106
Series P					
September 30, 2023	7,696,528	2,235,948	412,608	1,669,216	8,675,868
September 30, 2022	5,818,981	3,080,754	415,869	1,619,076	7,696,528
Series PF					
September 30, 2023	4,087,146	1,366,175	160,547	1,051,605	4,562,263
September 30, 2022	3,117,055	1,835,549	154,896	1,020,354	4,087,146

### c) Distributions

All distributions made by the Fund are automatically reinvested in additional units of the same series that paid the distribution unless notification to the contrary is received in writing at least 5 days in advance to receive a cash payment. All distributions reinvested are made without an acquisition charge.

The schedule of distributions, which may consist of net investment income, net realized capital gains and/or return of capital, is as follows:

Series A	Series F	Series I
Monthly	Monthly	Quarterly
Series O	Series P	Series PF
Quarterly	Monthly	Monthly

In addition, the Fund will, prior to the end of each year, distribute any excess net income and net realized capital gains to its unitholders.

### d) Management Fees and Other Expenses (Note 5)

The annual management fee rates, for 2023 and 2022, are as follows:

	Series A %	Series F %	Series P %
September 30, 2023	1.70	0.70	1.50
September 30, 2022	1.70	0.70	1.50
	Series PF %		
September 30, 2023	0.50		
September 30, 2022	0.50		

The annual administration fee rates, for 2023 and 2022, are as follows:

	Series A %	Series F %	Series O %
September 30, 2023	0.30	0.25	0.04
September 30, 2022	0.30	0.25	0.04
	Series P %	Series PF %	
September 30, 2023	0.25	0.20	
September 30, 2022	0.25	0.20	

Series I unitholders negotiate and pay management and administration fees directly to the Manager.

Series O unitholders negotiate and pay management fees directly to the Manager.

### e) Related Party Transactions (Note 6)

Accrued expenses payable to related parties, presented in the Statement of Financial Position, are as follows:

	September 30, 2023 \$	September 30, 2022 \$
	114,054	95,268

The Fund has received income, during the year, from its investment in underlying funds. This income is presented in the following table:

	September 30, 2023 \$	September 30, 2022 \$
Distributions from underlying funds	547,026	1,765,603

### f) Financial Instruments Disclosures (Note 7)

#### Strategy in Using Financial Instruments

##### Investment Objective

The Fund aims to generate a combination of income and capital appreciation over the long-term by investing in a globally diversified portfolio of equity and fixed income securities which fit within the Fund's definition of responsible investing.

The Fund follows a responsible approach to investing, as described in the Simplified Prospectus of the Fund.

#### Financial Instruments Fair Value Measurement

##### Hierarchy of Financial Instruments Measured at Fair Value

The following tables categorize the Fund's financial assets fair value measurement according to a three-level hierarchy. The methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. Fair value measurement is described in the "Significant Accounting Policies" section of Note 2.

# NEI Global Sustainable Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION (continued)

### Fair Value Hierarchy (in \$'000)

September 30, 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at FVTPL</b>				
Bonds	26,914	64,777	617	92,308
Related Investment Funds	167,163	-	-	167,163
Mortgage-Backed Securities	6,737	2,916	-	9,653
Asset-Backed Securities	-	16,883	-	16,883
<b>Total</b>	<b>200,814</b>	<b>84,576</b>	<b>617</b>	<b>286,007</b>
<b>Financial liabilities at FVTPL</b>				
Derivative Financial Instruments	-	758	-	758
<b>Total</b>	<b>-</b>	<b>758</b>	<b>-</b>	<b>758</b>

September 30, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at FVTPL</b>				
Bonds	23,645	57,044	-	80,689
Related Investment Funds	151,262	-	-	151,262
Mortgage-Backed Securities	6,267	2,285	-	8,552
Asset-Backed Securities	-	19,214	-	19,214
<b>Total</b>	<b>181,174</b>	<b>78,543</b>	<b>-</b>	<b>259,717</b>
<b>Financial liabilities at FVTPL</b>				
Derivative Financial Instruments	-	677	-	677
<b>Total</b>	<b>-</b>	<b>677</b>	<b>-</b>	<b>677</b>

### Transfers between Levels 1 and 2

During the years ended September 30, 2023 and 2022, there were no transfers of securities between Levels 1 and 2.

### Classification of Level 3 (in \$'000)

As at September 30, 2023, the Fund has financial instruments requiring Level 3 valuation. Fair value measurements are derived from valuation techniques. The substitution of one or more data from these techniques by one or several reasonably possible assumptions should not result in significant changes in the fair value of these investments. The following table explains the classification of fair value within Level 3:

	Financial instruments	Fair value \$	Valuation techniques	Unobservable inputs	Range
September 30, 2023	International Bank for Reconstruction and Development, Stripped, 2028-03-31	617	Portfolio Manager's Valuation	Net asset value	-

As at September 30, 2022, the Fund has no financial instruments classified within Level 3.

### Reconciliation of Level 3 Measured at Fair Value (in \$'000)

The following table summarizes a reconciliation of movements on Level 3 financial instruments between the beginning and end of the year:

September 30, 2023	Total \$
<b>Balance, Beginning of Year</b>	<b>-</b>
Proceeds from sale of investments	-
Investments purchased	649
Net realized gain (loss)	-
Net unrealized gain (loss)	(32)
Transfers to (from) level 3	-
<b>Balance, End of Year</b>	<b>617</b>
<b>Change in Net Unrealized Gain (Loss) of the Year for Securities Held as at September 30, 2023</b>	<b>(32)</b>

### Financial Instruments Risks

As a portion of the Fund's Net Assets Attributable to Holders of Redeemable Units are invested in underlying funds, the Fund may be indirectly exposed to currency, interest, concentration or credit risks. Thus, only direct exposure to risks arising from the Fund's financial instruments is presented.

