

NEI

NEI Funds

**SEMI-ANNUAL  
FINANCIAL  
STATEMENTS**

March 31, 2023

# NEI Global Sustainable Balanced Fund

## STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

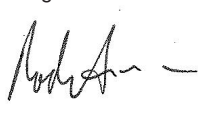
As at

	March 31 2023 \$	September 30 2022 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	1,980,959	1,060,034
Investments at fair value through profit or loss (FVTPL)	289,374,334	259,716,847
Unrealized appreciation on derivatives	1,823,779	-
Subscriptions receivable	287,846	1,024,999
Interest, dividends and other receivables	833,738	809,608
	<u>294,300,656</u>	<u>262,611,488</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued expenses	105,614	95,268
Unrealized depreciation on derivatives	-	676,956
Redemptions payable	180,720	464,826
	<u>286,334</u>	<u>1,237,050</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>294,014,322</u>	<u>261,374,438</u>
<b>Data per Series (Note b)</b>		
<b>Series A</b>		
Net assets attributable to holders of redeemable units	<u>141,081,996</u>	126,999,806
- per unit	<u>10.21</u>	9.18
<b>Series F</b>		
Net assets attributable to holders of redeemable units	<u>24,622,424</u>	22,979,336
- per unit	<u>6.53</u>	5.83
<b>Series I</b>		
Net assets attributable to holders of redeemable units	<u>1,971,392</u>	1,267,207
- per unit	<u>18.98</u>	16.42
<b>Series O</b>		
Net assets attributable to holders of redeemable units	<u>7,020,633</u>	6,506,829
- per unit	<u>12.79</u>	11.06
<b>Series P</b>		
Net assets attributable to holders of redeemable units	<u>77,666,419</u>	66,639,410
- per unit	<u>9.64</u>	8.66
<b>Series PF</b>		
Net assets attributable to holders of redeemable units	<u>41,651,458</u>	36,981,850
- per unit	<u>10.14</u>	9.05

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 Sustainable Balanced Fund

## STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Six-month Periods Ended March 31

	2023	2022
	\$	\$
<b>Income</b>		
Interest for distribution purposes	1,979,477	1,459,554
Distributions from underlying funds	547,027	1,765,604
Foreign exchange gain (loss) on cash	(103,427)	(26,529)
Net realized gain (loss) on investments	133,829	(595,727)
Net realized gain (loss) on derivatives	(281,304)	2,006,896
Changes in fair value:		
Net unrealized gain (loss) on investments	35,515,647	(25,561,516)
Net unrealized gain (loss) on derivatives	2,500,735	(585,932)
	<u>40,291,984</u>	<u>(21,537,650)</u>
<b>Expenses (Note 5)</b>		
Management fees	1,884,139	2,025,020
Independent review committee's fees	1,344	1,270
Administration fees	365,948	392,059
Sales taxes	193,674	200,911
	<u>2,445,105</u>	<u>2,619,260</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>37,846,879</u>	<u>(24,156,910)</u>
<b>Data per Series</b>		
<b>Series A</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>18,183,841</u>	<u>(12,229,078)</u>
- per unit	<u>1.31</u>	<u>(0.96)</u>
Weighted average units	<u>13,856,677</u>	<u>12,721,164</u>
<b>Series F</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>3,398,472</u>	<u>(2,105,920)</u>
- per unit	<u>0.88</u>	<u>(0.57)</u>
Weighted average units	<u>3,869,461</u>	<u>3,703,713</u>
<b>Series I</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>216,524</u>	<u>(17,901)</u>
- per unit	<u>2.50</u>	<u>(1.57)</u>
Weighted average units	<u>86,458</u>	<u>11,390</u>
<b>Series O</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>1,001,739</u>	<u>(155,099)</u>
- per unit	<u>1.78</u>	<u>(0.89)</u>
Weighted average units	<u>564,212</u>	<u>173,631</u>
<b>Series P</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>9,627,440</u>	<u>(6,524,337)</u>
- per unit	<u>1.24</u>	<u>(0.96)</u>
Weighted average units	<u>7,742,827</u>	<u>6,812,815</u>
<b>Series PF</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>5,418,863</u>	<u>(3,124,575)</u>
- per unit	<u>1.34</u>	<u>(0.89)</u>
Weighted average units	<u>4,038,598</u>	<u>3,520,710</u>

