

The logo consists of the letters 'NEI' in a white, bold, sans-serif font, positioned in the upper left corner of a dark blue vertical band. A thin green line forms a partial triangle on the left side of the band.

NEI

Global in name or global in practice?

Why broader global
diversification may uncover
opportunities traditional fixed
income approaches can miss.

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By **Amundi**
Investment Solutions

A solid blue horizontal bar is located directly beneath the text 'Investment Solutions'.

Executive summary

Today's fixed income opportunity set is global, fragmented and rapidly changing. Geopolitical tensions, energy shocks and shifting policy regimes remain persistent macroeconomic drivers, encouraging a structural reallocation of capital and a more active rotation across markets.

Yet many global fixed income strategies remain concentrated in North America, which can limit access to the broader set of opportunities available across global markets. To illustrate, the average Canadian global fixed income fund has 41.5% in U.S. exposure and 26.5% in Canada—meaning that more than two-thirds of those “global” assets are concentrated in North America¹.

Against this uncertain and uneven market backdrop, truly global actively managed bond strategies can broaden yield and relative-value opportunity, improve portfolio resilience and dynamically protect capital through tactical duration, credit and currency management.

Investors are increasingly turning to global bonds for much-needed diversification and resilience. The tactically flexible and actively managed NEI Global Total Return Bond Fund and NEI Global Short-Term Bond Fund, sub-advised by Amundi Asset Management (Amundi), are designed to help meet those portfolio needs in complementary ways.

The current case for global bonds today

Market backdrop: Macro uncertainty is reshaping fixed income

The fixed income backdrop remains highly dynamic, with macro dispersion, geopolitical shocks and policy uncertainty driving sharper rotations across interest rates, credit and currencies. The dominant forces today are inflation, central bank reaction functions, fiscal issuance and the shape of yield curves.

Tensions have flared again in the Middle East, pushing Brent crude oil prices back toward US\$100 after an earlier decline tied to rerouting and a reassessment of supply risk. The renewed move higher shows how quickly energy markets can reprise geopolitical developments and feed into inflation expectations, breakevens and policy volatility.

For fixed income investors, the key issue is not just the level of yields, but the source of yield volatility. In this environment, active global fixed income needs flexibility across duration, curve positioning, credit selection and currencies to navigate inflation uncertainty, fiscal pressure and repeated geopolitical shocks.

Macro policy and interest-rate outlook

Central banks are likely to remain cautious, with policy paths becoming more data-dependent and less predictable. Reduced forward guidance from major central banks has increased uncertainty around the short-rate path and added volatility to front-end rates.

In the U.S., robust macro data is supporting higher yields. The job market has confirmed a rebound from the second half of 2025, technology continues to support growth through investment and wealth effects, and inflation continues to hover above target. The U.S. Federal Reserve Board's dot plot has shifted higher, reinforcing the case for greater volatility in interest rates as markets adjust to a framework with less forward guidance and a more unstable geopolitical backdrop. In Canada, bond yields trade at lower levels relative to many developed market peers as the Bank of Canada maintains rates at the lower end of its stated neutral band afforded by tamer inflation and spare capacity in the economy.

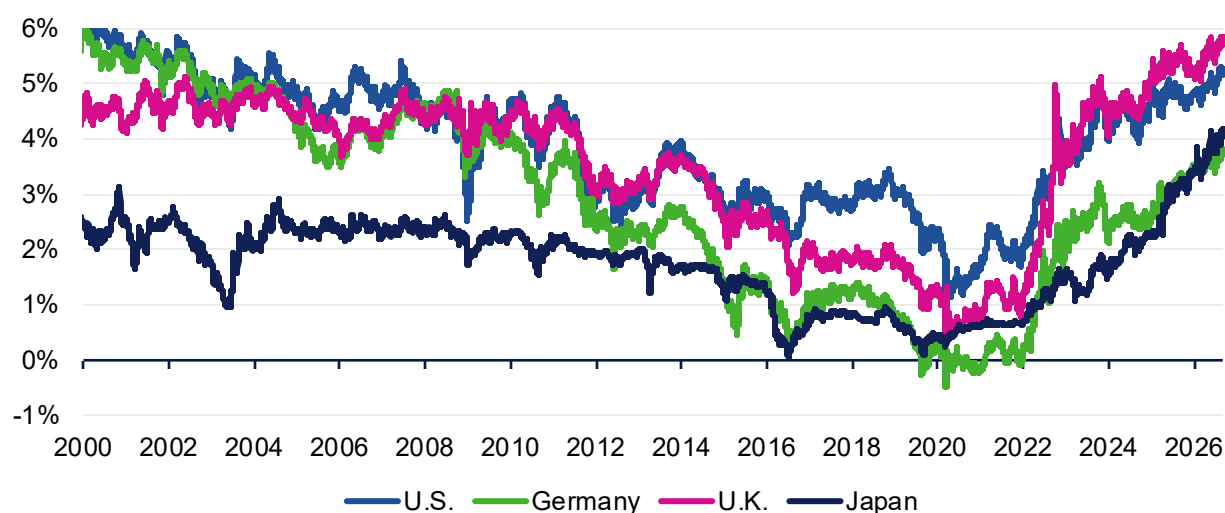
In the euro area, recent macro data have been slightly more resilient, but from much weaker levels. Europe remains more exposed to an energy shock, although recent declines in energy prices should help. The European Central Bank hiked rates to 2.25% in June and is likely to stay attentive to diffusion effects from higher energy prices. Fiscal space is limited and wage growth is moderating, which should reduce the risk of second-round effects. Amundi maintains a positive outlook on the short end of the yield curve, while volatility may remain high depending on conflict headlines.

