

NEI

# Why global bonds are an essential diversifier in today's market reality

NEI Global Total Return  
Bond Fund

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By **Amundi**  
Investment Solutions

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# Executive summary

Today's fixed-income opportunities are global, fragmented and rapidly changing. Geopolitics and energy shocks reflect the fact that political and commodity risks are persistent macro drivers, leading to a structural reallocation of capital.

Against this uncertain and uneven market backdrop, a truly global, actively managed investment-grade bond strategy can expand 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 portfolio resilience. The tactically flexible and actively managed NEI Global Total Return Bond Fund, sub advised by Amundi Asset Management, is well positioned to help meet those portfolio needs.

## The current case for global bonds today

### Market backdrop: Controlled disorder

Amundi's outlook captures a world in transformation: growth is moderating but not collapsing, capital is being reallocated towards AI and defence spending, and policy responses are becoming more regionally differentiated. The war in Iran shifts the balance of risks even as the baseline remains a mild change. The conflict creates a temporary upside to inflation and a mild drag on global growth, with net oil importers the most vulnerable.

The situation remains fluid and sensitive to the duration of the conflict duration and oil-price direction. Markets have reacted primarily through inflation, with higher energy prices the dominant driver. Strategic oil reserve releases have tempered but not resolved physical shortages. Headline shocks can still rapidly translate into large oil dislocations because key choke points like the Strait of Hormuz remain strategically critical.

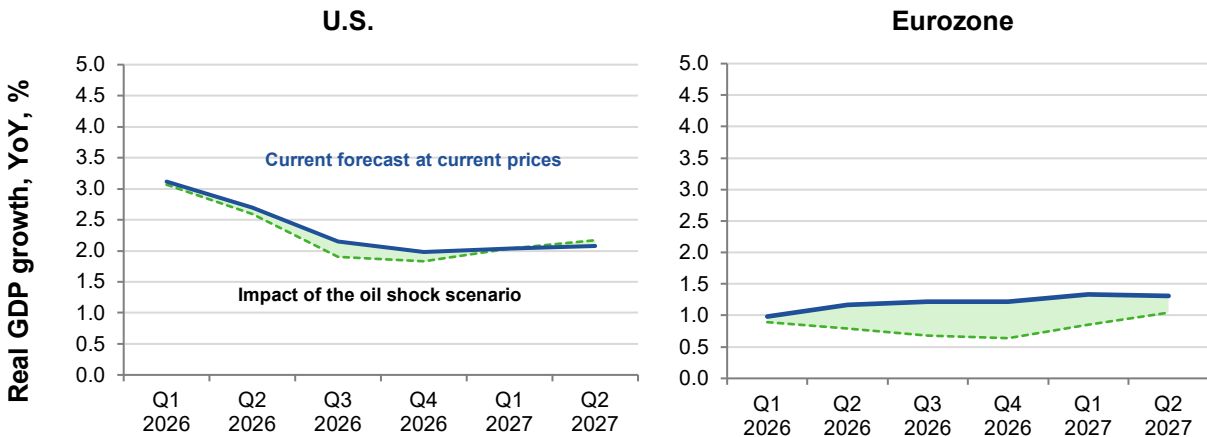
It's interesting to compare the situation today with conditions in 2022. In fact, the similarities are only partial: economies re-opening after the pandemic faced extremely loose monetary policy, labour market tightness, acute supply-chain disruptions and broad commodity price inflation.

### Macro policy and interest-rate outlook

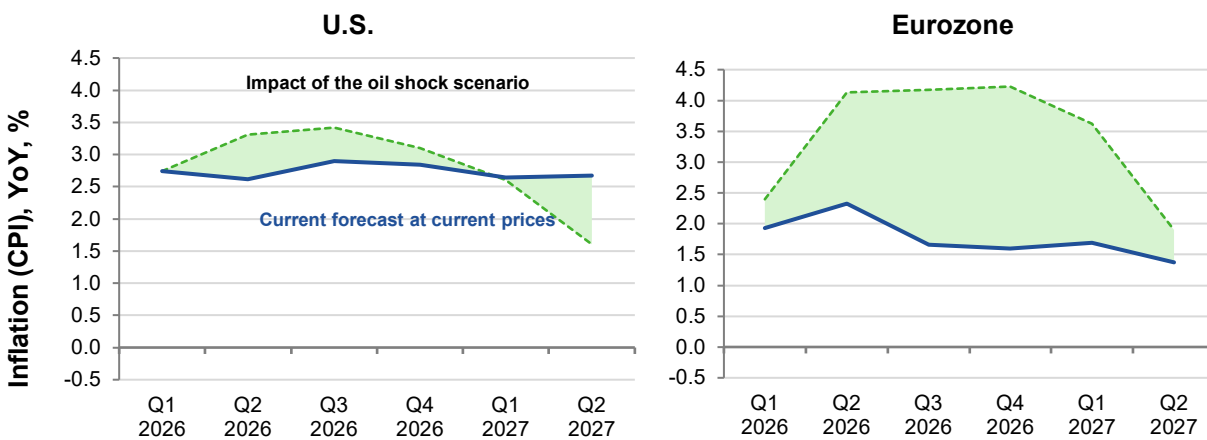
Monetary policy paths differ across regions in ways that matter for relative value. Amundi's baseline sees modest easing by the Fed (upper bound around 3.75% in Q2/26, easing toward 3.5% by Q4/26, with cuts likely later than many markets expect). The European Central Bank (ECB) has been placed in a more cautious, wait-and-see position, with no cuts expected given Europe's energy vulnerability. The Bank of England's (BoE) easing is now expected later in the cycle than previously assumed (cuts pushed toward mid- and late-2026). And the Bank of Japan (BoJ) remains likely to increase its policy rate.