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# NEI Global Sustainable Balanced Fund

## STATEMENTS OF CHANGES IN FINANCIAL POSITION (UNAUDITED)

Six-month Periods Ended March 31

	Series A		Series F		Series I	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Period</b>	<b>126,999,806</b>	146,424,981	<b>22,979,336</b>	26,730,050	<b>1,267,207</b>	178,747
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>18,183,841</b>	(12,229,078)	<b>3,398,472</b>	(2,105,920)	<b>216,524</b>	(17,901)
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	11,391,523	32,819,443	3,728,046	10,111,214	576,309	98,077
Reinvested distributions	3,818,590	3,830,331	565,431	566,589	-	-
Amounts paid for redeemable units redeemed	(15,451,628)	(20,971,442)	(5,362,976)	(10,475,859)	(88,648)	(2,163)
	(241,515)	15,678,332	(1,069,499)	201,944	487,661	95,914
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	-	(5,617)	(93,192)	(158,098)	-	-
Return of capital	(3,860,136)	(3,870,264)	(592,693)	(555,841)	-	-
	(3,860,136)	(3,875,881)	(685,885)	(713,939)	-	-
<b>Net Assets Attributable to Holders of Redeemable Units, End of Period</b>	<b>141,081,996</b>	145,998,354	<b>24,622,424</b>	24,112,135	<b>1,971,392</b>	256,760

Six-month Periods Ended March 31

	Series O		Series P		Series PF	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Period</b>	<b>6,506,829</b>	2,414,708	<b>66,639,410</b>	66,050,315	<b>36,981,850</b>	36,557,217
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>1,001,739</b>	(155,099)	<b>9,627,440</b>	(6,524,337)	<b>5,418,863</b>	(3,124,575)
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	312,798	201,688	10,000,700	25,747,633	6,061,782	14,701,638
Reinvested distributions	-	-	1,973,303	1,929,462	793,306	711,460
Amounts paid for redeemable units redeemed	(800,733)	(372,297)	(8,560,273)	(7,262,665)	(6,509,409)	(4,145,464)
	(487,935)	(170,609)	3,413,730	20,414,430	345,679	11,267,634
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	-	-	-	(109,309)	(205,296)	(278,982)
Return of capital	-	-	(2,014,161)	(1,858,709)	(889,638)	(782,130)
	-	-	(2,014,161)	(1,968,018)	(1,094,934)	(1,061,112)
<b>Net Assets Attributable to Holders of Redeemable Units, End of Period</b>	<b>7,020,633</b>	2,089,000	<b>77,666,419</b>	77,972,390	<b>41,651,458</b>	43,639,164

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# NEI Global Sustainable Balanced Fund

