

NEI

NEI Funds

**SEMI-ANNUAL  
FINANCIAL  
STATEMENTS**

March 31, 2022

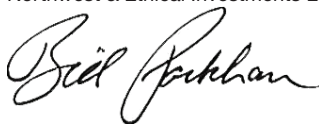
# NEI Global Total Return Bond Fund

## STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

As at

	March 31 2022 \$	September 30 2021 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	100,820,740	93,711,865
Margin deposited on derivatives	13,281,952	12,094,077
Investments at fair value through profit or loss (FVTPL)	1,156,263,463	1,230,551,492
Options at fair value—long positions	4,508,434	1,588,691
Unrealized appreciation on derivatives	43,686,413	26,622,972
Receivable on futures contracts	27,625,293	9,237,448
Subscriptions receivable	417,419	346,517
Receivable for investments sold	24,874,881	10,373,796
Interest, dividends and other receivables	26,879,495	8,568,205
	<u>1,398,358,090</u>	<u>1,393,095,063</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued expenses	106,977	123,584
Options at fair value—short positions	1,376,508	2,167,095
Unrealized depreciation on derivatives	17,848,060	20,134,374
Payable on futures contracts	8,007,628	3,305,081
Redemptions payable	513,506	482,457
Payable for investments purchased	15,369,619	21,716,215
	<u>43,222,298</u>	<u>47,928,806</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>1,355,135,792</u>	1,345,166,257
<b>Data per Series (Note b)</b>		
<b>Series A</b>		
Net assets attributable to holders of redeemable units	36,421,831	44,462,460
- per unit	<u>9.50</u>	9.96
<b>Series F</b>		
Net assets attributable to holders of redeemable units	44,522,805	56,306,857
- per unit	<u>10.00</u>	10.53
<b>Series I</b>		
Net assets attributable to holders of redeemable units	1,117,900,145	1,085,075,046
- per unit	<u>11.05</u>	11.63
<b>Series O</b>		
Net assets attributable to holders of redeemable units	3,105,782	2,890,886
- per unit	<u>10.12</u>	10.70
<b>Series P</b>		
Net assets attributable to holders of redeemable units	15,483,892	18,467,911
- per unit	<u>9.24</u>	9.69
<b>Series PF</b>		
Net assets attributable to holders of redeemable units	137,701,337	137,963,097
- per unit	<u>9.53</u>	10.02

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 Total Return Bond Fund

## STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Six-month Periods Ended March 31

	2022	2021
	\$	\$
<b>Income</b>		
Interest for distribution purposes	19,123,453	17,823,993
Net income (loss) from derivatives	100,280,421	58,105,647
Foreign exchange gain (loss) on cash	(8,456,775)	(5,803,759)
Net realized gain (loss) on investments	(41,345,373)	(9,816,355)
Changes in fair value:		
Net unrealized gain (loss) on investments	(100,119,703)	(88,696,048)
Net unrealized gain (loss) on derivatives	23,060,086	34,570,794
	<u>(7,457,891)</u>	<u>6,184,272</u>
<b>Expenses (Note 5)</b>		
Management fees	888,254	1,015,429
Independent review committee's fees	12,242	12,473
Administration fees	270,739	297,559
Sales taxes	131,819	147,341
	<u>1,303,054</u>	<u>1,472,802</u>
Commissions and other portfolio transaction costs	315,069	233,857
	<u>1,618,123</u>	<u>1,706,659</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>(9,076,014)</u>	<u>4,477,613</u>
<b>Data per Series</b>		
<b>Series A</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(674,352)</u>	<u>(150,394)</u>
- per unit	<u>(0.16)</u>	<u>(0.03)</u>
Weighted average units	<u>4,160,178</u>	<u>5,015,965</u>
<b>Series F</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(660,823)</u>	<u>78,237</u>
- per unit	<u>(0.13)</u>	<u>0.01</u>
Weighted average units	<u>4,939,713</u>	<u>5,826,711</u>
<b>Series I</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(6,137,588)</u>	<u>4,503,137</u>
- per unit	<u>(0.06)</u>	<u>0.04</u>
Weighted average units	<u>97,485,361</u>	<u>107,019,866</u>
<b>Series O</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(32,091)</u>	<u>8,656</u>
- per unit	<u>(0.10)</u>	<u>0.05</u>
Weighted average units	<u>317,961</u>	<u>166,847</u>
<b>Series P</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(277,314)</u>	<u>(59,949)</u>
- per unit	<u>(0.15)</u>	<u>(0.03)</u>
Weighted average units	<u>1,804,574</u>	<u>2,049,487</u>
<b>Series PF</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(1,293,846)</u>	<u>97,926</u>
- per unit	<u>(0.09)</u>	<u>0.01</u>
Weighted average units	<u>13,997,732</u>	<u>12,328,234</u>

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# NEI Global Total Return Bond Fund

## STATEMENTS OF CHANGES IN FINANCIAL POSITION (UNAUDITED)

Six-month Periods Ended March 31

	Series A		Series F		Series I	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Period</b>	<b>44,462,460</b>	54,814,040	<b>56,306,857</b>	65,614,403	<b>1,085,075,046</b>	1,194,608,210
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>(674,352)</b>	(150,394)	<b>(660,823)</b>	78,237	<b>(6,137,588)</b>	4,503,137
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	2,924,008	4,002,987	8,982,751	11,950,799	66,156,923	117,414,417
Reinvested distributions	1,149,011	943,087	1,368,908	823,792	47,930,757	-
Amounts paid for redeemable units redeemed	(10,153,110)	(9,923,317)	(19,379,360)	(17,227,755)	(27,169,621)	(8,701,265)
	<b>(6,080,091)</b>	(4,977,243)	<b>(9,027,701)</b>	(4,453,164)	<b>86,918,059</b>	108,713,152
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	(1,286,186)	(1,061,378)	(2,095,528)	(1,289,018)	(47,955,372)	-
<b>Net Assets Attributable to Holders of Redeemable Units, End of Period</b>	<b>36,421,831</b>	48,625,025	<b>44,522,805</b>	59,950,458	<b>1,117,900,145</b>	1,307,824,499

Six-month Periods Ended March 31

	Series O		Series P		Series PF	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Period</b>	<b>2,890,886</b>	1,792,983	<b>18,467,911</b>	20,780,947	<b>137,963,097</b>	126,814,557
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>(32,091)</b>	8,656	<b>(277,314)</b>	(59,949)	<b>(1,293,846)</b>	97,926
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	599,999	-	1,645,201	3,328,663	19,713,165	17,510,439
Reinvested distributions	161,714	-	548,220	408,194	4,039,240	1,747,907
Amounts paid for redeemable units redeemed	(353,012)	(71,619)	(4,325,862)	(3,710,987)	(17,376,220)	(16,839,686)
	<b>408,701</b>	(71,619)	<b>(2,132,441)</b>	25,870	<b>6,376,185</b>	2,418,660
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	(161,714)	-	(574,264)	(424,295)	(5,344,099)	(2,582,259)
<b>Net Assets Attributable to Holders of Redeemable Units, End of Period</b>	<b>3,105,782</b>	1,730,020	<b>15,483,892</b>	20,322,573	<b>137,701,337</b>	126,748,884

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# NEI Global Total Return Bond Fund

