

### Performance

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

In Q1/2023, each month was driven by unique and wildly divergent narratives. In January, falling yields drove markets towards a strong risk-on posture, which led to low quality and high-beta stocks outperforming. However, risk sentiment changed rapidly in February, as concerns around inflation remaining stickier than expected and the Fed remaining hawkish for longer, began to take hold. In March, yields fell materially (before bouncing back partially) due to increased concerns about credit and liquidity risks stemming from negative developments at financial institutions such as Silicon Valley Bank, Signature Bank and Credit Suisse.

On an asset class level, fixed income registered positive returns while equities also delivered strong gains over the quarter. Within fixed income, Global bonds and Corporate Credit underperformed broad Canadian bonds. High yield delivered positive returns, generally in line with the rest of the fixed income universe.

Within equities, US and EAFE outperformed Canada and EM. From a style standpoint, Growth outperformed Value. From a sector standpoint, more Growth oriented segments such as Information Technology and Consumer Discretionary outperformed while Energy and Financials lagged.

The US Dollar Index was volatile over the quarter and ended marginally lower.

### Returns (%)

FUND	3 MO	6 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
NEI Balanced Yield Portfolio I	3.08	8.34	3.08	-0.21	8.61	4.58		5.65
NEI Balanced Yield Portfolio A	2.51	7.11	2.51	-2.46	6.15	2.19		2.98
NEI Balanced Yield Portfolio F	2.82	7.78	2.82	-1.24	7.47	3.45		4.25
Benchmark 1: 50% Bloomberg Barclays Global Aggregate Index (C\$ hedged), 35% MSCI World NR Index (C\$) and 15% S&P/TSX Composite TR Index	4.63	9.10	4.63	-2.62	6.40	4.91		4.12

\*Source: Morningstar. As of March 31, 2023. The benchmark since inception return in the table is calculated as of the inception date of Series A. Since inception benchmark returns for Series F and Series I are 5.28 and 5.57, respectfully.

### Fund commentary

The NEI Balanced Yield Portfolio (Series I) returned 3.08%. In comparison, its blended benchmark returned 4.63%.

On Asset Allocation: underweight in fixed income exposures helped as equities outperformed. Overweight in global equities helped as global equities outperformed Canadian equities and FI. On Benchmark Misfit: out-of-benchmark allocations to Canadian fixed income added value, offset by negative contribution from infrastructure equities. On Manager Selection: Amundi in Global Total Return Bond Fund gave back earlier gains given its UW to duration. Amundi's Global Dividend detracted due to its underweight in technology names, which strongly outperformed. Clean Infrastructure Fund underperformed as some of its holdings gave back earlier gains.

### Outlook

Risks of a recession remain elevated on account of deep inversions across the yield curve and tight credit conditions, which tend to be precursors to recessions. A silver lining is that banking sector turmoil and stress now appears to be dissipating. The regional banking failures seen in H1/March were likely indicative of idiosyncratic company specific issues rather than a systemic risk. Market implied volatility measured through the VIX (equities)

and MOVE (bonds) has moved lower in recent periods as a result. On the interest rate front, central bank cuts in 2023 are now starting to be taken off the table. From an equity and bonds standpoint, current valuations and starting yields respectively offer attractive entry points relative to their historical averages. This combined with record money market assets leaves plenty of dry powder left to deploy when risk appetite does indeed return.

This material is for informational and educational purposes and it is not intended to provide specific advice including, without limitation, investment, financial, tax or similar matters. The views expressed herein are subject to change without notice as markets change over time. For complete information about a mutual fund managed by NEI Investments, please refer to the fund's simplified prospectus and/or Fund Facts which can be downloaded at [www.neiinvestments.com](http://www.neiinvestments.com).

Series F units are only available to investors who participate in eligible fee-based programs with their registered dealers that have entered into a Series F Distribution agreement with NEI Investments.

Series I have high minimum investment requirements and are typically aimed at institutional investors (such as pension plans) or investors making large investments in the fund. Funds in these series generally have lower management fees than the retail series of the same fund.

Information herein is believed to be reliable but NEI does not warrant its completeness or accuracy. Views expressed regarding a particular security, industry or market sector should not be considered an indication of trading intent of any funds managed by NEI Investments. Forward-looking statements are not guaranteed of future performance and risks and uncertainties often cause actual results to differ materially from forward-looking information or expectations. Do not place undue reliance on forward-looking information.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in units value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

NEI Investments is a registered trademark of Northwest & Ethical Investments L.P. ("NEI LP"). Northwest & Ethical Investments Inc. is the general partner of NEI LP and a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is the sole limited partner of the NEI LP. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited.

For more performance related information about a mutual fund managed by NEI Investments, please visit the [prices and performance](#) page on [neiinvestments.com](http://neiinvestments.com).