## STATEMENTS OF CASH FLOWS (UNAUDITED)

Six-month Periods Ended March 31

	2023	2022
	\$	\$
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units	37,846,879	(24,156,910)
Adjustments for:		
Foreign exchange (gain) loss on cash	103,427	26,529
Net realized (gain) loss on investments and derivatives	147,475	(1,411,169)
Net unrealized (gain) loss on investments and derivatives	(38,016,382)	26,147,448
Non-cash distribution from investments	(547,027)	(1,765,604)
Proceeds from sale/maturity of investments	31,396,355	16,633,576
Investments purchased	(25,114,878)	(53,430,250)
Receivable for investments sold	-	(279,000)
Interest, dividends and other receivables	(24,130)	(90,545)
Accrued expenses	10,346	6,011
Payable for investments purchased	-	(309,299)
<b>Net Cash Flows from (used in) Operating Activities</b>	<b>5,802,065</b>	<b>(38,629,213)</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from sale of redeemable units	32,808,311	83,906,252
Amounts paid for redeemable units redeemed	(37,057,773)	(43,287,540)
Distributions paid to holders of redeemable units, net of reinvested distributions	(504,486)	(581,108)
<b>Net Cash Flows from (used in) Financing Activities</b>	<b>(4,753,948)</b>	<b>40,037,604</b>
Effect of exchange rate changes on foreign cash	(127,192)	(18,010)
Increase (decrease) in cash/bank overdraft	920,925	1,390,381
Cash (bank overdraft), beginning of period	1,060,034	3,393,790
<b>Cash (Bank Overdraft), End of Period</b>	<b>1,980,959</b>	<b>4,784,171</b>
<b>Supplemental Information on Cash Flows from (used in) Operating Activities</b>		
Interest received	1,918,625	1,336,200
Interest paid	551	24

