



PRESS RELEASE

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## NEI Proposes to Streamline and Enhance RI Fund Lineup

TORONTO, December 15, 2020 – NEI Investments (“NEI”) today announced several proposed changes intended to streamline and enhance its responsible investment fund lineup. Among other activities, NEI is proposing to merge nine mutual funds (referred to below as the terminating funds) into nine other mutual funds (referred to below as the continuing funds), and change the investment objectives of two other mutual funds to bolster their environmental, social and governance characteristics.

“These proposed changes will amplify NEI’s position as Canada’s leader in responsible investment,” said Frederick M. Pinto, Senior Vice President and Head of Asset Management for NEI Investments. “By simplifying our fund lineup in certain areas while expanding the opportunity set in others, we reaffirm our commitment to bringing Canadians a comprehensive set of responsible investment solutions, so they can achieve their goals with confidence.”

Certain changes, as outlined below, are subject to unitholder approvals at special virtual meetings of unitholders (each, a “Meeting” and collectively, the “Meetings”), of each applicable fund, which are expected to be held concurrently, with separate votes for each fund, on March 9, 2021. The additional announced changes are contingent upon the results of the Meetings and will be more fully described in the management information circular described below.

In advance of the Meetings, a notice-and-access document will be mailed on February 5, 2021 to unitholders of record as at January 18, 2021. The notice-and-access document will describe the various ways in which unitholders can obtain a copy of a management information circular that contains full details of the proposed changes. The notice-and-access document and management information circular will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.neiinvestments.com](http://www.neiinvestments.com)

Subject to regulatory and unitholder approval, implementation of the changes is targeted for April 2021, with details to follow at a later date.

### **Proposed Fund Mergers**

In all cases, subject to regulatory and unitholder approval of the proposed mergers, the management and administration fees of the continuing funds will be the same as or lower than the terminating funds. For continuing funds, there will be no changes to sub-advisors, prospectus risk ratings, distribution policies, or series availability as a result of the proposed mergers.

In the table below, “RS” in the continuing fund name stands for “Responsible Screens.” For all funds designated “RS,” NEI automatically excludes companies with specific types of involvement in the following industries: tobacco, weapons, nuclear power, gambling, and pornography.



Terminating Fund	Continuing Fund
NEI U.S. Equity Fund	NEI U.S. Equity RS Fund
NEI International Equity Fund	NEI International Equity RS Fund
NEI Select Income Portfolio	NEI Select Income RS Portfolio
NEI Select Income & Growth Portfolio	NEI Select Income & Growth RS Portfolio
NEI Select Balanced Portfolio	NEI Select Balanced RS Portfolio
NEI Select Growth & Income Portfolio	NEI Select Growth & Income RS Portfolio
NEI Select Growth Portfolio	NEI Select Growth RS Portfolio
NEI Select Maximum Growth Portfolio	NEI Select Maximum Growth RS Portfolio
NEI Tactical Yield Portfolio	NEI Balanced Yield Portfolio

### **Change to Investment Objectives for Two Funds**

Subject to unitholder approval, the funds below will change their investment objectives as indicated by the italicized wording. The purpose of the change is to enhance the environmental, social and governance characteristics of the funds. For the full text of NEI’s responsible approach to investing as set out in its prospectus, see the Appendix below.

### **NEI Global High Yield Bond Fund**

Current Investment Objectives	Proposed Investment Objectives
<p>The investment objective of this Fund is to provide a high level of current income while maintaining security of capital. The Fund invests primarily in a diversified portfolio of high-yield, higher risk, global corporate bonds and notes and may also invest in other fixed income investments with similar characteristics. Most of the investments will be rated “BBB-” and below by Standard and Poor’s or Fitch, and “Baa3” or below by Moody’s or an equivalent rating by another recognized bond rating service. The Fund may also invest in investments that are not rated, investments that are in default at the time of purchase, and may invest in investments denominated in emerging market countries’ currencies.</p> <p>It is expected that, except for temporary defensive purposes, the Fund will invest at least 80% of its net assets in high-yielding, income-producing corporate bonds.</p> <p>Unitholder approval (by a majority of votes cast at a meeting of unitholders) is required prior to a fundamental change of investment objectives.</p>	<p>The investment objective of this Fund is to provide a high level of current income while maintaining security of capital. The Fund invests primarily in a diversified portfolio of high-yield, higher risk, global corporate bonds and notes and may also invest in other fixed income investments with similar characteristics. Most of the investments will be rated “BBB-” and below by Standard and Poor’s or Fitch, and “Baa3” or below by Moody’s or an equivalent rating by another recognized bond rating service. The Fund may also invest in investments that are not rated, investments that are in default at the time of purchase, and may invest in investments denominated in emerging market countries’ currencies.</p> <p>It is expected that, except for temporary defensive purposes, the Fund will invest at least 80% of its net assets in high-yielding, income-producing corporate bonds.</p> <p><i>The Fund follows a responsible approach to investing as set out at page 32 and 33 of the Prospectus.</i></p> <p>Unitholder approval (by a majority of votes cast at a meeting of unitholders) is required prior to a fundamental change of investment objectives.</p>