### Underlying Funds Risk Management

The Fund's portfolio manager makes sure that the underlying funds' portfolio manager manages financial risks. Each month, the Fund's portfolio manager receives the underlying funds' investment portfolios to analyze the management style and compares performance against the Fund's benchmarks. Every quarter, the Fund's portfolio manager receives detailed quarterly documents featuring an analysis of performance, sector allocations and the underlying funds' top positions. To obtain the detail of underlying funds' risks, you can view the underlying funds' financial statements on the website neiinvestments.com or contact NEI Investments using the information in Note 8.

### Currency Risk (in \$'000)

The Fund's exposure to currency risk is presented in the table below. Amounts shown represent monetary and non-monetary items (including the notional amount of foreign exchange forward contracts). The table also illustrates the potential impact on the Net Assets Attributable to Holders of Redeemable Units if the Canadian dollar had strengthened or weakened by 3% in relation to each of the other currencies, with all other variables held constant.

September 30, 2023	Financial Assets \$	Financial Liabilities \$	Net Exposure \$	Impact on Net Assets Attributable to Holders of Redeemable Units \$
USD	120,941	121,309	(368)	11

September 30, 2022	Financial Assets \$	Financial Liabilities \$	Net Exposure \$	Impact on Net Assets Attributable to Holders of Redeemable Units \$
USD	110,069	111,723	(1,654)	50

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

# NEI Global Sustainable Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION (continued)

### Interest Rate Risk (in \$'000)

The following table summarizes the Fund's exposure to interest rate risk. It includes the Fund's financial assets and liabilities at fair value, categorized by the earlier of contractual re-pricing or maturity dates. The table also illustrates the impact on the Net Assets Attributable to Holders of Redeemable Units, had prevailing interest rates changed by 1.00%, assuming a parallel shift in the yield curve, with all other variables held constant.

	Less than 1 Year \$	1 to 5 Years \$	5 to 10 Years \$	Greater than 10 Years \$	Total \$	Impact on Net Assets Attributable to Holders of Redeemable Units \$
September 30, 2023	8,750	36,375	34,786	40,458	120,369	7,059
September 30, 2022	8,686	29,700	36,619	34,510	109,515	6,432

The impact on the Net Assets Attributable to Holders of Redeemable Units is based on portfolio's fixed income securities as well as portfolio's underlying investment funds and index-based investments exposed to interest rate risk, if any.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

### Concentration Risk

The following table summarizes the concentration risk, as a percentage of the Fund's Net Assets Attributable to Holders of Redeemable Units:

September 30, 2023 Market Segment	%	September 30, 2022 Market Segment	%
Investment Funds		Investment Funds	
Growth	58.1	Growth	57.9
U.S. Bonds		U.S. Bonds	
Corporations	19.2	Corporations	18.5
State Governments and Crown Corporations	1.2	Cities and Semi-Public Institutions	1.1
Cities and Semi-Public Institutions	0.6	State Governments and Crown Corporations	1.1
Supranational Bonds	7.3	Supranational Bonds	7.2
Foreign Bonds	3.2	Foreign Bonds	2.2
Canadian Bonds	0.6	Canadian Bonds	0.8
Asset-Backed Securities	5.9	Asset-Backed Securities	7.4
U.S. Mortgage-Backed Securities	3.3	U.S. Mortgage-Backed Securities	3.2
Derivative Financial Instruments	(0.3)	Derivative Financial Instruments	(0.3)
Other Net Assets	0.9	Other Net Assets	0.9
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

### Price Risk (in \$'000)

The Manager's estimate of the impact on Net Assets Attributable to Holders of Redeemable Units as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

Benchmarks	Change in Price %	Impact on Net Assets Attributable to Holders of Redeemable Units September 30, 2023 \$
60% MSCI ACWI NR Index (C\$)	3.00	5,975
40% Bloomberg Barclays U.S. Aggregate Index (C\$ Hedged)	1.00	1,328

The Manager's best estimate of the impact on Net Assets Attributable to Holders of Redeemable Units as a result of a reasonably possible changes in benchmarks, with all other variables held constant, is as follows:

Benchmarks	Change in Price %	Impact on Net Assets Attributable to Holders of Redeemable Units September 30, 2022 \$
60% MSCI ACWI NR Index (C\$)	3.00	4,705
40% Bloomberg Barclays U.S. Aggregate Index (C\$ Hedged)	1.00	1,045

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

# NEI Global Sustainable Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION (continued)

### **Credit Risk**

As at September 30, 2023 and 2022, the Fund's credit risk concentration is separated between fixed-income securities and derivative financial instruments. Their fair values include consideration of the issuers' creditworthiness and accordingly, represent the Fund's maximum exposure to credit risk.

### **Portfolio's Fixed-Income Securities by Credit Rating Category**

Credit Rating	Percentage of Fixed-Income Securities	
	September 30, 2023	September 30, 2022
	%	%
AAA	34	27
AA	10	12
A	16	14
BBB	18	19
BB	7	7
B	6	7
CCC	1	1
NOT RATED	8	13
<b>Total</b>	<b>100</b>	<b>100</b>

As at September 30, 2023, the counterparties to derivative financial instruments have a credit rating of at least "A-1" from *Standard & Poor's* ("A-1" as at September 30, 2022).

### **Liquidity Risk**

For further information on the maturity of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

## **g) Seed Capital**

The Manager had the following seed capital investments:

	Seed Capital	Percentage Ownership
	\$	%
September 30, 2023	1,227	-
September 30, 2022	1,106	-

## **h) Income Taxes – Loss Carry Forward (Note 2)**

Capital and non-capital losses determined for tax purposes as at December 15, 2022, which is the taxation year-end, are as follows:

Capital Losses	Non-Capital Losses	
	Amount	Year of Expiry
Amount	Amount	
\$	\$	
8,268,976	858,894	2033
-	1,323,207	2036
-	887,379	2041
-	991,127	2042

# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022

Throughout the Notes to the Financial Statements, “we”, “NEI LP” or “NEI” refers to Northwest & Ethical Investments L.P., the Manager of the Funds.

Throughout the Notes to the Financial Statements, “Unitholders” refers to Holders of redeemable units.

### 1. ESTABLISHMENT OF THE FUNDS

NEI LP acts as the Manager of the NEI Funds, collectively called “the Funds”. Its head office is located at 151 Yonge Street, Suite 1200, Toronto, ON, M5C 2W7.