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# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
<b>U.S. Bonds (continued)</b>					General Mills			
Brandywine Operating Partnership					2.250%, 2031-10-14	USD	250,000	314,173
7.550%, 2028-03-15	USD	100,000	135,249	120,154	4.950%, 2033-03-29	USD	250,000	340,769
Cars.com, Private Placement					Georgia Power Company			
Series 144A, 6.375%,					Series A, 3.250%, 2051-03-15	USD	250,000	314,965
2028-11-01	USD	250,000	332,772	320,616	Goldman Sachs Group			
CCO Holdings, Private Placement					0.855%, floating rate from			
Series 144A, 7.375%,					2025-02-12, 2026-02-12	USD	500,000	635,175
2031-03-01	USD	250,000	335,077	333,912	3.210%, floating rate from			
Chubb INA Holdings					2041-04-22, 2042-04-22	USD	250,000	313,362
4.350%, 2045-11-03	USD	250,000	387,156	312,365	HealthEquity, Private Placement			
2.850%, 2051-12-15	USD	250,000	312,656	239,675	Series 144A, 4.500%,			
Ciena, Private Placement					2029-10-01	USD	250,000	319,252
Series 144A, 4.000%,					Hertz, Private Placement			
2030-01-31	USD	200,000	253,309	240,013	Series 144A, 5.000%,			
Citigroup					2029-12-01	USD	250,000	317,699
1.281%, floating rate from					Home Depot			
2024-11-03, 2025-11-03	USD	500,000	618,125	630,569	2.750%, 2051-09-15	USD	500,000	625,732
Clarivate, Private Placement					HP			
Series 144A, 3.875%,					2.650%, 2031-06-17	USD	500,000	601,446
2028-07-01	USD	275,000	340,545	332,928	Intel			
Clean Harbors, Private Placement					5.700%, 2053-02-10	USD	250,000	334,968
6.375%, 2031-02-01	USD	250,000	334,675	346,288	Interface, Private Placement			
Clearway Energy Operating,					Series 144A, 5.500%,			
Private Placement					2028-12-01	USD	250,000	324,491
Series 144A, 3.750%,					IQVIA, Private Placement			
2032-01-15	USD	250,000	316,375	280,382	Series 144A, 5.000%,			
Cogent Communications Holdings,					2027-05-15	USD	250,000	350,313
Private Placement					JPMorgan Chase & Co.			
Series 144A, 7.000%,					0.563%, floating rate from			
2027-06-15	USD	250,000	314,165	335,898	2024-02-16, 2025-02-16	USD	500,000	635,100
Comcast					0.768%, floating rate from			
4.650%, 2033-02-15	USD	750,000	1,004,372	1,020,112	2024-08-09, 2025-08-09	USD	500,000	626,725
Condor Merger Sub, Private					3.964%, floating rate from			
Placement					2047-11-15, 2048-11-15	USD	550,000	844,285
Series 144A, 7.375%,					Keurig Dr Pepper			
2030-02-15	USD	175,000	217,659	199,295	4.050%, 2032-04-15	USD	750,000	939,588
CVS Health					3.350%, 2051-03-15	USD	250,000	315,210
5.050%, 2048-03-25	USD	700,000	1,177,594	889,013	KLA			
Darling Ingredients, Private					4.950%, 2052-07-15	USD	250,000	302,076
Placement					Kraft Heinz Foods Company			
Series 144A, 6.000%,					4.375%, 2046-06-01	USD	250,000	278,350
2030-06-15	USD	375,000	477,402	506,154	Leeward Renewable Energy			
DIRECTV Holdings, Private					Operations			
Placement					Private Placement, Series 144A,			
Series 144A, 5.875%,					4.250%, 2029-07-01	USD	300,000	365,364
2027-08-15	USD	125,000	160,845	152,072	Logan Parent, Private Placement			
Doris Duke Charitable Foundation					Series 144A, 5.500%,			
Series 2020, 2.345%,					2027-09-01	USD	250,000	339,771
2050-07-01	USD	330,000	292,853	269,252	Lowe's Companies			
DTE Electric					4.800%, 2026-04-01	USD	250,000	340,109
Series A, 1.900%, 2028-04-01	USD	500,000	625,768	596,241	2.800%, 2041-09-15	USD	250,000	316,052
Elevance Health					5.750%, 2053-07-01	USD	250,000	339,514
5.125%, 2053-02-15	USD	250,000	333,475	335,713	Magallanes, Private Placement			
Endurance Acquisition Merger,					Series 144A, 5.141%,			
Private Placement					2052-03-15	USD	250,000	273,265
Series 144A, 6.000%,					Masco			
2029-02-15	USD	300,000	376,991	276,298	2.000%, 2031-02-15	USD	500,000	629,204
Equinix					Massachusetts Institute of			
3.900%, 2032-04-15	USD	750,000	932,681	922,754	Technology			
Fifth Third Bancorp					Series H, 3.067%, 2052-04-01	USD	300,000	382,230
1.707%, floating rate from					Merck & CO.			
2026-11-01, 2027-11-01	USD	500,000	615,962	572,462	3.700%, 2045-02-10	USD	400,000	667,273
Fiserv					MetLife			
5.600%, 2033-03-02	USD	500,000	675,017	701,516	5.250%, 2054-01-15	USD	250,000	339,111
4.400%, 2049-07-01	USD	250,000	288,923	288,576	MidAmerican Energy			
Five Point Operating Company,					3.650%, 2029-04-15	USD	413,000	680,471
Private Placement					Morgan Stanley			
Series 144A, 7.875%,					5.597%, floating rate from			
2025-11-15	USD	275,000	367,895	336,172	2050-03-24, 2051-03-24	USD	900,000	1,490,960
Garden Spinco, Private Placement					Nature Conservancy			
Series 144A, 8.625%,					Series A, 1.861%, 2033-07-01	USD	265,000	339,293
2030-07-20	USD	350,000	465,256	502,589	Norfolk Southern			
					2.300%, 2031-05-15	USD	500,000	612,923