## NEI Global Value Fund

Current Investment Objectives	Proposed Investment Objectives
<p>The investment objective of the Fund is to achieve long-term capital growth by investing primarily in equity and equity related securities of companies located globally.</p> <p>Unitholder approval (by a majority of votes cast at a meeting of unitholders) is required prior to a fundamental change of investment objectives.</p>	<p>The investment objective of the Fund is to achieve long-term capital growth by investing primarily in equity and equity related securities of companies located globally.</p> <p><i>The Fund follows a responsible approach to investing as set out at page 32 and 33 of the Prospectus.</i></p> <p>Unitholder approval (by a majority of votes cast at a meeting of unitholders) is required prior to a fundamental change of investment objectives.</p>

### Appendix: Responsible Investing

The following wording is taken from pages 32 and 33 of [NEI's prospectus \(.pdf\)](#):

The Manager defines “Responsible Investing” as an investment approach that incorporates ESG analysis of company performance into the investment decision-making process, and seeks to generate sustainable value for investors, shareholders, other company stakeholders and society as a whole. The Manager executes this approach through a Responsible Investment program that encompasses the following activities:

**Exclusionary screening:** For certain Funds, companies that derive a material portion of their revenue (as defined by the Manager) from specific industries designated by the Manager, are automatically excluded from those Funds.

**ESG evaluations:** The Manager conducts proprietary ESG evaluations of companies to determine permissible holdings for inclusion in certain Funds, and to ensure those companies are taking meaningful steps to manage the ESG risks they face. In undertaking these evaluations, the Manager strives to work closely with sub-advisors of the Funds to advance integration of ESG considerations with their respective investment processes.

**Corporate dialogue:** The Manager uses the special rights that come with shareholder status to engage in dialogues with companies held in the Manager’s Funds, to alert those companies to ESG risks, propose solutions to ESG challenges they face and encourage them to improve their ESG performance. When dialogue is not advancing a specific issue facing a company, the Manager may seek the views of other shareholders by filing a shareholder proposal to be included in the management proxy circular and submitted to a vote at the company’s Annual General Meeting (AGM).

**ESG-focused proxy voting:** The Manager takes seriously its responsibility as an investor to vote at AGMs and special meetings of companies held in the Manager’s Funds. The Manager has staff responsible for overseeing the execution of its proxy voting and decisions are guided by the manager’s ESG-based Proxy Voting Guidelines.

**Public Policy and Standards:** Public policies and standards affect the rules by which all companies must operate. The Manager may undertake activities in this area to promote change on a broader scale, beyond individual companies, to remove barriers to sustainability disclosure and performance on an industry-wide basis.



**Research:** The Manager conducts research into a range of Responsible Investment issues to support and enhance company evaluations, corporate engagement and policy work. This research may be shared publicly to facilitate understanding of Responsible Investing among companies, investors and other stakeholders and to help build collaborative efforts in the advancement of Responsible Investing.

The approaches above are applied in whole or in part across all Funds in the Manager's lineup, but are in particular applied to the Funds designated with an "RS", which means Responsible Screens, or those Funds noting "ESG" or "Leaders" in their Fund name.

For more information, see the NEI Responsible Investment Policy, the NEI annual Focus List of company engagements, NEI Proxy Voting Guidelines and NEI Policy Submissions, all of which are available on the NEI website.

**Impact Investing and Sustainability-Themed Investing:** Consistent with the Manager's commitment to Responsible Investing, certain Funds may also employ strategies that focus on specific sustainability themes or are intended to provide positive environmental or social impacts, in addition to investment returns. Investments of this nature may be in a wide variety of securities including, but not limited to, GICs, term deposits, purchases of individual equities, and purchases of units of other mutual funds or pools.

### **About NEI Investments**

"NEI Investments" and "NEI" refer to Northwest & Ethical Investments L.P., an Ontario limited partnership. NEI Investments is a Canadian asset manager committed to providing focused investment solutions advised by best-of-breed, independent portfolio managers. NEI delivers disciplined, active asset management with a longstanding focus on environmental, social and governance factors, and a well-defined corporate engagement process designed to create sustainable long-term value. NEI is a wholly owned subsidiary of Aviso Wealth, a national, integrated financial services company, with approximately \$75 billion in assets. For more information please visit [www.neiinvestments.com](http://www.neiinvestments.com) and [www.aviso.ca](http://www.aviso.ca)

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

For media inquiries, please contact:

Luba Czyrsky  
Senior Manager, Social Media & Public Relations  
647-522-6783  
[lczyrsky@aviso.ca](mailto:lczyrsky@aviso.ca)