The Funds are all mutual fund trusts or unit trusts subject to the laws of Ontario.

The information provided in these financial statements and notes thereto is as at September 30, 2023 and 2022, and for the 12-month periods ended on those dates except for the Fund established during either period, in which case the information provided relates to the period from inception to September 30, 2023 and 2022, as applicable.

Funds	Inception date
NEI Clean Infrastructure Fund	March 1, 2022
NEI Canadian Impact Bond Fund	June 29, 2023
NEI Impact Conservative Portfolio	June 29, 2023
NEI Impact Balanced Portfolio	June 29, 2023
NEI Impact Growth Portfolio	June 29, 2023

For the Fund established in either year, the “period” represents the period from the beginning of operations to September 30 of that financial year. The establishment date is described in Note a) of the Notes to the Financial Statements – Specific Information of the Fund.

The main activities of the Funds are disclosed in the section “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PRESENTATION

##### Statement of Compliance

The policies applied in the preparation of these financial statements are in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have been authorized for issue by the NEI LP Board of Directors on December 12, 2023.

#### SIGNIFICANT ACCOUNTING POLICIES

The significant measurement and presentation policies applied to prepare these financial statements are described below.

##### Financial Instruments

The Funds’ financial instruments include, where applicable, cash and equivalents, investments, derivatives, interest, dividends and other receivables, receivable for investments sold, subscriptions receivable, cash guarantee received for repurchase transactions, payable for investments purchased, distributions payable to unitholders, accrued expenses, liabilities, redemptions payable and commitments related to repurchase transactions. Financial instruments are recognized on the date that the Funds become a party to the contractual provisions of the instrument, namely the trade date of the financial instrument.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all the risks and rewards of ownership.

##### Classification and Measurement

The Funds classify and measure financial instruments in accordance with IFRS 9, *Financial Instruments*. Under IFRS 9, financial assets are measured at amortized cost or at Fair value through profit or loss (“FVTPL”) depending on the contractual cash flow characteristics and the business model for managing the financial assets.

The portfolios of financial assets are managed, and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets’ performance and to make decisions. The contractual cash flows of the Funds’ debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds’ business model’s objective. Consequently, all investments are measured at FVTPL.

The Funds’ obligation concerning net assets attributable to holders of redeemable units is recorded at the redemption amount which approximates fair value. The accounting policies used to measure the fair value of investments and derivative financial instruments are identical to those used in measuring the net asset value for transactions with holders of redeemable units, except when the closing price for financial assets and liabilities is not within the bid-ask spread.

As at September 30, 2023 and 2022, there are no differences between the Funds’ net asset value per unit for transactions and their net assets per unit attributable to holders of redeemable units in accordance with IFRS.

##### Classification of Units Issued by the Funds

The Funds’ outstanding units qualify as “puttable instruments” as required by the IAS 32: *Financial Instruments: Presentation* (“IAS 32”). The Funds’ outstanding units are classified as financial liabilities in these financial statements as they do not meet the definition of puttable instruments to be classified as equity.

##### Impairment of Financial Assets

The impairment model is applicable to financial assets except for financial instruments at FVTPL or designated at fair value through other comprehensive income.

With respect to other financial assets measured at amortized cost, the Funds consider both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statements date, all financial assets measured at amortized cost are due to be settled within the short term. The Funds consider that the risk of default on these financial assets is low, and that the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Funds to credit risk from financial assets recorded at amortized cost, no loss allowance has been recognized as no such impairment will have a significant impact on the financial statements.

##### Determination of the Fair Value of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the valuation date. The Funds use the closing price for both financial assets and financial liabilities when this price falls within the bid-ask spread. In circumstances when the closing price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivative financial instruments, is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each valuation date.

Valuation techniques include the use of comparable recent arm’s length transactions, the fair value of other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which use observable inputs. Refer to Note 7 “Financial Instruments Disclosures” for further information about the Funds’ fair value measurements.

##### Cash

Cash (bank overdraft) is measured at cost, which closely approximates fair value.

##### Money Market Securities

Money market securities are recorded at cost including accrued interest, which closely approximates fair value.

##### Equities, Index-Based Investments and Exchange Traded Funds

Equities, index-based investments and exchange traded funds (ETFs) are recorded at the closing price of the stock exchange on which the corresponding security is principally traded. ETFs that are thinly traded are valued at the average of the closing bid and ask prices. Unlisted warrants are valued with a recognized valuation model such as Black-Scholes.

# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022 (continued)

### ***Bonds, Mortgage-Backed Securities and Asset-Backed Securities***

Bonds, mortgage-backed securities and asset-backed securities are valued based on closing prices obtained from recognized securities dealers.

### ***Investment Funds***

The underlying funds' units are generally valued based on the net asset value per unit provided by the underlying fund's manager at each valuation day, except for private equity funds which are discussed under section "Valuation of Unlisted Securities and Other Investments".

### ***Derivative Financial Instruments***

Certain Funds may use an array of derivative financial instruments such as foreign currency forward contracts, forward contracts, interest rate swaps, credit default swaps, to-be-announced ("TBA"), futures contracts and options for hedging purposes or purposes other than hedging, or both.

### **Foreign Currency Forward Contracts, Forward Contracts, Interest Rate Swaps, Credit Default Swaps and TBA**

The fair value of these instruments corresponds to the gains or losses that would result upon contract settlement on the valuation date; this value is recorded in "Unrealized appreciation (depreciation) on derivatives" in the Statements of Financial Position.

### **Futures Contracts**

Futures contracts are valued at fair value and are settled daily through brokers. Any amounts receivable (payable) from the settlement of futures contracts are recorded in "Receivable (Payable) on futures contracts" in the Statements of Financial Position.

### **Options**

Options listed on a stock exchange are valued according to fair value based on the closing price of the principal stock exchange on which the option is being traded for long positions and the ask price for short positions. Unlisted options are valued with a recognized valuation model such as Black-Scholes.