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# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>U.S. Bonds (continued)</b>									
NortonLifeLock, Private Placement Series 144A, 6.750%, 2027-09-30	USD	250,000	326,903	340,710	Union Electric Company 2.150%, 2032-03-15	USD	500,000	605,015	550,243
Series 144A, 7.125%, 2030-09-30	USD	150,000	196,540	202,555	Union Pacific 4.950%, 2053-05-15	USD	500,000	665,908	686,109
Novant Health Care 2.637%, 2036-11-01	USD	500,000	632,807	527,017	UnitedHealth Group 3.050%, 2041-05-15	USD	250,000	300,390	266,648
Olympus Water, Private Placement Series 144A, 4.250%, 2028-10-01	USD	300,000	384,300	335,206	5.875%, 2053-02-15	USD	500,000	675,012	762,570
OneMain Finance 3.500%, 2027-01-15	USD	350,000	426,580	399,096	Uniti Group, Private Placement Series 144A, 4.750%, 2028-04-15	USD	250,000	314,300	261,404
Pattern Energy Operations, Private Placement Series 144A, 4.500%, 2028-08-15	USD	250,000	345,481	315,227	Series 144A, 6.500%, 2029-02-15	USD	250,000	320,960	206,546
PG&E Energy Recovery Funding Series A-2, 2.280%, 2036-01-15	USD	140,000	139,938	146,362	Verizon Communications 3.400%, 2041-03-22	USD	500,000	625,887	537,829
Series A-2, 5.256%, 2038-01-15	USD	250,000	352,193	350,383	2.850%, 2041-09-03	USD	500,000	629,672	493,331
Series A-3, 2.822%, 2046-07-15	USD	250,000	311,461	247,456	Visa 3.650%, 2047-09-15	USD	488,000	845,245	577,631
Series A-3, 5.536%, 2047-07-15	USD	375,000	501,955	531,697	Waste Management 2.500%, 2050-11-15	USD	250,000	316,018	220,163
PTC, Private Placement Series 144A, 4.000%, 2028-02-15	USD	200,000	251,806	256,174	Welltower 2.050%, 2029-01-15	USD	250,000	306,848	283,305
Regal Rexnord, Private Placement Series 144A, 6.050%, 2028-04-15	USD	250,000	334,498	337,875	2.750%, 2032-01-15	USD	500,000	627,878	553,520
SBA Tower Trust, Private Placement Series 144A, 1.631%, 2026-11-15	USD	500,000	613,875	592,152	3.850%, 2032-06-15	USD	500,000	627,253	601,181
Series 144A, 1.840%, 2051-10-15	USD	500,000	623,600	589,675	Whirlpool 2.400%, 2031-05-15	USD	500,000	619,830	556,054
SCE Recovery Funding Series A-2, 2.943%, 2042-11-15	USD	250,000	317,600	279,098	WW International, Private Placement Series 144A, 4.500%, 2029-04-15	USD	250,000	312,935	182,855
Sensata Technologies, Private Placement Series 144A, 5.875%, 2030-09-01	USD	250,000	322,985	335,452	Xylem 1.950%, 2028-01-30	USD	400,000	557,386	478,999
Southern Power Company 4.150%, 2025-12-01	USD	324,000	499,853	430,280	ZipRecruiter, Private Placement Series 144A, 5.000%, 2030-01-15	USD	250,000	317,643	291,383
Southwestern Public Service Company Series 8, 3.150%, 2050-05-01	USD	500,000	694,734	486,256	ZoomInfo Technologies, Private Placement Series 144A, 3.875%, 2029-02-01	USD	350,000	449,463	410,486
Standard Industries, Private Placement Series 144A, 5.000%, 2027-02-15	USD	296,000	423,677	381,034				61,185,382	55,297,075
Series 144A, 4.375%, 2030-07-15	USD	200,000	234,278	234,385	<b>Total U.S. Bonds</b>			67,562,362	61,266,716
Sunnova Energy, Private Placement Series 144A, 5.875%, 2026-09-01	USD	300,000	367,963	345,062	<b>Foreign Bonds (2.7%)</b>				
TerraForm Power Operating, Private Placement Series 144A, 5.000%, 2028-01-31	USD	200,000	293,671	260,831	<b>Cayman Islands (0.1%)</b>				
T-Mobile USA 4.500%, 2050-04-15	USD	500,000	766,897	591,153	<b>Corporations</b>				
Travelers Companies 4.100%, 2049-03-04	USD	456,000	828,706	535,662	Sable International Finance, Private Placement Series 144A, 5.750%, 2027-09-07	USD	250,000	329,245	316,724
Truist Financial 1.267%, floating rate from 2026-03-02, 2027-03-02	USD	500,000	630,400	593,782	<b>China (0.3%)</b>				
Unifrax Escrow, Private Placement Series 144A, 7.500%, 2029-09-30	USD	200,000	257,525	186,329	<b>Corporations</b>				
					NXP Funding 2.500%, 2031-05-11	USD	500,000	613,165	557,899
					5.000%, 2033-01-15	USD	200,000	260,090	265,053
					<b>Total China</b>			873,255	822,952
					<b>Finland (0.1%)</b>				
					<b>Corporations</b>				
					Nokia Oyj 6.625%, 2039-05-15	USD	150,000	244,405	203,278

