NEI Global Impact Bond Fund

Q4 2022 Commentary

Performance

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

Global fixed income sectors recouped a portion of their losses from earlier in the year during the fourth quarter as most developed market sovereign yields stabilized at higher levels and spreads generally tightened. Despite persistent hawkish rhetoric from most developed market central banks, below-consensus inflation prints led to hopes that most economies might have already seen peak inflation. Most spread sectors generated positive excess returns, supported by UK political stability, anticipated China reopening, and light issuance. The US Dollar (USD) weakened versus most currencies.

Returns (%)

FUND	3 MO	6 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	Since Inception
NEI Global Impact Bond Fund Series I	0.97	-2.05	-12.38	-12.38	N/A	N/A	N/A	-4.27
NEI Global Impact Bond Fund Series A	0.61	-2.76	-13.63	-13.63	N/A	N/A	N/A	-5.61
NEI Global Impact Bond Fund Series F	0.75	-2.49	-13.13	-13.13	N/A	N/A	N/A	-5.08
Benchmark 1: Bloomberg Barclays Global Aggregate Index (C$ hedged)	0.92	-2.67	-11.53	-11.53	N/A	N/A	N/A	-4.93

*Source: Morningstar. As of December 31, 2022. 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 -4.93 and -4.93, respectively.

Fund commentary

Relative outperformance was driven primarily by the Fund's positioning within both developed and emerging market corporates and government-related bonds.

The sub-advisor maintained an overweight allocation to investment grade corporate credit, with a bias toward being overweight non-US and underweight US corporates. In addition, they maintained out of benchmark allocations to emerging markets and high yield credit. The Fund's underweight positioning in US IG corporates hurt relative performance as spreads tightened, while non-US IG corporate exposure contributed positively to results. IG credit allocation includes global green bond allocation. Allocations to high yield and emerging markets corporates each contributed favorably to relative results.

Within the government related sector, the sub-advisor continued to be positioned with an underweight to traditional sovereign debt and overweight to government related issuers such as international development banks and foreign local agencies. Overall, this positioning had a favorable impact on relative performance.

The sub-advisor purchased new impact issuers to capitalize on attractive valuations, adding bonds addressing impact themes within the Life Essentials, Environment, and Human Empowerment categories. To further the Clean Water & Sanitation theme, they purchased a bond issued by Suez, a French-based utility company. This issuer provides equipment and services to supply drinking water through its wastewater management and desalination segment and manufactures alternative fuels, processes reclaimed wood, and produces compost through its recycling and recovery segment. Within the Alternative Energy theme, they added a green bond issued by Allied Irish Banks, with proceeds earmarked to finance the construction or refurbishment of green commercial buildings, the development of solar, wind, and biogas farms, and the construction of infrastructure supporting zero emissions vehicles. Finally, they added to the

Financial Inclusion impact theme through investing in a bond issued by Prestige Auto. Prestige Auto offers accessible car loans to underserved buyers at typically more competitive rates compared to other providers.

Outlook

Global fixed income markets experienced a very challenging 2022, driven by sharply higher sovereign yields as central banks supercharged their policy hiking cycles to rein in persistent inflation pressures. Spreads across most higher-yielding fixed income sectors widened amid concerns that tighter financial conditions resulting from less accommodative policy could tip the global economy into recession. And high-quality assets that typically offer some protection against challenging market conditions have instead experienced some of the worst returns across capital markets. While the sharp increase in yields has been painful in the short term, it also enhances longer-term income generation and total-return prospects.

The Fund maintains an underweight to IG credit due to better observed opportunities in various "Plus" sectors, including securitized credit, particularly non-agency RMBS (credit enhancement reduces risk of default), high yield (attractive valuations and low supply offset deteriorating fundamentals), select emerging markets (where they see compelling valuations and improving fundamentals). It is also positioned with an overweight to agency MBS, where the focus is on relative value opportunities and income.

The sub-advisor believes the bearishness from a deteriorating macroeconomic backdrop is tempered by relatively attractive valuations, still-strong corporate fundamentals, and a lack of imbalances compared to past credit cycles.