### ***Valuation of Unlisted Securities and Other Investments***

When the above-mentioned valuation principles of the investments are not applicable, fair value is determined according to the Manager's best estimates, based on established valuation procedures and on prevailing market conditions on each valuation date. These procedures cover, among others, securities no longer traded, securities issued by private corporations and illiquid securities. For further information, refer to Note 3 "Critical Accounting Judgments, Estimates and Assumptions".

### ***Investment Transactions***

Investment transactions are accounted for on the trade date. Cost is determined on an average cost basis except for money market securities, for which the cost is determined using the First-In, First-Out method. The average cost does not include amortization of premiums or discounts on fixed-income securities except for stripped bonds. Portfolio transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds are recognized in the Statements of Comprehensive Income. The difference between the unrealized appreciation (depreciation) of investments at the beginning and at the end of the year is included in "Net unrealized gain (loss) on investments" in the Statements of Comprehensive Income. On disposal of an investment, the difference between the fair value and the cost of the investment is included in "Net realized gain (loss) on investments" in the Statements of Comprehensive Income.

### ***Securities Lending Activities and Repurchase Agreements***

Since June 2020, certain Funds may enter into securities lending and repurchase agreements through the securities lending program of the Funds' custodian, Desjardins Trust Inc. ("Desjardins Trust").

### **Securities Lending**

The securities on loan are included in the Schedule of Investment Portfolio and are included in the total value in the Statements of Financial Position, as substantially all the risks and rewards of ownership of these securities are retained by the Funds.

To limit the risk that the counterparty fails to fulfill its obligations, the Funds obtain collateral, representing at least 102% of the contract amount, determined daily based on the fair value of the previous business day's securities loaned. Securities received as collateral in securities lending are not included in the Statements of Financial Position, as substantially all the risks and rewards of ownership of these securities have not been transferred to the Funds. Any cash collateral received is included in the Statements of Financial Position in "cash collateral received for securities on loan", as applicable.

For those Funds engaged in securities lending, the amount of securities loaned and the value of collateral received is disclosed in the "Schedule of Investment Portfolio", where applicable.

Revenue generated through Desjardins Trust's securities lending is shared by the Fund and Desjardins Trust at the rate presented in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund. This revenue is included in "Revenue from securities lending activities" in the Statements of Comprehensive Income.

### **Repurchase Agreements**

In a repurchase agreement, a Fund sells a security to a third party and agrees to buy the same, or substantially the same, security back from the third party at a predetermined price and date.

To limit the risk that the counterparty fails to fulfill its obligations, the Funds obtain collateral, combination of cash and securities, representing at least 102% of the contract amount, determined daily based on the fair value of the previous business day's repurchase transactions. Securities received as collateral in repurchase transactions are not included in the Statements of Financial Position, as substantially all the risks and rewards of ownership of these securities have not been transferred to the Funds.

Cash guarantees received for repurchase transactions are recognized as financial assets in the Statements of Financial Position, in "Cash guarantee received for repurchase transactions". A liability representing the obligation to repurchase the securities is recognized in "Commitments related to repurchase transactions". Desjardins Trust, as the Funds' custodian, may use the cash guarantees to buy investments to generate revenue, which is shared by the Fund and Desjardins Trust at the rate presented in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund. This revenue is included in "Revenue from securities lending activities" in the Statements of Comprehensive Income.

### ***Offsetting Financial Assets and Financial Liabilities***

A financial asset and a financial liability offset in the Fund's Statement of financial position when, and only when, the Fund has a legally enforceable and unconditional right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Fund has a legally enforceable and unconditional right to set off a financial asset and a financial liability when such right is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Over-the-counter derivative financial instruments, securities lending and repurchase agreements, receivable for investments sold and payable for investments purchased are subject to master netting or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, as they give a right to an offset that is enforceable only in the event of default, insolvency or bankruptcy.

The table presenting financial assets and liabilities that are subject to a master netting agreement or similar agreement is presented in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund, if applicable.

### ***Other Assets and Liabilities***

Margin deposited on derivatives, receivable on futures contracts, subscriptions receivable, receivable for investments sold, cash guarantee received for repurchase transactions as well as interest, dividends and other receivables are measured at amortized cost.

Similarly, accrued expenses, payable on futures contracts, redemptions payable, payable for investments purchased, commitments related to repurchase transactions, interest, dividends and other payables, as well as distributions payable, are measured at amortized cost.

Given the short-term nature of other assets and liabilities, their carrying amount closely approximates their fair value.

### ***Income***

Interest for distribution purposes from investments in debt securities presented in the Statements of Comprehensive Income is recognized as it is earned. The Funds do not amortize premiums paid or discounts received on the purchase of debt securities except for stripped bonds. Dividends are recognized as income on the ex-dividend date. Income received from ETFs and income trusts are included in "Dividends". Notional distributions received from ETFs are considered non-cash transactions and increase the average costs for those ETFs. Amounts from investments that are treated as a return of capital for income tax purposes reduce the average cost of those investments. Foreign interest and dividend income are accounted for on a gross basis and are included in the "Income" section of the Statements of Comprehensive Income.



# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022 (continued)

The net income from Limited Partnership includes income attributed for tax purposes and are presented in “Distributions from underlying funds”. Distributions received from underlying funds are recorded at the date of distribution. They are included in “Distributions from underlying funds” in the Statements of Comprehensive Income.

Distributions received in the form of units from underlying funds are presented as “Non-cash distribution from investments” in the Statements of Cash Flows.

Upon settlement of derivative financial instruments contract, the gains and losses from derivative financial instruments held for hedging purposes are included in “Net realized gain (loss) on derivatives” in the Statements of Comprehensive Income. Gains and losses from derivative financial instruments held for purposes other than hedging are included in “Net income (loss) from derivatives” in the Statements of Comprehensive Income.

### Foreign Currency Translation

The Funds’ financial statements, subscriptions and redemptions are denominated in Canadian dollars, which is the Funds’ functional and presentation currency. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate on each valuation date. Purchases and sales of securities, as well as income and expenses denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates.