## STATEMENTS OF CASH FLOWS (UNAUDITED)

Six-month Periods Ended March 31

	2022	2021
	\$	\$
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units	(9,076,014)	4,477,613
Adjustments for:		
Foreign exchange (gain) loss on cash	8,456,775	5,803,759
Net realized (gain) loss on investments and derivatives	41,345,373	9,816,355
Net unrealized (gain) loss on investments and derivatives	77,059,617	54,125,254
Change in margin deposited / overdraft on derivatives	(1,187,875)	9,243,253
Proceeds from sale/maturity of investments	784,105,820	654,778,387
Investments purchased	(851,653,290)	(786,734,278)
Receivable on futures contracts	(18,387,845)	(5,240,823)
Receivable for investments sold	(14,501,085)	(30,240,963)
Interest, dividends and other receivables	(18,311,290)	2,304,719
Accrued expenses	(16,607)	(13,689)
Payable on futures contracts	4,702,547	(2,744,390)
Payable for investments purchased	(6,346,596)	20,362,473
<b>Net Cash Flows from (used in) Operating Activities</b>	<b>(3,810,470)</b>	<b>(64,062,330)</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from sale of redeemable units	99,951,145	159,325,491
Amounts paid for redeemable units redeemed	(78,726,136)	(55,843,181)
Distributions paid to holders of redeemable units, net of reinvested distributions	(2,219,313)	(1,433,970)
<b>Net Cash Flows from (used in) Financing Activities</b>	<b>19,005,696</b>	<b>102,048,340</b>
Effect of exchange rate changes on foreign cash	(8,086,351)	(6,448,805)
Increase (decrease) in cash/bank overdraft	7,108,875	31,537,205
Cash (bank overdraft), beginning of period	93,711,865	83,280,632
<b>Cash (Bank Overdraft), End of Period</b>	<b>100,820,740</b>	<b>114,817,837</b>
<b>Supplemental Information on Cash Flows from (used in) Operating Activities</b>		
Interest received	16,436,545	19,639,390
Interest paid	30,524	85,352

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>Bonds (84.8%)</b>								
<b>Canadian Bonds (5.3%)</b>								
<b>Government of Canada (4.7%)</b>								
Canada Housing Trust Series 88, 2.100%, 2029-09-15	CAD	15,000,000	14,454,150	14,275,816				
Government of Canada 0.250%, 2022-11-01	CAD	20,000,000	19,872,000	19,868,766				
0.500%, 2023-11-01	CAD	30,000,000	29,641,495	29,225,491				
			63,967,645	63,370,073				
<b>Corporations (0.6%)</b>								
Enbridge 2.500%, 2033-08-01	USD	7,000,000	8,329,482	7,777,671				
<b>Total Canadian Bonds</b>								
			72,297,127	71,147,744				
<b>U.S. Bonds (20.0%)</b>								
<b>Government (9.7%)</b>								
U.S. Treasury Bonds								
0.125%, 2022-09-30	USD	15,000,000	18,773,215	18,668,240				
Inflation-Indexed, 0.625%, 2023-04-15	USD	20,340,900	26,786,981	26,492,879				
2.625%, 2023-12-31	USD	20,000,000	26,027,635	25,169,770				
0.375%, 2024-08-15	USD	3,000,000	3,723,910	3,574,254				
0.375%, 2026-01-31	USD	21,000,000	25,371,750	24,209,342				
1.250%, 2031-08-15	USD	8,000,000	9,521,789	9,103,992				
Inflation-Indexed, 0.250%, 2050-02-15	USD	11,482,380	16,259,773	15,198,323				
Inflation-Indexed, 0.125%, 2051-02-15	USD	7,343,184	10,063,105	9,472,834				
			136,528,158	131,889,634				
<b>Corporations (10.3%)</b>								
AbbVie								
2.950%, 2026-11-21	USD	5,100,000	6,743,091	6,310,987				
4.250%, 2049-11-21	USD	2,000,000	2,635,930	2,625,140				
AT&T								
2.300%, 2027-06-01	USD	2,100,000	2,923,277	2,506,336				
4.350%, 2029-03-01	USD	5,000,000	6,594,146	6,615,294				
2.550%, 2033-12-01	USD	4,448,000	5,684,730	4,942,265				
Citigroup								
4.450%, 2027-09-29	USD	2,000,000	2,553,802	2,582,510				
3.668%, floating rate from 2027-07-24, 2028-07-24	USD	5,000,000	6,197,312	6,264,689				
Dell International / EMC								
5.450%, 2023-06-15	USD	2,427,000	3,259,899	3,118,159				
5.300%, 2029-10-01	USD	3,000,000	4,002,810	4,077,227				
Private Placement, Series 144A, 3.450%, 2051-12-15	USD	9,260,000	11,812,314	9,460,457				
JPMorgan Chase & Co.								
3.960%, floating rate from 2026-01-29, 2027-01-29	USD	5,000,000	6,676,750	6,407,081				
2.182%, floating rate from 2027-06-01, 2028-06-01	USD	4,200,000	5,848,080	4,932,232				
Kraft Heinz Foods Company 3.000%, 2026-06-01	USD	1,200,000	1,408,970	1,478,337				
Microsoft								
4.100%, 2037-02-06	USD	1,130,000	1,479,332	1,572,259				
2.525%, 2050-06-01	USD	670,000	908,227	732,716				
Morgan Stanley								
3.591%, floating rate from 2027-07-22, 2028-07-22	USD	7,000,000	9,594,048	8,773,190				
MPLX								
5.200%, 2047-03-01	USD	4,000,000	5,874,007	5,430,302				
Sabine Pass Liquefaction 4.500%, 2030-05-15	USD	7,000,000	9,621,213	9,195,691				
Stellantis								
0.625%, 2027-03-30	EUR	8,900,000	13,173,824	11,571,659				
0.750%, 2029-01-18	EUR	4,000,000	5,881,895	5,010,392				
Valero Energy								
4.350%, 2028-06-01	USD	7,000,000	9,505,491	9,071,951				
4.000%, 2052-06-01	USD	4,600,000	5,725,944	5,419,565				
Verizon Communications								
1.250%, 2030-04-08	EUR	3,000,000	4,452,085	4,038,844				
1.680%, 2030-10-30	USD	9,092,000	12,089,632	9,907,946				
2.850%, 2041-09-03	USD	3,550,000	4,470,675	3,930,987				
VF								
2.800%, 2027-04-23	USD	2,700,000	3,823,130	3,325,618				
			152,940,614	139,301,834				
<b>Total U.S. Bonds</b>							289,468,772	271,191,468
<b>Foreign Bonds (58.5%)</b>								
<b>Australia (0.3%)</b>								
<b>State Governments and Crown Corporations</b>								
New South Wales Treasury Bonds								
1.500%, 2032-02-20	AUD	700,000	668,963	561,272				
Western Australian Treasury Bonds								
Series 27, 3.000%, 2027-10-21	AUD	4,000,000	3,862,765	3,769,122				
<b>Total Australia</b>							4,531,728	4,330,394
<b>Austria (0.6%)</b>								
<b>Corporations</b>								
BAWAG Group								
2.375%, floating rate from 2024-03-26, 2029-03-26	EUR	1,300,000	1,963,598	1,798,061				
OMV								
2.500%, floating rate from 2026-09-01, Perpetual	EUR	3,200,000	4,990,819	4,221,935				
2.875%, floating rate from 2029-09-01, Perpetual	EUR	1,700,000	2,651,372	2,203,640				
<b>Total Austria</b>							9,605,789	8,223,636
<b>Bahrain (1.1%)</b>								
<b>Government</b>								
Kingdom of Bahrain								
6.750%, 2029-09-20	USD	4,600,000	6,343,722	6,054,499				
5.250%, 2033-01-25	USD	6,000,000	7,577,239	6,902,253				
5.625%, 2034-05-18	USD	2,000,000	2,499,000	2,371,160				
<b>Total Bahrain</b>							16,419,961	15,327,912
<b>Belgium (2.5%)</b>								
<b>Government (2.0%)</b>								
Kingdom of Belgium								
Series 94, 0.350%, 2032-06-22	EUR	21,000,000	26,800,844	27,161,896				
<b>Corporations (0.5%)</b>								
Anheuser-Busch InBev								
4.000%, 2028-04-13	USD	4,800,000	6,028,351	6,230,608				
<b>Total Belgium</b>							32,829,195	33,392,504