Complicating domestic central-bank politics: the Federal Open Market Committee (FOMC) has been divided between participants more concerned about the labour market and those reluctant to cut before inflation has meaningfully fallen. That division reduces confidence in a clear Fed path. Policy expectations will evolve with actual inflation prints and energy market developments.

### Oil shock scenario – impact on GDP growth<sup>1</sup>



### Oil shock scenario – impact on inflation<sup>1</sup>



#### Key risk comparisons with 2022:

- 2022: exceptionally low policy rates, large fiscal support from pandemic programs, tight labour market and high inflation already in place before the Ukraine conflict
- Today: inflation pressure is more concentrated in energy; policy is tighter than in 2022; weaker labour market dynamics

## FX and commodity implications

Rising energy prices and a temporary shift toward safe-haven demand should sustain USD demand while the conflict persists, compressing correlations across stocks and bonds and temporarily supporting the dollar. Amundi nonetheless expects the USD to weaken once oil peaks; their point forecasts are:

- EUR/USD ~1.17 in Q2 and ~1.22 by Q4/26
- USD/JPY ~154 in Q2 easing to ~147 by year-end
- DXY (an index measuring the value of the USD against six major foreign currencies) descending from ~98 to ~94

Commodity exporting currencies (BRL, MXN, ZAR) remain attractive in the short term, and selected EM local-currency debt becomes more compelling if Fed easing and dollar weakness materialize.

## What this means for fixed income portfolios

The current regime — sticky inflation risks from episodic energy shocks, larger differences in economic outcomes across regions, concentrated equity risks, and a geopolitical backdrop in which U.S. strategic priorities have shifted — elevates the strategic case for global bonds.

Global bond strategies focused on high-quality bonds can offer:

- A wider opportunity set for yield enhancement strategies
- The ability to diversify away from home-market exposures
- Tactical flexibility to respond to policy divergence and commodity shocks
- Efficient hedging tools (through the use of futures, swaps and options)

## 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 managed by Amundi Asset Management with a remit across developed sovereign curves, supranationals, agencies and IG corporates, plus selective Emerging Market (EM) debt where fundamentals and liquidity permit. The Fund seeks to generate alpha from duration and curve positioning, sovereign and corporate credit selection, and currency strategies.

### About Amundi Asset Management

NEI Global Total Return Bond Fund has been sub-advised by Amundi Asset Management 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 generally have low correlation and improve portfolio diversification. The investment team conducts a bottom-up analysis for bond selection to further align risk control with expected returns. The fund also follows a responsible approach to investing. The combination of top-down and bottom-up allows the team to focus on full business cycle management - allocating from one asset class to another, tapping into value wherever it exists.

## Portfolio positioning and recent added actions (as of March 30, 2026):

- Limited direct Gulf exposure and a modest duration stance helped contain mark-to-market losses through the recent geopolitical shock
- Bought the USD against GBP via FX options to manage currency risk
- Tactical additions of front-end duration in the U.K. versus the U.S. 10-year as U.K. bond yields became more attractive with market pricing hikes from the Bank of England.
- Tactical position building in select EM local rates and currencies as levels became more attractive.
- Selectively added to high-quality credits but waiting for further volatility to deliver more attractive entry points.

### Practical uses for advisors

NEI Global Total Return Bond Fund can be used as:

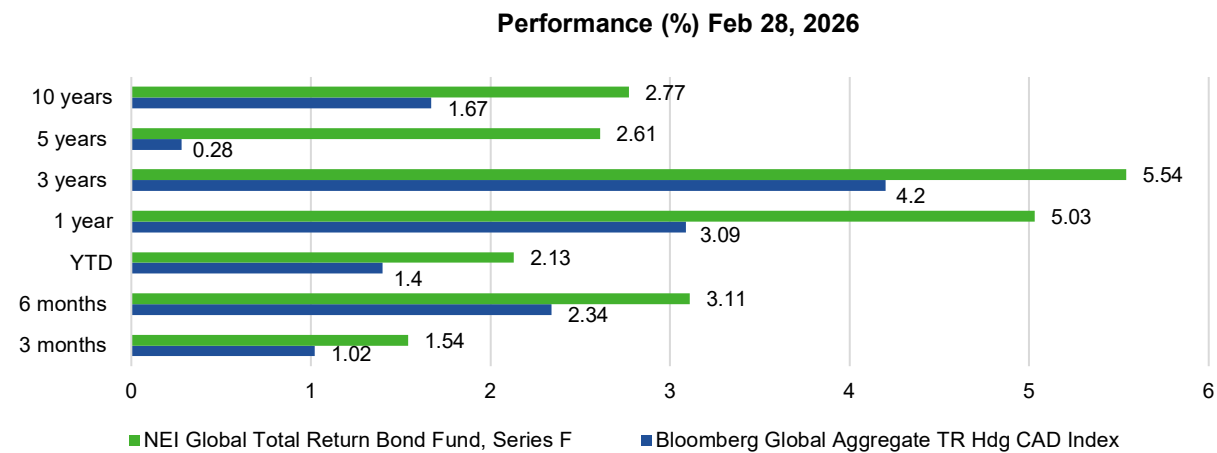
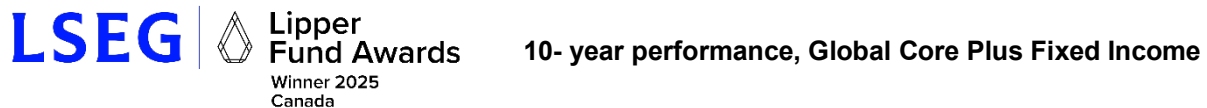
- A core global fixed-income sleeve to reduce home-bias concentration,
- A tool to potentially capture relative-value opportunities across rates, credit and FX

Implementation should reflect client horizons and liquidity needs; the Fund's liquidity monitoring and diversification limits support both discretionary and model-portfolio uses.

### Decade of distinction

As of February 28, 2026, the Series F units of the fund outperformed its benchmark across major periods, holds an overall Morningstar 5-star rating and has a Lipper award for 10-year performance.

#### NEI Global Total Return Bond Fund performance<sup>2</sup>



For current price and performance information, please visit the [NEI website](#).

## Final thoughts

In a world of higher macro dispersion, episodic energy shocks, structural regime change away from cheap global capital and concentrated equity risk, active global investment-grade fixed income offers the potential for both defensive resilience and opportunistic sources of return. The NEI Global Total Return Bond Fund provides advisors a pragmatic, operationally robust way to access that toolkit. This includes the ability to seek income across markets, adjust duration as conditions change, and manage currency exposure more actively as macro risks evolve.

At the same time, flexibility matters. Markets are moving faster and correlations can change quickly, especially during periods of volatility. Actively managed global bond strategies can respond to these shifts by adjusting positioning across rates, credit, and currencies—helping advisors balance income needs with capital preservation and diversification.

The NEI Global Total Return Bond Fund is designed with this flexibility in mind. By investing across global sovereigns, high-quality credit, and select emerging-market opportunities, the fund aims to adapt as conditions change while maintaining a focus on risk management and portfolio resilience

<sup>1</sup> Source: Amundi Investment Institute. The chart presents the potential impact of the oil shock scenario based on the assumptions in the Amundi Oil Shock Scenario slide. The scenario isolates the oil and gas shock transmission channel and does not fully capture broader strategic evolution of the conflict beyond energy disruption. These figures are for illustrative purposes and are subject to revision. Data as of 10 March 2026. Eurozone assumption is based on Germany, Italy, France and Spain simulations.

<sup>2</sup> Source: © 2026 Morningstar Direct. Series F units are only available to investors who participate in eligible fee-based programs with their registered dealers that have entered into a Series F Distribution agreement with NEI Investments. Morningstar Ratings reflect performance as of February 28, 2026 and are subject to change monthly. The ratings are calculated from a fund's 3, 5, and 10-year returns measured against 91-day Treasury bill and peer group returns. For each time period the top 10% of the funds in a category get five stars. The Overall Rating is a weighted combination of the 3, 5 and 10-year ratings. For greater detail see [www.morningstar.ca](http://www.morningstar.ca).

The LSEG Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The LSEG Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is an objective, quantitative, risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the LSEG Lipper Fund Award. For more information, see [lipperfundawards.com](http://lipperfundawards.com). Although LSEG Lipper makes reasonable efforts to ensure the accuracy and reliability of the data used to calculate the awards, their accuracy is not guaranteed.

The corresponding Lipper Leader ratings of the fund for the period ending July 31, 2025, are as follows: 4 (3 years), 5 (5 years), 5 (10 years). LSEG Lipper Leader Ratings are subject to change every month. Lipper Leader ratings is a calculation that ranks funds against its peers based on the metric used (such as Total Return or Expense), and the highest 20% of funds in each peer group are named Lipper Leaders and receive a rating of 5, the next 20% receive a rating of 4, the middle 20% are rated 3, the next 20% are rated 2, and the lowest 20% are rated 1.

NEI Global Total Return Bond Fund (Series F) was awarded the LSEG Lipper Fund Award Canada 2025 for best 10-year performance in the Global Core Plus Fixed Income category, selected from 17 funds for the period ending July 31, 2025.

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