Foreign exchange gains and losses relating to cash are presented as “Foreign exchange gain (loss) on cash” and those relating to other financial assets and liabilities are presented within “Net realized gain (loss) on investments” and “Net unrealized gain (loss) on investments” in the Statements of Comprehensive Income.

Amount in currencies are presented using the following abbreviations:

Abbreviation	Currency	Abbreviation	Currency
AUD	Australian Dollar	JPY	Japanese Yen
BRL	Brazilian Real	KRW	South Korean Won
CAD	Canadian Dollar	MXN	Mexican Peso
CHF	Swiss Franc	NOK	Norwegian Krone
CLP	Chilean Peso	NZD	New Zealand Dollar
CNY	Chinese Yuan Renminbi	PHP	Philippine Peso
CZK	Czech Republic Koruna	PLN	Polish Zloty
DKK	Danish Krone	SAR	Saudi Riyal
EUR	Euro	SEK	Swedish Krona
GBP	Pound Sterling	SGD	Singapore Dollar
HKD	Hong Kong Dollar	THB	Thai Baht
HUF	Hungarian Forint	TRY	Turkish Lira
IDR	Indonesian Rupiah	TWD	Taiwan Dollar
ILS	Israeli Shekel	USD	United States Dollar
INR	Indian Rupee	ZAR	South African Rand

### Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit, presented in the Statements of Comprehensive Income, is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the average number of units outstanding during the year.

### Income Taxes

Under the *Income Tax Act* (Canada), each Fund, except the Funds below, qualifies, or intends to qualify, as a mutual fund trust.

The following Funds are considered unincorporated unit trusts:

- NEI Fixed Income Pool
- NEI Canadian Equity Pool
- NEI Global Equity Pool
- NEI Managed Asset Allocation Pool

Each Fund’s taxation year-end is December 15 except for the NEI Money Market Fund and the unincorporated unit trusts, which have a taxation year-end of December 31.

The Funds are taxable on net income and net capital gains not distributed to unitholders. All the Funds’ investment income and sufficient net capital gains realized in any year are required to be distributed to unitholders to ensure that the Funds will not be subject to income taxes. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In some special cases the Pools, which are unincorporated unit trusts, may become liable for alternative minimum tax, and may be subject to a special tax under Part XII.2 of the Tax Act. The Manager expects that the Pools will not be subject to tax under Part XII.2, although no assurance can be given that this will not occur.

Capital losses can be carried forward indefinitely to reduce future capital gains. Non-capital losses incurred in a financial year may be carried forward 20 years to reduce future investment income and capital gains.

Distributions are classified as a return of capital, net investment income or capital gain. The Manager reserves the right to make additional distributions in any year, if determined to be appropriate.

The Funds currently incur withholding taxes imposed by certain countries on foreign investment income and capital gains. Such income and gains are recorded on a gross basis, and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Refer to the section “Notes to the Financial Statements – Specific Information” pertaining to each Fund for more information on income taxes.

### Investments in Other Investment Entities

The Funds meet the definition in IFRS 10, *Consolidated Financial Statements*, of investment entities and account for their investments in underlying funds at FVTPL.

In accordance with IFRS 12, *Disclosure of Interests in Other Entities*, specific information on the Funds’ investments in other entities, such as subsidiaries, associates and structured entities has been disclosed, as applicable, in “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

### Subsidiaries

An entity is considered as a subsidiary when it is controlled by another entity. The Fund controls an entity when it has the right to variable returns from its involvement with the entity and through its power over the entity.

### Associates

Associates are investments in entities over which the Fund exercises significant influence without, however, exercising control.

### Structured Entities

Structured entities are conceived in a way that the right to vote and other similar rights are not determining factors in exercising control. The Manager has determined that its investments in underlying funds (including limited partnerships), index-based investments and exchange traded funds, income trusts, mortgage-backed securities and asset-backed securities are structured entities, unless the specified relationship is different. Total values of those investments in the table “Fair Value Hierarchy” also represent the fair value of investments in structured entities.

## 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates. The following paragraphs discuss the most significant accounting judgments and estimates that the Funds have made when preparing the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022 (continued)

### Fair Value Measurement of Derivative Financial Instruments and Securities not Quoted in an Active Market

The Funds may hold financial instruments that are not quoted in active markets, including derivative financial instruments. Fair value is determined based on models that make maximum use of observable inputs and rely as little as possible on unobservable inputs. The Funds consider the data observable if the market data is readily available, distributed or updated on a regular basis, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager.

When no quoted prices are available, the fair value is estimated using present value or other valuation methods, which are influenced by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk, including liquidity risk, credit risk, risks related to interest rates, exchange rates, and price and rate volatility.

The calculation of the fair values may differ given the role that judgment plays in applying the valuation techniques and the acceptable estimation. Fair value reflects market conditions at a given date and, for this reason, it may not be representative of future fair values. Refer to Note 7 “Financial Instruments Disclosures” for further information on fair value measurement of financial instruments.

## 4. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

### Structure of Redeemable Units

Each Fund is authorized to issue an unlimited number of series of units and an unlimited number of redeemable units (the units) of each series. Each series unit entitles the holder thereof to participate equally in the distributions of the Fund made to that series. Fractions of units may be issued.

The units of a Fund are of the same series and confer the same rights and privileges except that, in respect of a Fund with more than one series of units, each series of units may have different management fees, dealer compensation structure or distribution structure. As a result, each unit entitles its holder to one vote and to participate equally in distributions made in respect to the series of units by the subject Fund and, upon liquidation, in the net assets attributable of the series of units remaining after satisfaction of outstanding liabilities. A fraction of a unit will entitle the unitholder to proportionate participation but will not entitle them to vote.

The Funds only issue fully paid units and fractions of units. Unitholders may redeem their units in the manner described in the Declaration of Trust.

The Manager manages the capital of the Funds in accordance with their investment objectives (Refer to Note 7). Also, in accordance with securities regulations, the Funds seek to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

### Authorized Units

The authorized units of the Fund are comprised of the following series of units:

An unlimited number of Series A units, principally targeted at individual investors purchasing units on a front-end sales charge option basis.

An unlimited number of Series C units, intended for investors who have granted their dealer discretionary investment authority to invest through the use of proprietary model portfolios.