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>Brazil (4.5%)</b>								
<b>Government (4.3%)</b>								
Federative Republic of Brazil								
10.000%, 2029-01-01	BRL	191,000,000	44,348,447	46,897,676				
Inflation-Indexed, 6.000%, 2030-08-15	BRL	42,567,379	11,092,789	11,632,443				
			55,441,236	58,530,119				
<b>Corporations (0.2%)</b>								
Itaú Unibanco Holding								
4.625%, 2049-12-31	USD	1,600,000	2,116,480	1,821,659				
<b>Total Brazil</b>			57,557,716	60,351,778				
<b>China (0.0%)</b>								
<b>Government</b>								
People's Republic of China								
3.020%, 2031-05-27	CNY	10,000	1,986	2,008				
<b>Dominican Republic (0.2%)</b>								
<b>Government</b>								
Dominican Republic								
4.875%, 2032-09-23	USD	2,000,000	2,583,161	2,249,320				
<b>France (6.2%)</b>								
<b>Government (1.0%)</b>								
Government of France								
2.000%, 2048-05-25	EUR	1,600,000	3,305,075	2,539,804				
1.500%, 2050-05-25	EUR	7,500,000	12,773,885	10,738,435				
			16,078,960	13,278,239				
<b>State Governments and Crown Corporations (0.6%)</b>								
La Poste								
0.625%, 2036-01-18	EUR	4,400,000	6,824,426	4,937,298				
SNCF Réseau								
1.000%, 2061-01-19	EUR	3,000,000	4,504,003	2,992,436				
			11,328,429	7,929,734				
<b>Corporations (4.6%)</b>								
AXA								
5.125%, floating rate from 2023-07-04, 2043-07-04	EUR	1,000,000	1,733,912	1,456,464				
BNP Paribas								
Private Placement, Series 144A, 2.159%, floating rate from 2028-09-15, 2029-09-15	USD	2,600,000	3,298,620	2,916,250				
7.375%, floating rate from 2025-08-19, Perpetual	USD	4,000,000	5,953,524	5,391,622				
4.032%, floating rate from 2025-11-25, Perpetual	EUR	500,000	761,383	729,117				
Crédit Agricole								
Private Placement, Series 144A, 1.907%, floating rate from 2025-06-16, 2026-06-16	USD	6,000,000	8,042,700	7,064,198				
4.250%, floating rate from 2025-01-13, Perpetual	EUR	1,400,000	1,952,517	2,037,984				
Crédit Agricole Assurances								
4.750%, floating rate from 2028-09-27, 2048-09-27	EUR	2,000,000	3,530,844	3,061,682				
Crédit Mutuel Arkéa								
1.625%, 2026-04-15	EUR	1,000,000	1,567,055	1,392,971				
3.375%, 2031-03-11	EUR	2,000,000	3,007,704	2,870,387				
Groupe BPCE								
5.150%, 2024-07-21	USD	2,630,000	3,472,481	3,376,010				
lcade Santé								
1.375%, 2030-09-17	EUR	1,900,000	2,960,278	2,478,185				
La Mondiale								
5.050%, floating rate from 2025-12-17, Perpetual	EUR	6,650,000	11,693,463	10,037,816				
Société Générale								
4.000%, 2027-01-12	USD	1,000,000	1,371,760	1,236,498				
0.750%, 2027-01-25	EUR	2,300,000	3,345,296	3,025,673				
1.750%, 2029-03-22	EUR	900,000	1,358,973	1,222,731				
Sogecap								
4.125%, floating rate from 2026-02-18, Perpetual	EUR	600,000	957,019	854,727				
<b>Total</b>								
1.750%, floating rate from 2024-04-04, Perpetual	EUR	800,000	1,206,782	1,099,551				
3.369%, floating rate from 2026-10-06, Perpetual	EUR	500,000	736,605	705,426				
Total Capital								
3.455%, 2029-02-19	USD	9,000,000	11,970,450	11,394,355				
			68,921,366	62,351,647				
<b>Total France</b>			96,328,755	83,559,620				
<b>Germany (2.0%)</b>								
<b>Government (1.1%)</b>								
Federal Republic of Germany								
2.500%, 2046-08-15	EUR	7,700,000	20,665,842	15,370,221				
<b>Corporations (0.9%)</b>								
Allianz								
3.200%, floating rate from 2028-04-30, Perpetual	USD	3,000,000	3,520,593	3,252,390				
LEG Immobilien								
0.875%, 2027-11-28	EUR	4,100,000	5,983,150	5,323,563				
Merck								
2.875%, floating rate from 2029-06-25, 2079-06-25	EUR	2,700,000	4,044,741	3,743,583				
			13,548,484	12,319,536				
<b>Total Germany</b>			34,214,326	27,689,757				
<b>Ireland (2.0%)</b>								
<b>Corporations</b>								
Cloverie								
5.625%, floating rate from 2026-06-24, 2046-06-24	USD	4,000,000	5,763,048	5,214,426				
Hammerson Ireland Finance								
1.750%, 2027-06-03	EUR	6,000,000	8,785,801	7,644,620				
Smurfit Kappa Group								
0.500%, 2029-09-22	EUR	3,000,000	4,471,524	3,723,316				
Zurich Finance								
3.000%, floating rate from 2031-04-19, 2051-04-19	USD	9,600,000	12,205,440	10,646,958				
<b>Total Ireland</b>			31,225,813	27,229,320				
<b>Italy (7.1%)</b>								
<b>Government (4.4%)</b>								
Italy Treasury Bonds								
0.250%, 2028-03-15	EUR	15,000,000	22,202,163	19,272,114				
3.000%, 2029-08-01	EUR	7,500,000	13,266,138	11,338,582				
3.450%, 2048-03-01	EUR	3,800,000	7,683,153	6,335,320				
1.700%, 2051-09-01	EUR	19,100,000	28,320,329	22,557,378				
			71,471,783	59,503,394				

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>Italy (continued)</b>				<b>Netherlands (6.1%)</b>				
<b>Corporations (2.7%)</b>				<b>Corporations</b>				
Assicurazioni Generali					ABN AMRO Bank			
5.500%, floating rate from 2027-10-27, 2047-10-27	EUR	4,400,000	7,474,050	6,838,538	4.375%, floating rate from 2025-09-22, Perpetual	EUR	2,600,000	3,925,335
Enel Finance International					AT Securities			
0.875%, 2036-06-17	EUR	2,000,000	2,892,932	2,275,897	5.250%, floating rate from 2023-07-21, Perpetual	USD	4,000,000	5,422,932
ERG					Coöperatieve Rabobank			
0.875%, 2031-09-15	EUR	2,600,000	3,888,811	3,144,279	0.250%, 2026-10-30	EUR	7,200,000	10,460,719
Intesa Sanpaolo					4.375%, floating rate from 2027-06-29, Perpetual	EUR	3,200,000	4,909,064
7.750%, floating rate from 2027-01-11, Perpetual	EUR	750,000	1,244,122	1,155,972	De Volksbank			
5.500%, floating rate from 2028-03-01, Perpetual	EUR	1,750,000	2,729,354	2,404,760	0.250%, 2026-06-22	EUR	2,700,000	3,967,580
4.125%, floating rate from 2030-02-27, Perpetual	EUR	4,250,000	6,080,370	5,109,064	EDP Finance			
Intesa Sanpaolo, Private Placement					1.710%, 2028-01-24	USD	7,600,000	9,992,281
Series 144A, 3.375%, 2023-01-12	USD	2,160,000	2,787,902	2,715,230	1.875%, 2029-09-21	EUR	2,000,000	2,803,701
Series XR, 4.700%, 2049-09-23	USD	4,500,000	6,271,726	5,481,320	Enel Finance International			
UniCredit					2.250%, 2031-07-12	USD	3,600,000	4,467,717
2.731%, floating rate from 2027-01-15, 2031-01-15	EUR	6,000,000	8,690,009	7,790,331	Iberdrola International			
			42,059,276	36,915,391	Series NC6, 1.450%, floating rate from 2027-02-09, Perpetual	EUR	3,500,000	4,967,170
<b>Total Italy</b>			113,531,059	96,418,785	ING Groep			
					3.000%, floating rate from 2023-04-11, 2028-04-11	EUR	4,000,000	6,136,724
					1.125%, floating rate from 2027-12-07, 2028-12-07	GBP	8,800,000	15,366,270
					0.875%, floating rate from 2027-06-09, 2032-06-09	EUR	3,200,000	4,679,343
					NIBC Bank			
					0.875%, 2027-06-24	EUR	5,300,000	7,525,727
					NN Group			
					4.625%, floating rate from 2028-01-13, 2048-01-13	EUR	5,000,000	8,515,798
					<b>Total Netherlands</b>		93,140,361	83,028,626
					<b>New Zealand (5.9%)</b>			
					<b>Government</b>			
					New Zealand Government			
					0.500%, 2024-05-15	NZD	30,000,000	26,436,302
					Series 0532, 2.000%, 2032-05-15	NZD	48,000,000	39,939,350
					1.750%, 2041-05-15	NZD	23,000,000	16,398,453
					<b>Total New Zealand</b>		82,774,105	79,343,708
					<b>Norway (3.0%)</b>			
					<b>Government</b>			
					Kingdom of Norway			
					Series 475, 2.000%, 2023-05-24	NOK	150,000,000	21,559,823
					Series 483, 1.250%, 2031-09-17	NOK	151,000,000	21,391,644
					<b>Total Norway</b>		42,951,467	40,493,369
					<b>Oman (0.8%)</b>			
					<b>Government</b>			
					Oman Government			
					6.250%, 2031-01-25	USD	8,000,000	10,616,878
								10,527,463