In the U.K., some of the market's earlier repricing has created attractive levels, but fiscal risk remains elevated in an unstable political context. The market still prices too many Bank of England hikes relative to the weak growth outlook.

In Japan, fundamentals continue to justify further Bank of Japan (BoJ) rate hikes. Strong first-quarter gross domestic product, inflation measures likely to move above target, and elevated wage increases support the case for a still-credible monetary tightening cycle. Despite recent hikes, the BoJ remains behind the curve, which should keep upward pressure on medium- to long-end yields.

Broadly, yield curve movements are likely to be driven less by growth alone and more by monetary policy expectations, term premium and fiscal vulnerabilities. High debt and deficits will require more issuance, and markets will need to absorb that supply. In this setting, domestic bond demand and yield curve positioning may become increasingly important in determining relative performance.

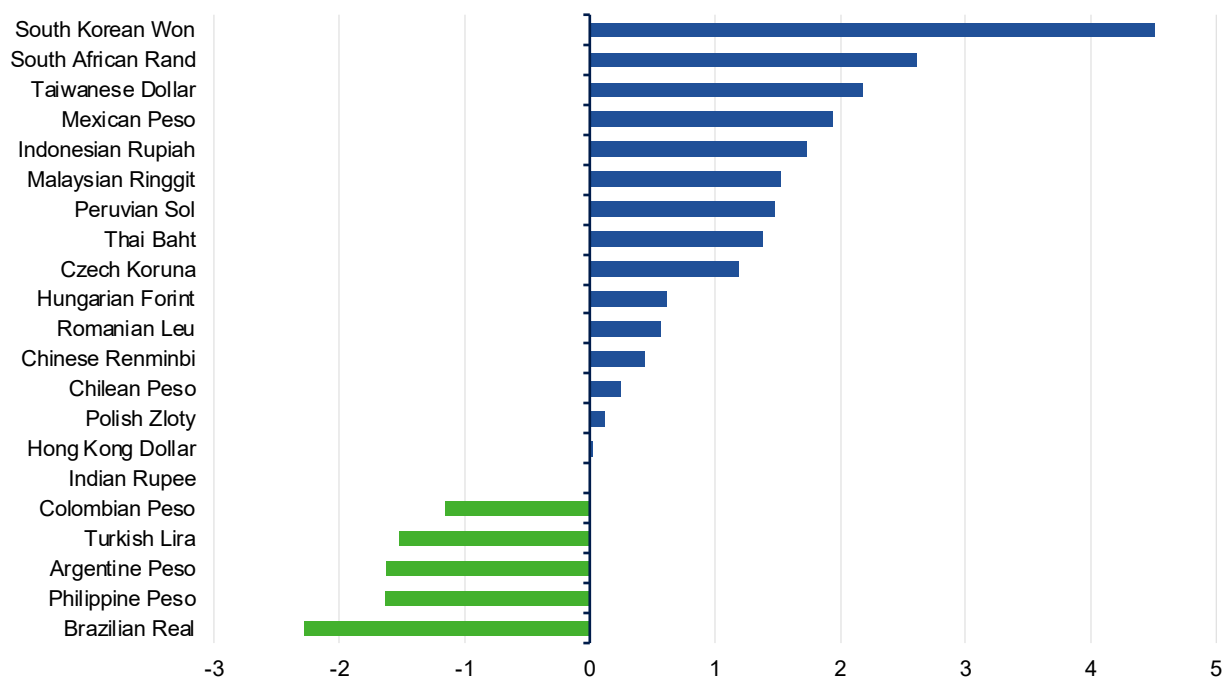
Long-term yield on the rise



Source: Amundi Investment Institute, Bloomberg. Data as of August 24, 2026.