An unlimited number of Series F units, intended for investors participating in programs that do not require them to pay sales charges or service fees to investment professionals or dealers.

An unlimited number of Series I units, offered to institutional or other high net worth investors who negotiate and pay management fees directly to the Manager. The Series I management fee will in no circumstances be higher than the management fee payable on Series A units of the Fund.

An unlimited number of Series O units, intended for investors who make large investments in a Fund. Those investors must enter an agreement which identifies the management fee negotiated and pay management fees directly to the Manager. The Series O management fee will in no circumstances be higher than the management fee payable on Series A units of the Fund.

An unlimited number of Series P units, intended for investors who make large investments in a single Fund. Series P units may only be purchased on a front-end sales charge option basis.

An unlimited number of Series PF units, intended for investors who make large investments in a single Fund and investors participating in programs that do not require them to pay sales charges or service fees to investment professionals or dealers.

An unlimited number of Series W units, intended for investors who make an initial investment of at least \$100,000 in an NEI Private Portfolio. Series W units may only be purchased on a front-end sales charge option basis. The initial investment criteria may vary from time to time.

An unlimited number of Series WF units, intended for investors who make an initial investment of at least \$100,000 in an NEI Private Portfolio and investors participating in programs that do not require them to pay sales charges or service fees to investment professionals or dealers. The initial investment criteria may vary from time to time.

NEI LP has decided to discontinue its deferred sales charge (“DSC”), low load, low load 2 and low load 3 (together “LL”) sales charge purchase options for those NEI funds that offered DSC or LL. On August 10, 2020, DSC and LL sales charge purchase options across the Funds’ lineup have been closed to new investors. For investors with existing DSC and/or LL units as of that date, subsequent investments subject to DSC and/or LL sales charges were available until October 2020. On October 5, 2020, DSC and LL sales charge purchase options were closed to new investments. Investors with existing DSC and/or LL units will remain invested based on the redemption fee schedule applicable to those units.

### Valuation of Units

On each business day and for each series of units of each Fund, the Manager calculates the net asset value per unit by dividing the net assets attributable to holders of redeemable units by the number of units outstanding.

The net asset value of each series in a Fund corresponds to the proportion of the assets of the Fund attributable to the series, net of the proportion of the Fund’s total liabilities attributable to the series and the liabilities of the series. Expenses directly related to a series are applied against this series. Other income and expenses, as well as realized and unrealized capital gains and losses are applied against each series in proportion to their respective net asset value.

### Management of Risks Associated with Units

Units issued and outstanding are considered as the Funds’ capital. The Funds are not subject to specific capital requirements concerning subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit for all or any of the units they hold by giving written redemption request to the Manager within the prescribed time period. Units are redeemable for cash equal to a pro rata share of the Funds’ net asset value.

### Redemptions

Unitholders may at any time elect to redeem all or part of their units on the valuation date at the current closing net asset value per unit. Payment for any unit redeemed will be made by the applicable Fund.

## 5. MANAGEMENT FEES AND OTHER EXPENSES

### Management Fees

As the Manager, Trustee, Portfolio Manager and Registrar, NEI LP receives from each Fund, management fees, before taxes, calculated on the net asset value of each unit series on each valuation date. Management fees are calculated daily with the net asset value of the Funds according to the annual rates presented in “Notes to the Financial Statements – Specific Information” pertaining to each Fund. NEI LP is responsible for the payment of investment fees to Portfolio sub-advisors retained by the Funds.

The management fee varies between Funds and series. Series I and Series O units of the Funds are not subject to management fees, as the unitholders of these series negotiate and pay those fees directly to the Manager.

Certain Funds may invest in other mutual funds (“underlying funds”), including other NEI Funds in order to achieve their investment objectives. There are fees payable by the underlying funds in addition to the fees payable by the investing Fund. No management fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.



# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022 (continued)

### Other Expenses

The Manager pays all of the operating expenses of the Funds, except for:

- costs and expenses associated with taxes (including, but not limited to, GST/HST), borrowing, and the costs associated with the independent review committee (“IRC”). IRC expenses include annual dues, meeting fees and other related expenses such as travel relating to the operation of the IRC.
- costs associated with portfolio transactions, including brokerage commissions and research and execution costs.

The operating expenses include, but are not limited to, audit fees, fund accounting costs, transfer agency and recordkeeping costs, custodian costs, administration costs and trustee services relating to registered tax plans, costs of printing and disseminating prospectuses, annual information forms, fund facts and continuous disclosure materials, legal fees, bank charges, investor communication costs and regulatory filing fees.

In return for assuming the obligation to pay the Funds’ operating expenses, each Fund pays to the Manager a fixed annual administration fee (“administration fee”), which is subject to applicable taxes, including HST. The administration fee varies between Funds and series. Administration fees correspond to a specified percentage of the net asset value of the series, calculated and accrued daily. No administration fee is charged to Series I units of the Funds because of the fee structures associated with this series.

The annual management fee rate and the annual administration fee rate shown in the “Notes to the Financial Statements – Specific Information” pertaining to each Fund may be lower than the rates presented in the prospectus, as the Manager can absorb a portion of those expenses.

For more information regarding the management fees and other expenses each Fund incurs, please refer to the “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

## 6. RELATED PARTY TRANSACTIONS

NEI LP is the Manager, Trustee, Portfolio Manager and Registrar of the Funds. Northwest & Ethical Investments Inc., the general partner of NEI LP, is a wholly-owned subsidiary of Aviso Wealth Inc. (“Aviso”). Aviso is the sole limited partner of the Manager. 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. Desjardins Financial Holding Inc. is a wholly-owned subsidiary of the Fédération des caisses Desjardins du Québec (“Fédération”).

NEI LP is the Manager of the Funds pursuant to the Management Agreement and ensures the daily administration of the Funds. NEI LP provides or ensures the Funds are provided with all services (accounting, custody, portfolio management, record maintenance, transfer agent) required. The Funds pay management and administration fees to NEI LP. Trustee fees and portfolio management fees are entirely at NEI LP’s expense.