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



# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>Romania (0.5%)</b>					<b>United Kingdom (6.4%)</b>				
<b>Government</b>					<b>Government (1.9%)</b>				
Romania Government 4.625%, 2049-04-03	EUR	4,880,000	9,293,074	6,677,634	United Kingdom Government 0.625%, 2050-10-22	GBP	13,300,000	20,701,887	16,256,118
					1.250%, 2051-07-31	GBP	7,000,000	10,866,746	10,235,845
								31,568,633	26,491,963
<b>Spain (3.5%)</b>					<b>Corporations (4.5%)</b>				
<b>Corporations</b>					<b>Barclays</b>				
Banco Bilbao Vizcaya Argentaria 5.875%, floating rate from 2023-09-24, Perpetual	EUR	2,600,000	4,303,616	3,724,743	7.250%, floating rate from 2023-03-15, Perpetual	GBP	1,000,000	1,690,231	1,691,013
6.000%, floating rate from 2024-03-29, Perpetual	EUR	3,800,000	6,163,047	5,412,323	6.375%, floating rate from 2025-12-15, Perpetual	GBP	2,200,000	3,613,065	3,740,498
Banco Santander 2.746%, 2025-05-28	USD	3,200,000	4,447,360	3,894,067	<b>BP Capital Markets</b>				
4.750%, floating rate from 2025-03-19, Perpetual	EUR	2,400,000	3,652,194	3,307,217	3.625%, floating rate from 2029-06-22, Perpetual	EUR	3,200,000	4,878,601	4,380,414
4.375%, floating rate from 2026-01-14, Perpetual	EUR	2,800,000	4,063,593	3,775,784	4.875%, floating rate from 2030-06-22, Perpetual	USD	6,350,000	8,615,680	7,970,444
Bankia 6.000%, floating rate from 2022-07-18, Perpetual	EUR	4,000,000	5,860,927	5,594,675	<b>InterContinental Hotels Group</b>				
CaixaBank 5.250%, floating rate from 2026-03-23, Perpetual	EUR	2,600,000	3,352,174	3,583,789	1.625%, 2024-10-08	EUR	1,800,000	2,796,116	2,502,942
6.750%, floating rate from 2024-06-13, Perpetual	EUR	1,600,000	2,692,883	2,335,520	<b>Nationwide Building Society</b>				
Cellnex Finance 1.000%, 2027-09-15	EUR	3,900,000	5,739,442	4,869,544	3.622%, floating rate from 2022-04-26, 2023-04-26	USD	3,670,000	4,897,982	4,621,130
Santander Issuances Series DIP, 3.250%, 2026-04-04	EUR	3,100,000	5,369,671	4,533,730	<b>Private Placement, Series 144A, 2.972%, floating rate from 2027-02-16, 2028-02-16</b>				
Telefónica Europe 3.875%, floating rate from 2026-09-22, Perpetual	EUR	2,500,000	3,751,047	3,500,406	USD	4,950,000	6,271,897	5,911,690	
2.875%, floating rate from 2027-09-24, Perpetual	EUR	1,000,000	1,471,747	1,292,262	<b>Natwest Group</b>				
2.376%, floating rate from 2029-05-12, Perpetual	EUR	1,600,000	2,460,991	1,913,388	1.750%, floating rate from 2025-03-02, 2026-03-02	EUR	4,100,000	6,275,895	5,695,644
					5.125%, floating rate from 2027-11-12, Perpetual	GBP	1,000,000	1,712,188	1,626,161
<b>Total Spain</b>			53,328,692	47,737,448	<b>Royal Bank of Scotland</b>				
					0.750%, floating rate from 2024-11-15, 2025-11-15	EUR	3,000,000	4,358,458	4,091,038
					<b>Santander UK Group Holdings</b>				
					6.750%, floating rate from 2024-06-24, Perpetual	GBP	2,600,000	4,525,293	4,421,613
					<b>Standard Chartered</b>				
					1.456%, floating rate from 2026-01-14, 2027-01-14	USD	4,170,000	5,285,684	4,746,811
					3.516%, floating rate from 2025-02-12, 2030-02-12	USD	1,260,000	1,658,608	1,529,981
					<b>Vodafone Group</b>				
					4.875%, 2049-06-19	USD	2,000,000	2,991,106	2,742,729
					6.250%, floating rate from 2024-07-03, 2078-10-03	USD	3,050,000	3,968,660	3,918,538
					3.250%, floating rate from 2026-09-04, 2081-06-04	USD	850,000	1,026,077	988,562
								64,565,541	60,579,208
					<b>Total United Kingdom</b>				
								96,134,174	87,071,171
					<b>Total Foreign Bonds</b>				
							876,412,560	792,876,439	
<b>Sweden (0.4%)</b>					<b>Supranational Bonds (1.0%)</b>				
<b>Corporations</b>					<b>Africa Finance Corporation</b>				
Mölnlycke Holding 0.875%, 2029-09-05	EUR	1,400,000	2,049,085	1,746,822	2.875%, 2028-04-28	USD	2,000,000	2,480,509	2,308,527
Samhallsbyggnadsbolaget i Norden 1.125%, 2029-11-26	EUR	3,500,000	5,090,262	3,904,259	3.750%, 2029-10-30	USD	3,400,000	4,392,678	4,029,398
					<b>African Export-Import Bank (Afreximbank)</b>				
					3.798%, 2031-05-17	USD	2,600,000	3,143,790	3,013,372
					<b>West African Development Bank</b>				
					5.000%, 2027-07-27	USD	1,100,000	1,389,455	1,352,227
					2.750%, 2033-01-22	EUR	2,000,000	3,045,497	2,566,268
					<b>Total Supranational Bonds</b>				
							14,451,929	13,269,792	
					<b>Total Bonds</b>				
							1,252,630,388	1,148,485,443	

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

# NEI Global Total Return Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$
<b>Foreign Asset-Backed Securities (0.5%)</b>				
<b>United Kingdom</b>				
Income Contingent Student Loans				
Series 1, Class A1, floating rate, 2056-07-24	GBP	840,101	1,424,820	1,377,533
Series 2, Class A1, floating rate, 2058-07-24	GBP	3,689,332	6,069,294	6,055,187
<b>Total Foreign Asset-Backed Securities</b>			7,494,114	7,432,720
<b>Foreign Mortgage-Backed Securities (0.0%)</b>				
<b>Italy</b>				
Asti RMBS				
Series 1, Class A, floating rate, 2060-12-27	EUR	248,978	361,951	345,300
<b>Total Investments (85.3%)</b>			<b>1,260,486,453</b>	<b>1,156,263,463</b>
<b>Unrealized Appreciation on Derivatives (TABLE 1) (3.3%)</b>				43,686,413
<b>Unrealized Depreciation on Derivatives (TABLE 2) (-1.3%)</b>				(17,848,060)
<b>Options at Fair Value - Long Positions (TABLE 3) (0.3%)</b>				4,508,434
<b>Options at Fair Value - Short Positions (TABLE 4) (-0.1%)</b>				(1,376,508)
<b>Other Net Assets (12.5%)*</b>				169,902,050
<b>Net Assets (100.0%)</b>				<b>1,355,135,792</b>

\*Includes Receivables and Payables from Tables 5 and 6.