FX and commodity implications

EM currencies have recovered – FX performance vs USD since 31 July 2026, %



Source: Amundi Investment Institute, Bloomberg. Data as of August 28, 2026

Rising energy prices and continued geopolitical uncertainty should keep the U.S. dollar (USD) supported while tensions persist, especially as investors seek safe-haven exposure and correlations across risk assets compress.

That said, the long USD trade is no longer as clean as it was earlier in the year. Amundi has taken some profits as tensions eased temporarily, but still retains long exposure because U.S. growth remains stronger than the rest of the world and the dollar remains a useful hedge if tensions flare again. Once oil prices peak and the immediate shock passes, the USD could weaken.

On the currency side, the euro remains exposed to the combination of higher energy costs and softer growth, while the rate differential versus the U.S. may widen further, especially at the short end. In contrast, higher-carry emerging markets currencies remain attractive, particularly where real yields are compelling, and central banks have already reacted as expected.

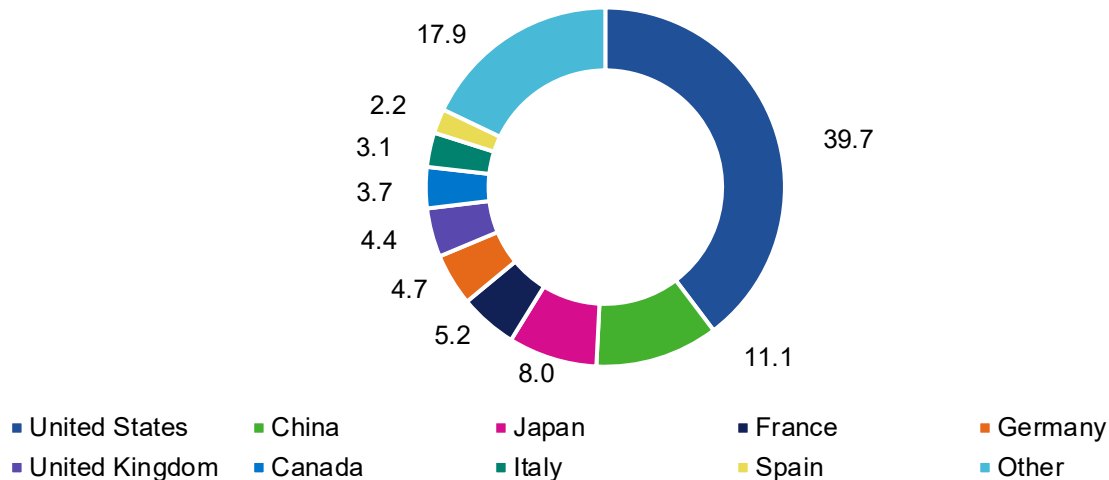
Commodity-sensitive currencies continue to offer selective opportunities. Amundi maintains a positive outlook on currencies, such as the Brazilian real, Mexican peso and South African rand, while also favouring Norwegian krone over Swedish krona as a hedge against a prolonged oil shock. In Asia, the oil price shock has created differentiation: currencies and economies with stronger external positions and more attractive valuation support should prove more resilient, while more energy-sensitive markets may remain under pressure.

What this means for fixed income portfolios

The current regime—characterized by sticky inflation risks, episodic energy shocks, larger differences in economic outcomes across regions, concentrated equity risk and a more fragmented policy backdrop—strengthens the strategic case for global exposures.

Consider that as of 2025, the entire global fixed income market had around US\$160.7 trillion in securities outstanding². Of that global market, the U.S. represented approximately 39.7% while Canada represented about 3.7%.

Global Fixed Income Market



Source: Morningstar Direct. Global Fixed Income category and iShares Core Global Aggregate Bond UCITS ETF (AGGU) country exposures as at August 31, 2026. AGGU is used as a proxy for the Bloomberg Global Aggregate Bond Index. The ETF seeks to track the Bloomberg Global Aggregate Bond Index and is shown as a proxy for the global investment-grade fixed-income market.

Despite that geographic diversity in security issuance, many Canadian global fixed income funds remain heavily tilted to North America: the average Canadian global fixed income fund has 41.5% U.S. exposure and 26.5%¹. Canada exposure, meaning that more than two-thirds of assets are concentrated in North America.

Global bond strategies focused on high-quality securities offer:

- A wider opportunity set for yield enhancement
- Diversification away from North America
- Tactical flexibility to respond to policy divergence and commodity shocks
- Efficient hedging tools through futures, swaps and options

Rationale for the NEI Global Short-Term Bond Fund

Fund overview

NEI Global Short-Term Bond Fund is a short-term global bond strategy seeking a higher yield potential than cash, lower duration risk than traditional bonds, and global diversification.