Desjardins Trust is the custodian of the Funds. Desjardins Trust is a wholly-owned subsidiary of the Fédération. The Funds may engage in securities lending transactions, and Desjardins Trust may act as the Funds’ securities lending agent (“Agent”). Any revenue earned on such securities lending is split between the Funds and the Agent.

### Underlying Funds

In accordance with their investment objectives, certain Funds invest in Series I units of other NEI Funds. All the underlying funds identified as “Related” in the table “Fair Value Hierarchy” are considered related parties. All transactions in those investments are executed based on the fair value of those investments as described in the significant accounting policies. No commissions or other fees were paid by the Fund in relation to these transactions.

For more information regarding the related parties for each Fund, please refer to the “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

## 7. FINANCIAL INSTRUMENTS DISCLOSURES

### Hierarchy of Financial Instruments Measured at Fair Value

The fair value measurement of financial instruments is determined using the following three levels of the fair value hierarchy:

- Level 1—Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2—Valuation techniques based primarily on observable market data.
- Level 3—Valuation techniques not based primarily on observable market data.

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the measurement of fair value.

### Measurement Monitoring

The Manager is responsible for establishing the fair value measurements included in the Funds’ financial statements, including Level 3 measurements. The Manager obtains prices from a pricing agency and monitors and analyzes these prices daily. A Measurement Monitoring Committee ensures that appropriate operating procedures and a proper monitoring structure are in place and followed. This Committee meets on a quarterly basis to review fair value situations. Reports are produced monthly and given quarterly to the Committee members. It also examines specific processes carried out by the Investment Fund Portfolio Department. Moreover, the Measurement Monitoring Committee establishes Measurement Policy orientation. On a quarterly basis, this Committee examines and approves the Level 3 measurements after obtaining confirmation of the measurements from each portfolio manager, as needed. The Committee signs off on any adjustments made to prices or estimates provided by the pricing agency.

### Establishment of Levels

A change in the fair value measurement method could result in a transfer between levels. The Funds’ policy is to record the implications of the transfers between levels on the date of the event or change in circumstances behind the transfer.

The following types of investments may be classified as Level 3 if their prices are no longer based on observable inputs.

#### a) Money Market Securities

Money market securities primarily include public sector and corporate securities. The inputs that are significant to valuation are generally observable. Public sector money market securities guaranteed by the federal or provincial government have been classified as Level 1. Other money market securities have been classified as Level 2.

#### b) Equities

Equities are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data and the fair value is classified as Level 2. If the determination of fair value uses significant unobservable data, then the fair value is classified as Level 3. Unlisted warrants are generally classified as Level 2.

#### c) Index-Based Investments and Exchange Traded Funds

Index-based investments and ETFs are classified as Level 1 when the security is actively traded and a reliable price is observable. ETFs are classified as Level 2 when the security is thinly traded and based primarily on observable market data.

#### d) Bonds

Public sector bonds guaranteed by the federal or provincial government are classified as Level 1. Corporate bonds, which are valued using models with inputs including interest rate curves, credit spreads and volatilities are usually classified as Level 2.

#### e) Mortgage-Backed Securities and Asset-Backed Securities

Mortgage-backed securities and asset-backed securities consist primarily of corporate securities, which are valued using models with inputs including interest rate curves, credit spreads and volatilities. Since the inputs that are significant to valuation are generally observable, mortgage-backed securities and asset-backed securities are usually classified as Level 2.

#### f) Investment Funds

Public investment funds are classified as Level 1 when their prospectus is unrestricted and their price is reliable and observable. Since some investment funds are not public, their price is determined using observable market data and their fair value is classified as Level 2. If the measurement of fair value requires the use of significant unobservable inputs, then it is classified as Level 3.

# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022 (continued)

### g) Derivative Financial Instruments

Derivative financial instruments, which consist of foreign currency forward contracts, forward contracts, interest rate swaps, and credit default swaps, for which counterparty credit spreads are observable and reliable or for which the credit-related inputs are determined to be significant to fair value, are classified as Level 2. Options are classified as Level 1 when the option is actively traded and a reliable price is observable. Unlisted options are generally classified as Level 2.

Detailed information concerning the fair value hierarchy of each Fund is available in their respective "Notes to the Financial Statements – Specific Information". For securities classified as Level 3, the valuation techniques and assumptions are also presented in their respective notes.

### **Management of Risks Arising from Financial Instruments**

Throughout their activities, the Funds are exposed to a variety of risks associated with financial instruments such as market risk (including currency risk, interest rate risk and price risk), concentration risk, credit risk and liquidity risk. The overall risk management strategy of the Funds focuses on the unpredictability of financial markets and optimizes the Funds' financial performance. Most investments involve a risk of loss.

The Manager is responsible for the Funds' risk management and for selecting and monitoring portfolio sub-advisors.

The Manager compares the performance of the Funds with benchmark indexes on a monthly basis. This analysis is reviewed quarterly by the Investment Committee. The Manager also ensures that the Funds' investment policies are followed and writes a compliance report, which is also reviewed on a quarterly basis by the Investment Committee.

The Manager organizes annual meetings with the sub-advisors in order to keep abreast of any changes in their investment practices.

### **Market Risk**

Market risk is the risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of a change in the relevant risk variables, such as interest rates, exchange rates, equity prices, political changes, and catastrophic events, such as pandemics or disasters. The Funds' market risk is managed through diversification of the investment portfolios' exposure ratios.

Since February 2022, the conflict between Ukraine and the Russian Federation has resulted in significant volatility and uncertainty in financial markets. NATO, the EU and G7 member countries, including Canada, have imposed severe and coordinated sanctions against Russia. Price volatility, trading restrictions on Russian market trading and general default risk related to Russian securities have increased substantially. It is uncertain how long the conflict, economic sanctions and market instability will continue. The Funds' Manager is actively monitoring the situation and the impact it may have on the Funds.

### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk is composed of monetary items (usually including cash, receivable amounts in foreign currencies, investments in fixed-income and money market securities) and non-monetary items (usually including investments in equities and investment funds). The non-monetary assets are classified according to the currency in which the security was purchased.