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

TABLE 1

Foreign Currency Forward Contracts	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED APPRECIATION \$
<b>Unrealized Appreciation on Purchase of Foreign Currencies for Australian Dollars</b>						
U.S. Dollar	1	April 2022	1.2476	23,443,074	29,246,407	25,795
<b>Unrealized Appreciation on Sale of Foreign Currencies for Australian Dollars</b>						
Euro	1	April 2022	1.4241	4,442,247	6,326,318	404,406
U.S. Dollar	5	April 2022	1.2640	41,237,098	52,123,188	1,584,650
						1,989,056
<b>Unrealized Appreciation on Purchase of Foreign Currencies for Canadian Dollars</b>						
Euro	1	April 2022	1.3827	26,000,000	35,949,732	22,784
<b>Unrealized Appreciation on Sale of Foreign Currencies for Canadian Dollars</b>						
Euro	3	April 2022	1.3984	33,000,000	46,147,084	489,660
U.S. Dollar	6	April 2022	1.2707	769,500,000	977,823,196	15,733,181
						16,222,841
<b>Unrealized Appreciation on Sale of Foreign Currencies for Chilean Pesos</b>						
U.S. Dollar	1	May 2022	1.2824	2,484,090	3,185,553	162,940
<b>Unrealized Appreciation on Sale of Foreign Currencies for Chinese Yuan Renminbis</b>						
U.S. Dollar	1	April 2022	1.2765	7,202,361	9,193,925	14,950
<b>Unrealized Appreciation on Purchase of Foreign Currencies for Euros</b>						
Czech Republic Koruna	3	April 2022	0.0586	535,750,000	31,418,421	170,573
Norwegian Krone	2	April 2022	0.1428	92,410,000	13,193,703	491,559
Swiss Franc	2	April 2022	1.3778	14,890,000	20,515,977	275,387
						937,519
<b>Unrealized Appreciation on Sale of Foreign Currencies for Euros</b>						
Japanese Yen	3	May 2022	0.0110	8,150,000,000	89,775,116	3,393,812
Norwegian Krone	1	April 2022	0.1429	46,970,000	6,710,011	79,057
Pound Sterling	2	April 2022	1.6830	63,950,000	107,624,898	59,114
						3,531,983
<b>Unrealized Appreciation on Purchase of Foreign Currencies for Hungarian Forints</b>						
Euro	4	April 2022	1.4288	17,364,217	24,809,229	328,419
<b>Unrealized Appreciation on Sale of Foreign Currencies for Hungarian Forints</b>						
Euro	1	April 2022	1.4205	4,794,447	6,810,553	153,192
<b>Unrealized Appreciation on Sale of Foreign Currencies for Indian Rupees</b>						
Euro	1	April 2022	1.4549	9,191,669	13,373,191	244,074
<b>Unrealized Appreciation on Purchase of Foreign Currencies for Japanese Yens</b>						
U.S. Dollar	2	May 2022	1.2629	31,797,325	40,157,317	1,860,101
<b>Unrealized Appreciation on Sale of Foreign Currencies for Japanese Yens</b>						
U.S. Dollar	1	May 2022	1.2387	656,838	813,607	1,026
<b>Unrealized Appreciation on Sale of Foreign Currencies for South Korean Wons</b>						
U.S. Dollar	1	May 2022	1.2853	16,178,761	20,794,723	338,662

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

TABLE 1 (continued)

Foreign Currency Forward Contracts	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED APPRECIATION \$
<b>Unrealized Appreciation on Sale of Foreign Currencies for Mexican Pesos</b>						
Euro	1	April 2022	1.4528	6,079,066	8,831,695	493,084
U.S. Dollar	1	April 2022	1.2909	5,101,423	6,585,467	177,394
						670,478
<b>Unrealized Appreciation on Sale of Foreign Currencies for Polish Zlotys</b>						
Euro	2	April 2022	1.4021	6,480,804	9,086,505	123,642
<b>Unrealized Appreciation on Sale of Foreign Currencies for Swedish Kronas</b>						
Euro	3	April 2022	1.4128	14,200,076	20,061,437	89,559
<b>Unrealized Appreciation on Sale of Foreign Currencies for Thai Bahts</b>						
U.S. Dollar	1	April 2022	1.2562	18,190,186	22,850,628	231,902
<b>Unrealized Appreciation on Purchase of Foreign Currencies for U.S. Dollars</b>						
Brazilian Real	2	April 2022	0.2435	73,078,451	17,794,762	1,710,883
Indian Rupee	1	April 2022	0.0166	401,216,890	6,674,617	70,372
New Zealand Dollar	3	April 2022	0.8485	20,160,000	17,105,155	656,233
Russian Ruble	1	April 2022	0.0119	1,292,152,961	15,421,906	4,996,776
Singapore Dollar	2	April 2022	0.9284	14,370,000	13,340,531	16,832
						7,451,096
<b>Unrealized Appreciation on Sale of Foreign Currencies for U.S. Dollars</b>						
Euro	1	June 2022	1.4195	210,000,000	298,084,733	1,386,053
Indian Rupee	2	April 2022	0.0167	1,502,500,241	25,129,889	193,764
New Zealand Dollar	1	April 2022	0.8721	7,770,000	6,776,189	47,398
New Zealand Dollar	1	June 2022	0.8642	89,820,000	77,624,312	97,037
Norwegian Krone	1	April 2022	0.1446	153,410,000	22,187,320	77,522
Russian Ruble	3	April 2022	0.0163	1,292,152,960	21,027,656	1,374,768
Singapore Dollar	3	April 2022	0.9340	33,900,000	31,661,609	152,104
Taiwan Dollar	1	April 2022	0.0455	1,224,764,596	55,751,716	2,188,460
						5,517,106
Interest Rate Swaps	NUMBER OF CONTRACTS	MATURITY	FIXED RATE %	FLOATING RATE	NOMINAL VALUE BUY/(SALE) \$	
<b>Pay/Receive</b>						
Pay Fixed/Received Float	1	June 2024	1.198	GBP-SONIO/N 1D	(50,000,000)	1,509,360
Pay Fixed/Received Float	1	June 2027	1.374	GBP-SONIO/N 1D	(35,000,000)	1,438,525
				CNY 7-DAY		
Pay Float/Received Fixed	1	June 2027	2.500	REVERSE REPO	1,036,000,000	368,770
Pay Fixed/Received Float	1	June 2032	4.521	PLN WIBOR 6M	(80,000,000)	452,633
						3,769,288
<b>Unrealized Appreciation on Derivatives</b>						<b>43,686,413</b>

TABLE 2

Foreign Currency Forward Contracts	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED DEPRECIATION \$
<b>Unrealized Depreciation on Purchase of Foreign Currencies for Australian Dollars</b>						
U.S. Dollar	2	April 2022	1.2730	29,402,987	37,430,297	(668,855)

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

TABLE 2 (continued)