About the investment approach

The short-term fund is built for a world where rate volatility, front-end policy uncertainty and market rotations matter more than ever. Its shorter-duration profile is intended to reduce interest rate sensitivity while still allowing the portfolio to capture yield enhancement opportunities and relative value across global bond markets.

The strategy can hold a portion of assets in cash or money market securities when appropriate, and it may use derivatives for hedging and efficient market exposure. The fund also maintains clearly defined country, sector, duration and credit constraints, supporting a disciplined, risk-aware implementation.

Rationale for the NEI Global Total Return Bond Fund

Fund overview

NEI Global Total Return Bond Fund is a global investment-grade total return fund with a remit across developed sovereign yield curves, government-related and investment-grade corporate bonds, plus selective emerging market debt where fundamentals and liquidity permit.

About the investment approach

NEI Global Total Return Bond Fund has been sub-advised by Amundi since its launch in September 2013. The investment process is based on a rigorous global top-down approach that actively allocates risk across several investment tools, including duration management, country and yield curve positioning, sovereign bonds and credit allocations.

During normal periods, these tools generally have low correlation and can improve portfolio diversification. The investment team also conducts bottom-up analysis for bond selection to further align risk control with expected returns. The fund follows a responsible approach to investing.

The combination of top-down and bottom-up approaches allows the team to focus on full-cycle management—allocating across asset classes, tapping into value wherever it exists and adjusting to changing market conditions.

How the two funds complement each other

NEI Global Total Return Bond Fund and NEI Global Short-Term Bond Fund share a global, actively managed philosophy, but they serve different portfolio needs³.

Feature	NEI Global Short-Term Bond Fund	NEI Global Total Return Bond Fund
Main objective	Preserve capital and provide steady income with lower interest rate sensitivity.	Generate total return through broader global fixed income opportunities and active management.
What does it do?	Designed for investors seeking lower interest rate sensitivity, stronger capital preservation and a more defensive income profile.	Offers broader opportunity across duration, curve, credit and FX, with more tactical flexibility and a wider return toolkit.
Return focus	Steady income with modest return expectations.	Income plus capital appreciation, with more variable outcomes.
Interest rate sensitivity	Low	Medium
Volatility profile	Typically low	Low to medium
Role in portfolio	Defensive global fixed income and liquidity-aware allocation.	Core global fixed income allocation with tactical flexibility.
Best suited for	Investors seeking stability, high-quality yield enhancement and shorter duration.	Investors seeking broader global bond opportunities and active duration/FX management.
Primary portfolio use	• Shorter-duration income allocation • Liquidity-conscious fixed income sleeve • Complement to longer-duration bond strategies • Monthly income solution	• Core global bond sleeve • Diversifier within multi-asset portfolios • Broader exposure beyond North American fixed income • Access to relative-value opportunities across rates, credit and FX
Market environment fit	Especially useful when policy uncertainty and front-end volatility is elevated.	More suitable when investors want to capture a wider range of global bond opportunities.

³ Please refer to the Fund Facts or simplified prospectus for more information.

Why that matters now

With central banks cautious, forward guidance reduced and interest rate volatility elevated, a short-duration global bond strategy can help investors maintain global fixed income exposure while reducing sensitivity to longer-dated rate moves.

Together, the two funds can complement each other: NEI Global Total Return Bond Fund offers breadth and tactical flexibility, while NEI Global Short-Term Bond Fund offers a shorter-duration, more defensive way to access global fixed income.

Final thoughts

In a world defined by higher macro dispersion, episodic energy shocks, structural regime change away from cheap global capital and concentrated equity risk, active global fixed income strategies offer both defensive resilience and opportunistic sources of return.

Together, the NEI Global Total Return Bond Fund and NEI Global Short-Term Bond Fund provide advisors with two complementary tools. One is built for broader opportunity across duration, credit and currency; the other for shorter-duration, income-oriented resilience with a stronger focus on capital preservation and liquidity. Both are truly global, designed to diversify return sources across regions rather than relying on any single country, however large, to drive performance.

Flexibility matters. Markets are moving faster and correlations can shift quickly, especially during periods of volatility. Actively managed global bond strategies can respond by adjusting positioning across rates, credit and currencies—helping advisors balance income needs with capital preservation and diversification.

Both funds are designed with that flexibility in mind, while maintaining a strong focus on risk management, portfolio resilience and responsible investing.

Consider whether your fixed income allocation is accessing the full breadth of global opportunities.

¹ Bank of International Settlements (BIS), SIFMA estimates, 2025.

² Morningstar, Global Fixed Income CIFSC category, August 31, 2026.

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