The Funds are exposed to currency risk by holding assets and liabilities denominated in currencies other than the Canadian dollar, the Funds' functional currency, as the value of the securities denominated in other currencies will fluctuate according to the prevailing exchange rates.

The Funds' exposure to currency risk is shown based on the carrying value of financial assets and financial liabilities (including derivative financial instruments and the notional amount of foreign currency forward contracts and foreign currency futures, if any).

When the Canadian dollar decreases in relation to foreign currencies, the value of foreign investments increases. Conversely, when the value of the Canadian dollar increases, the value of foreign investments decreases.

Currency risk is disclosed when the Funds' foreign currencies exposure is above 5% of Net Assets.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk occurs when an investment fund invests in interest-bearing financial instruments. Generally, the value of these securities increases if interest rates decrease and decreases if interest rates increase. The interest rate risk is managed by calculating and monitoring the average portfolio duration on these securities. The Funds also hold a limited amount of cash subject to variable interest rates, which exposes them to cash flow interest rate price risk.

### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency risk or interest rate risk.

The portfolio manager plans to manage this risk by carefully selecting securities and other financial instruments, in accordance with defined limits. The maximum risk resulting from financial instruments is determined by the fair value or contract value of the financial instruments. The Funds' financial instruments are exposed to price risk arising from uncertainties about the future prices of instruments.

### **Concentration Risk**

Concentration risk arises because of the concentration of exposure within the same category, whether it is geographical location or industry sector. For Funds with an international investment strategy, the concentration by geographic location is presented according to, among other things, the country of incorporation or region. For Funds with a domestic investment strategy, the concentration by industry sector is presented according to their investments in the different sectors. The concentration risk is managed through portfolio diversification within the framework of the Funds' objective and strategy.

### **Credit Risk**

Credit risk is the risk that the financial instrument counterparty will be unable to pay the full amount at maturity. The Funds' credit risk is managed through an independent credit analysis from the Manager/sub-advisor, in addition to credit rating agencies' analysis.

### Financial Instrument Transactions

The Funds are exposed to credit risk. The Funds' and the counterparty's respective credit risk are considered when determining the fair value of financial assets and liabilities, including derivative financial instruments. Transactions are settled or paid on delivery using approved brokers. The risk of default is considered limited as delivery of the securities sold is made once the broker has received payment.

Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

However, there are risks involved in dealing with custodians or prime brokers who settle trades and, in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Funds' rights to their assets in the case of an insolvency of any such party.

The credit rating for fixed-income securities and money market securities is rated by credit rating agencies, which generally includes the *Dominion Bond Rating Service* ("DBRS"), *Standard & Poor's* and *Moody's*. In cases where the credit rating agencies do not agree on a credit rating for fixed-income securities and money market securities, they will be classified following these rules:

- If two credit ratings are available, but the ratings are different, the lowest rating is used;
- If three credit ratings are available, the most common credit rating is used;
- If all three credit rating agencies have different ratings, the middle credit rating is used.

The credit rating is then converted to *DBRS* format. Generally, the greater the credit rating of a security, the lower the probability of it defaulting on its obligations.

Derivative financial instruments are financial contracts whose value depends on underlying assets and other external factors, such as interest rates and foreign exchange rates. The vast majority of derivative financial instruments are negotiated by mutual agreement between the Funds and their counterparties, and include, among others, foreign currency forward contracts. Other transactions are carried out as part of trades and mainly consist of futures contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2023 and 2022 (continued)

### Securities Lending and Repurchase Transactions

Securities lending and repurchase transactions expose the Funds to credit risk. These transactions are governed by the Investment Industry Regulatory Organization of Canada participation agreements. The Funds also use netting agreements with counterparties to mitigate credit risk and require a percentage of collateralization (a pledge) on these transactions. The Funds only accept pledges from counterparties that comply with the eligibility criteria defined in their policies. These criteria promote quick realization, if necessary, of collateral in case of default. The collateral received and given by the Funds are mainly cash and government securities. Further information on assets pledged and received as collateral is presented in the “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

### **Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of units. Most of their assets are therefore invested in liquid investments (i.e. investments that are traded in an active market and that can be readily disposed of).

Some Funds may invest in derivative financial instruments, debt securities and unlisted equity investments which are not traded in an active market. As a result, some Funds may not be able to quickly liquidate their investments at amounts approximating their fair values or be able to respond to specific effects such as deterioration in the creditworthiness of any particular issuer. In addition, the Funds can borrow up to 5% of their net asset value for the purposes of funding redemptions.

Each Fund may be exposed to indirect liquidity risk in the event that the underlying fund(s) suspends redemptions resulting in the Funds being unable to redeem their investments.

The majority of the remaining liabilities are due within the next three months. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

In March 2021, the ICE Benchmark Administration (the administrator of LIBOR) in conjunction with the UK’s Financial Conduct Authority (FCA) officially announced the cessation of LIBOR benchmarks across various tenors and currencies by December 31, 2021. All remaining LIBOR rate settings (overnight, 1-, 3-, 6-, and 12-month) will cease to be published after June 30, 2023. All instruments whose rates are tied to LIBOR will continue to have their rates published until June 30, 2023. This lessens the immediate impact risk and allows time for NEI Funds to move away from these instruments over the next year. The Manager does not expect any significant impact on the Funds (Liquidity or Valuation) from the upcoming transition to NEI’s positions as NEI’s portfolio references LIBOR settings will continue to be published until 2023.

### **Additional Information**

For further information on the risks associated with financial instruments to which each Fund is exposed, refer to the section “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

## **8. OTHER INFORMATION**

Unitholders of the Funds can obtain, without charge, the Simplified Prospectus, the Fund Facts sheets as well as the Financial Statements by contacting:

Northwest & Ethical Investments L.P.

151 Yonge Street

Suite 1200

Toronto, ON

M5C 2W7

[www.NEInvestments.com](http://www.NEInvestments.com)

Tel.: 1-888-809-3333

These documents may also be obtained at the following Internet address: [www.sedarplus.ca](http://www.sedarplus.ca)