Foreign Currency Forward Contracts	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED DEPRECIATION \$
<b>Unrealized Depreciation on Sale of Foreign Currencies for Australian Dollars</b>						
U.S. Dollar	1	April 2022	1.2481	5,754,807	7,182,760	(37,696)
U.S. Dollar	1	June 2022	1.2490	23,477,698	29,323,257	(25,818)
						(63,514)
<b>Unrealized Depreciation on Purchase of Foreign Currencies for Canadian Dollars</b>						
Euro	2	April 2022	1.4040	26,000,000	36,504,752	(532,237)
U.S. Dollar	4	April 2022	1.2590	103,412,830	130,193,280	(898,346)
						(1,430,583)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Canadian Dollars</b>						
Euro	3	April 2022	1.3817	291,500,000	402,753,576	(553,666)
<b>Unrealized Depreciation on Purchase of Foreign Currencies for Chinese Yuan Renminbis</b>						
U.S. Dollar	3	April 2022	1.2579	10,617,899	13,356,471	(83,347)
<b>Unrealized Depreciation on Purchase of Foreign Currencies for Czech Republic Korunas</b>						
Euro	1	April 2022	1.4359	13,894,806	19,951,916	(128,747)
<b>Unrealized Depreciation on Purchase of Foreign Currencies for Euros</b>						
Japanese Yen	2	May 2022	0.0107	1,245,000,000	13,282,959	(194,990)
Norwegian Krone	1	April 2022	0.1441	271,180,000	39,075,698	(679,794)
Pound Sterling	1	April 2022	1.6673	4,050,000	6,752,633	(9,242)
Swiss Franc	1	April 2022	1.3876	4,750,000	6,591,308	(88,796)
						(972,822)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Euros</b>						
Norwegian Krone	4	April 2022	0.1417	162,200,000	22,977,553	(549,795)
Pound Sterling	1	April 2022	1.6620	3,930,000	6,531,848	(2,225)
South African Rand	1	May 2022	0.0831	263,580,000	21,909,998	(1,389,758)
Swiss Franc	2	April 2022	1.3641	25,930,000	35,372,375	(548,079)
						(2,489,857)
<b>Unrealized Depreciation on Purchase of Foreign Currencies for Hungarian Forints</b>						
Euro	1	April 2022	1.4346	4,522,260	6,487,725	(66,814)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Hungarian Forints</b>						
Euro	2	April 2022	1.4548	5,764,734	8,386,637	(222,801)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Indonesian Rupiahs</b>						
U.S. Dollar	1	April 2022	1.2750	4,913,413	6,264,595	(9,223)
U.S. Dollar	1	June 2022	1.2672	10,048,229	12,732,977	(54,780)
						(64,003)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Japanese Yens</b>						
U.S. Dollar	4	May 2022	1.2713	18,830,940	23,939,328	(1,189,033)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Polish Zlotys</b>						
Euro	1	April 2022	1.4490	10,244,928	14,844,670	(227,029)
<b>Unrealized Depreciation on Sale of Foreign Currencies for Swedish Kronas</b>						
Euro	1	April 2022	1.4181	4,999,632	7,090,076	(26,057)
<b>Unrealized Depreciation on Purchase of Foreign Currencies for U.S. Dollars</b>						
Chinese Yuan Renminbi	1	April 2022	0.2028	27,670,000	5,612,854	(6,358)
Indian Rupee	1	April 2022	0.0168	422,800,000	7,096,033	(63,047)
New Zealand Dollar	1	April 2022	0.8699	89,820,000	78,136,072	(93,968)
Singapore Dollar	2	April 2022	0.9425	11,490,000	10,828,864	(63,498)
Taiwan Dollar	2	April 2022	0.0441	303,507,170	13,390,130	(41,841)
						(268,712)

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

TABLE 2 (continued)

Foreign Currency Forward Contracts	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED DEPRECIATION \$
<b>Unrealized Depreciation on Sale of Foreign Currencies for U.S. Dollars</b>						
Brazilian Real	5	April 2022	0.2485	189,019,490	46,974,733	(3,378,766)
Brazilian Real	1	September 2022	0.2422	44,270,700	10,720,931	(379,498)
Indian Rupee	2	April 2022	0.0162	698,097,772	11,341,297	(191,396)
Israeli Shekel	2	April 2022	0.3895	95,970,000	37,384,025	(536,167)
New Zealand Dollar	3	April 2022	0.8505	102,210,000	86,931,854	(2,146,316)
Norwegian Krone	1	April 2022	0.1417	46,910,000	6,645,730	(75,637)
						(6,707,780)
<b>Unrealized Depreciation on Sale of Foreign Currencies for South African Rands</b>						
U.S. Dollar	1	May 2022	1.2644	5,356,966	6,773,220	(25,383)
<b>Credit Default Swaps</b>						
Referenced Entity	NUMBER OF CONTRACTS	MATURITY	FIXED RATE %	COUNTERPARTY	NOMINAL VALUE BUY/(SALE) \$	
Markit CDX.EM.36	1	December 2026	5.000	Bofa Security Europe	(25,000,000)	(2,759,057)
<b>Unrealized Depreciation on Derivatives</b>						<b>(17,848,060)</b>

TABLE 3

Options at Fair Value—Long Positions	NUMBER OF OPTIONS BUY/(SALE)	NUMBER OF BONDS PER OPTION	MATURITY	PRICE \$	COST \$	FAIR VALUE \$
<b>Bonds Options</b>						
<b>Puts</b>						
U.S. Treasury Notes – 10 years	1,149	1,000	May 2022	122.000 USD	970,276	852,876
U.S. Treasury Notes – 10 years	698	1,000	May 2022	123.000 USD	356,798	804,432
U.S. Treasury Notes – 10 years	1,093	1,000	June 2022	120.000 USD	884,221	555,106
						2,212,414
<b>Foreign Currencies Options</b>						
<b>Calls</b>						
EUR/USD	23,000,000	1	June 2022	1.150 EUR/USD	184,029	54,434
USD/JPY	32,000,000	1	June 2022	123.000 USD/JPY	486,464	460,207
						514,641
<b>Puts</b>						
USD/CAD	31,000,000	1	May 2022	1.260 USD/CAD	280,414	549,835
USD/BRL	32,000,000	1	September 2022	4.800 USD/BRL	760,143	1,231,544
						1,781,379
<b>Options at Fair Value—Long Positions</b>						<b>4,508,434</b>

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

# NEI Global Total Return Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

TABLE 4

Options at Fair Value—Short Positions	NOMINAL VALUE BUY/(SALE)	NUMBER OF OPTIONS	MATURITY	PRICE \$	COST \$	FAIR VALUE \$
<b>Foreign Currencies Options</b>						
<b>Calls</b>						
EUR/NOK	(30,000,000)	1	April 2022	10.400 EUR/NOK	(311,266)	(361)
USD/CAD	(31,000,000)	1	May 2022	1.310 USD/CAD	(214,084)	(32,248)
USD/JPY	(64,000,000)	1	June 2022	126.000 USD/JPY	(443,076)	(425,667)
USD/BRL	(16,000,000)	1	September 2022	5.700 USD/BRL	(463,727)	(305,388)
						(763,664)
<b>Puts</b>						
EUR/USD	(23,000,000)	1	June 2022	1.075 EUR/USD	(179,126)	(122,457)
USD/BRL	(32,000,000)	1	September 2022	4.500 USD/BRL	(268,262)	(490,387)
						(612,844)
<b>Options at Fair Value—Short Positions</b>						<b>(1,376,508)</b>

TABLE 5

Futures Contracts	NUMBER OF CONTRACTS BUY/(SALE)	MATURITY	CURRENCY CONTRACTED VALUE	RECEIVABLE AMOUNT \$
<b>Receivable on Futures Contracts</b>				
Australian Treasury Notes – 10 years	308	June 2022	AUD (39,120,119)	22,588
EURO BOBL	(1,706)	June 2022	EUR (224,947,060)	6,857,341
EURO-BTP	(844)	June 2022	EUR (119,858,650)	4,321,844
EURO-OAT	(161)	June 2022	EUR (25,317,800)	1,278,833
EURO-SCHATZ	(1,650)	June 2022	EUR (183,578,150)	1,094,149
EURX EUR-BULX-30 years	(11)	June 2022	EUR (2,201,760)	215,110
LONG GILT	(662)	June 2022	GBP (80,837,040)	957,073
U.S. 10 years Ultra	(14)	June 2022	USD (1,924,125)	36,645
U.S. Bonds – Long Term	(22)	June 2022	USD (3,394,188)	119,468
U.S. Treasury Notes – 2 years	(1,613)	June 2022	USD (344,320,364)	3,365,408
U.S. Treasury Notes – 5 years	(2,365)	June 2022	USD (278,332,500)	9,356,834
<b>Receivable on Futures Contracts</b>				<b>27,625,293</b>

TABLE 6

Futures Contracts	NUMBER OF CONTRACTS BUY/(SALE)	MATURITY	CURRENCY CONTRACTED VALUE	PAYABLE AMOUNT \$
<b>Payable on Futures Contracts</b>				
EURX EURO-BUND	651	June 2022	EUR 105,485,490	(2,958,538)
Government of Canada Bonds – 10 years	229	June 2022	CAD 31,383,360	(1,491,990)
Japanese Government Bonds – 10 years	77	June 2022	JPY 11,583,650,000	(424,624)
U.S. Bonds – Ultra	371	June 2022	USD 68,063,711	(3,097,706)
U.S. Treasury Notes – 10 years	(20)	June 2022	USD (2,425,938)	(34,770)
<b>Payable on Futures Contracts</b>				<b>(8,007,628)</b>

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

# NEI Global Total Return Bond Fund

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

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

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

Series A	Series F	Series I
September 25, 2013	September 27, 2013	March 31, 2014
Series O	Series P	Series PF
June 29, 2018	July 29, 2014	August 13, 2014

### b) Units (Note 4)

#### Issued and Outstanding Units

	Number of Units, Beginning of Period	Units Issued	Reinvested Units	Units Redeemed	Number of Units, End of Period
Series A					
March 31, 2022	4,463,249	304,524	119,577	1,053,834	3,833,516
March 31, 2021	5,286,597	386,688	91,456	956,327	4,808,414
Series F					
March 31, 2022	5,347,357	882,414	135,371	1,912,009	4,453,133
March 31, 2021	6,038,313	1,098,063	76,056	1,580,232	5,632,200
Series I					
March 31, 2022	93,337,512	5,935,928	4,352,633	2,484,883	101,141,190
March 31, 2021	102,375,634	9,902,975	-	735,366	111,543,243
Series O					
March 31, 2022	270,222	55,786	16,034	35,159	306,883
March 31, 2021	170,811	-	-	6,714	164,097
Series P					
March 31, 2022	1,905,672	175,881	58,702	463,988	1,676,267
March 31, 2021	2,063,955	330,737	40,753	367,715	2,067,730
Series PF					
March 31, 2022	13,774,281	2,048,299	419,877	1,794,458	14,447,999
March 31, 2021	12,299,089	1,695,319	170,021	1,630,455	12,533,974

### 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 2022 and 2021, are as follows:

	Series A %	Series F %	Series P %
March 31, 2022	1.40	0.65	1.25
March 31, 2021	1.40	0.65	1.25
	Series PF %		
March 31, 2022	0.50		
March 31, 2021	0.50		

The annual administration fee rates, for 2022 and 2021, are as follows:

	Series A %	Series F %	Series O %
March 31, 2022	0.25	0.25	0.08
March 31, 2021	0.25	0.25	0.08
	Series P %	Series PF %	
March 31, 2022	0.25	0.20	
March 31, 2021	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:

	March 31, 2022	September 30, 2021
	\$	\$
	106,977	123,584

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

#### Strategy in Using Financial Instruments

##### Investment Objective

The Fund aims to provide high level of current income with the potential for capital gains. The Fund will invest its assets primarily in global fixed income instruments from both developed and emerging markets. The Fund can invest across all sectors and credit qualities but will be primarily invested in investment grade securities rated BBB- and above by Standard & Poor's (or its equivalent by qualified rating agencies).

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

#### 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 Total Return Bond Fund

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

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

March 31, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at FVPTL</b>				
Bonds	632,015	516,470	-	1,148,485
Options	2,212	2,296	-	4,508
Mortgage-Backed Securities	-	345	-	345
Asset-Backed Securities	-	7,433	-	7,433
Derivative Financial Instruments	-	43,686	-	43,686
<b>Total</b>	<b>634,227</b>	<b>570,230</b>	<b>-</b>	<b>1,204,457</b>
<b>Financial liabilities at FVPTL</b>				
Options	-	1,377	-	1,377
Derivative Financial Instruments	-	17,848	-	17,848
<b>Total</b>	<b>-</b>	<b>19,225</b>	<b>-</b>	<b>19,225</b>
<b>September 30, 2021</b>				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at FVPTL</b>				
Bonds	654,738	567,607	-	1,222,345
Options	458	1,131	-	1,589
Mortgage-backed securities	-	445	-	445
Asset-backed securities	-	7,761	-	7,761
Derivative financial instruments	-	26,623	-	26,623
<b>Total</b>	<b>655,196</b>	<b>603,567</b>	<b>-</b>	<b>1,258,763</b>
<b>Financial liabilities at FVPTL</b>				
Options	271	1,896	-	2,167
Derivative financial instruments	-	20,134	-	20,134
<b>Total</b>	<b>271</b>	<b>22,030</b>	<b>-</b>	<b>22,301</b>

### Transfers between Levels 1 and 2

During the periods ended March 31, 2022 and September 30, 2021, there were no transfers of securities between Levels 1 and 2.

### Financial Instruments Risks

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

The Fund's exposure to currency risk is presented in the tables below. Amounts shown represent monetary and non-monetary items (including the notional amount of foreign exchange forward contracts). The tables also illustrate 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.

March 31, 2022	Financial Assets	Financial Liabilities	Net Exposure	Impact on Net Assets Attributable to Holders of Redeemable Units
	\$	\$	\$	\$
USD	1,501,310	1,348,372	152,938	4,588
EUR	830,534	965,588	(135,054)	4,052
NZD	175,138	173,000	2,138	64
AUD	107,610	66,611	40,999	1,230
NOK	92,627	58,141	34,486	1,035
BRL	79,483	60,480	19,003	570
GBP	74,608	111,483	(36,875)	1,106
JPY	68,828	122,106	(53,278)	1,598
CZK	30,309	19,354	10,955	329
CHF	26,644	35,108	(8,464)	254
SEK	26,636	-	26,636	799
INR	26,489	36,102	(9,613)	288
SGD	23,867	31,269	(7,402)	222
PLN	23,494	-	23,494	705
THB	22,979	-	22,979	689
KRW	20,570	-	20,570	617
RUB	19,233	19,233	-	-
IDR	18,646	-	18,646	559
MXN	15,466	-	15,466	464
CNY	14,841	13,360	1,481	44
HUF	14,541	30,021	(15,480)	464
TWD	13,263	53,521	(40,258)	1,208
ZAR	6,675	22,401	(15,726)	472
CLP	3,269	-	3,269	98
ILS	2	37,600	(37,598)	1,128
TRY	1	-	1	-

# NEI Global Total Return Bond Fund

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

September 30, 2021	Financial Assets \$	Financial Liabilities \$	Net Exposure \$	Impact on Net Assets Attributable to Holders of Redeemable Units \$
USD	1,312,923	1,152,707	160,216	4,807
EUR	1,226,021	1,184,941	41,080	1,232
RUB	181,288	149,402	31,886	957
NZD	80,294	41,487	38,807	1,164
GBP	54,088	64,216	(10,128)	304
NOK	42,036	34,910	7,126	214
CHF	38,078	137,327	(99,249)	2,977
ZAR	36,553	70,813	(34,260)	1,028
SEK	36,493	12,258	24,235	727
BRL	36,115	16,726	19,389	582
AUD	36,069	34,707	1,362	41
KRW	30,229	15,355	14,874	446
JPY	29,469	90,762	(61,293)	1,839
HUF	29,347	12,971	16,376	491
CNY	22,435	20,244	2,191	66
INR	19,958	13,358	6,600	198
MXN	15,872	-	15,872	476
PLN	7,585	-	7,585	228
TRY	4,088	11,386	(7,298)	219
SGD	6	5,718	(5,712)	171
ILS	5	45,193	(45,188)	1,356
CZK	1	47,188	(47,187)	1,416
TWD	-	65,417	(65,417)	1,963
IDR	-	762	(762)	23

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

### 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 \$
March 31, 2022	175,040	358,922	427,990	312,183	1,274,135	42,076
September 30, 2021	133,816	274,864	632,409	296,941	1,338,030	51,325

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

# NEI Global Total Return Bond Fund

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

### Concentration Risk

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

March 31, 2022		September 30, 2021	
Market Segment	%	Market Segment	%
Foreign Bonds		Foreign Bonds	
Italy	7.1	Italy	18.1
United Kingdom	6.4	France	8.0
France	6.2	Netherlands	7.8
Netherlands	6.1	Other Countries*	33.5
New Zealand	5.9	U.S. Bonds	
Other Countries*	26.8	Government	13.9
U.S. Bonds		Corporations	8.4
Corporations	10.3	Supranational Bonds	1.2
Government	9.7	Foreign Asset-Backed Securities	0.6
Canadian Bonds	5.3	Derivative Financial Instruments	0.4
Supranational Bonds	1.0	Options at Fair Value	(0.1)
Foreign Asset-Backed Securities	0.5	Other Net Assets	8.2
Derivative Financial Instruments	2.0		
Options at Fair Value	0.2		
Other Net Assets	12.5		
<b>Total</b>	<b>100</b>		<b>100</b>

\*This category includes all countries representing less than 5% of the Fund's net assets.

### 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	
		March 31, 2022 \$	September 30, 2021 \$
Bloomberg Barclays Global Aggregate Index (C\$ hedged)	1.00	13,958	19,101

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.

### Credit Risk

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	
	March 31, 2022 %	September 30, 2021 %
AAA	29	19
AA	7	2
A	13	14
BBB	39	54
BB	9	7
B	3	4
<b>Total</b>	<b>100</b>	<b>100</b>

As at March 31, 2022, 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, 2021).

### 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) Income taxes – Loss Carry Forward (Note 2)

Capital and non-capital losses determined for tax purposes as at December 15, 2021, which is the taxation year-end, are as follows:

Capital Losses	Non-Capital Losses	Year of Expiry
Amount \$	Amount \$	
60,166,217	-	

# NEI Global Total Return Bond Fund

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

### h) Offsetting Financial Assets and Financial Liabilities (Note 2)

In the normal course of business, the Fund enters into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statement of Financial position (Section 1 table), however the agreements still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts (Section 2 table). The section 2 table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at March 31, 2022 and September 30, 2021. The "Net Impact" column displays what the impact would be on the Fund's Statement of Financial Position if all amounts were set-off. Only significant amounts (above 0.10% of the Fund's Net Assets Attributable to Holders of Redeemable Units) have been disclosed.

	Section 1		Section 2			Net Impact \$
	Gross Amount Presented in the Statement of Financial Position \$	Set Off Amount \$	Net Amount Presented in the Statement of Financial Position \$	Associated Amounts not Set Off		
March 31, 2022				Financial Instruments \$	Financial Collateral Held/Pledged \$	
<b>Financial Assets</b>						
Unrealized appreciation on derivatives	37,481,754	-	37,481,754	12,679,941	-	24,801,813
<b>Financial Liabilities</b>						
Unrealized depreciation on derivatives	14,955,600	-	14,955,600	12,679,941	-	2,275,659

	Section 1		Section 2			Net Impact \$
	Gross Amount Presented in the Statement of Financial Position \$	Set Off Amount \$	Net Amount Presented in the Statement of Financial Position \$	Associated Amounts not Set Off		
September 30, 2021				Financial Instruments \$	Financial Collateral Held/Pledged \$	
<b>Financial Assets</b>						
Unrealized appreciation on derivatives	22,068,672	-	22,068,672	7,664,383	-	14,404,289
<b>Financial Liabilities</b>						
Unrealized depreciation on derivatives	18,495,293	-	18,495,293	7,664,383	-	10,830,910

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2022 and 2021

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, except for NEI U.S. Equity Fund, NEI Select Income Portfolio and NEI Select Growth & Income Portfolio, which are subject to the laws of British Columbia.

The information provided in these financial statements and notes thereto is as at March 31, 2022 and September 30, 2021, and for the 6-month periods ended March 31, 2022 and 2021, except for the Fund established during either period, in which case the information provided relates to the period from inception to March 31, 2022 and 2021, as applicable.

Funds	Inception date
NEI Clean Infrastructure Fund	February 18, 2022

For the Fund established in either year, the “period” represents the period from the establishment date to March 31 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 May 12, 2022.

#### 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 March 31, 2022 and September 30, 2021, 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 are recorded at the closing price of the stock exchange on which the corresponding security is principally traded. Unlisted warrants are valued with a recognized valuation model such as Black-Scholes.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2022 and 2021 (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. The fair value of derivative financial instruments takes into account the impact of legally binding master netting agreements, if applicable. Refer to the section "Offsetting Financial Assets and Financial Liabilities" for further information about the Funds' offsetting.

#### 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. 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 must be 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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2022 and 2021 (continued)

### 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 exchange traded funds and income trusts are included in "Dividends". 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.

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
AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
CHF	Swiss Franc
CLP	Chilean Peso
CNY	Chinese Yuan Renminbi
CZK	Czech Republic Koruna
DKK	Danish Krone
EUR	Euro
GBP	Pound Sterling
HKD	Hong Kong Dollar
HUF	Hungarian Forint
IDR	Indonesian Rupiah
ILS	Israeli Shekel
INR	Indian Rupee
JPY	Japanese Yen

Abbreviation	Currency
KRW	South Korean Won
MXN	Mexican Peso
MYR	Malaysian Ringgit
NOK	Norwegian Krone
NZD	New Zealand Dollar
PHP	Philippine Peso
PLN	Polish Zloty
RUB	Russian Ruble
SEK	Swedish Krona
SGD	Singapore Dollar
THB	Thai Baht
TRY	Turkish Lira
TWD	Taiwan Dollar
USD	United States Dollar
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 period.

### Income Taxes

Under the *Income Tax Act* (Canada), each Fund, except the Funds below, is defined 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2022 and 2021 (continued)

### 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management 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.

#### 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 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.



# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2022 and 2021 (continued)

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.

### 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 exchange traded funds are classified as Level 1 when the security is actively traded and a reliable price is observable.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2022 and 2021 (continued)

### 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.

### g) Options

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.

### h) Derivative Financial Instruments

Derivative financial instruments consist of foreign currency forward contracts, forward contracts, interest rate swaps, credit default swaps and TBA, 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 except for the TBA which are classified as Level 1 when valuation is based on observable inputs.

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 the outbreak of COVID-19, emergency measures taken in response to the spread of COVID-19 have resulted in significant disruption to business operations globally, resulting in an economic uncertainty. Global equity and capital markets have also experienced significant volatility. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These developments are constantly evolving and the duration and impact of the COVID-19 pandemic is highly uncertain and cannot be predicted at this time but could have a material impact on the future performance of the Funds. In the face of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Funds' risk exposures from the portfolio holdings.

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 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.

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## March 31, 2022 and 2021 (continued)

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.

### 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 Annual Information Form, 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.NEIinvestments.com](http://www.NEIinvestments.com)

Tel.: 1-888-809-3333

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

Northwest & Ethical Investments L.P.

[1-888-809-3333](tel:1-888-809-3333)

[NEIinvestments.com](http://NEIinvestments.com)

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