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# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>France (0.1%)</b>					<b>United Kingdom (0.1%)</b>				
<b>Corporations</b>					<b>Corporations</b>				
Altice France, Private Placement Series 144A, 5.125%, 2029-07-15	USD	250,000	314,112	256,853	Vmed 02 UK Financing I, Private Placement Series 144A, 4.750%, 2031-07-15	USD	200,000	247,163	232,296
<b>Germany (0.7%)</b>					<b>Total Foreign Bonds</b>				
<b>State Governments and Crown Corporations</b>					8,274,630				
<b>KfW</b>					7,894,051				
1.000%, 2026-10-01	USD	500,000	618,703	614,054	<b>Supranational Bonds (6.8%)</b>				
3.750%, 2028-02-15	USD	750,000	1,002,227	1,013,068	<b>Council of Europe Development Bank</b>				
0.750%, 2030-09-30	USD	300,000	393,063	330,507	3.000%, 2025-06-16				
<b>Total Germany</b>					2,013,993				
<b>Luxembourg (0.1%)</b>					659,944				
<b>Corporations</b>					<b>European Investment Bank</b>				
Altice France, Private Placement Series 144A, 10.5000%, 2027-05-15	USD	200,000	272,377	205,590	Private Placement, Series 144A, 2.875%, 2025-06-13				
<b>Netherlands (0.5%)</b>					USD				
<b>Corporations</b>					700,000				
Diamond BC, Private Placement Series 144A, 4.625%, 2029-10-01	USD	89,000	113,601	117,048	1.375%, 2027-03-15				
ING Groep Private Placement, Series 144A, 4.625%, 2026-01-06	USD	423,000	667,182	562,806	2.375%, 2027-05-24				
3.869%, floating rate from 2025-03-28, 2026-03-28	USD	500,000	629,500	652,085	3.875%, 2028-03-15				
VZ Secured Financing, Private Placement Series 144A, 5.000%, 2032-01-15	USD	250,000	315,945	273,729	0.750%, 2030-09-23				
<b>Total Netherlands</b>					1,333,587				
<b>Norway (0.5%)</b>					1,368,299				
<b>State Governments and Crown Corporations</b>					<b>Inter-American Development Bank</b>				
<b>Kommunalbanken, Private Placement Series 144A, 0.500%, 2024-10-21</b>					0.340%, 2024-10-15				
<b>Series 144A, 4.625%, 2025-10-24</b>					1.500%, 2027-01-13				
<b>Series 144A, 1.125%, 2026-10-26</b>					1.125%, 2028-07-20				
<b>Total Norway</b>					1,266,328				
<b>South Korea (0.2%)</b>					622,217				
<b>State Governments and Crown Corporations</b>					1,184,617				
<b>Export-Import Bank of Korea 5.125%, 2033-01-11</b>					2.250%, 2029-06-18				
<b>Total South Korea</b>					1,199,770				
<b>United Kingdom (0.1%)</b>					1,244,840				
<b>Corporations</b>					1,310,818				
<b>Vmed 02 UK Financing I, Private Placement Series 144A, 4.750%, 2031-07-15</b>					1.125%, 2031-01-13				
<b>Total United Kingdom</b>					945,317				
<b>Total Foreign Bonds</b>					8,274,630				
<b>Total Bonds</b>					98,518,938				
<b>Asset-Backed Securities (6.0%)</b>					<b>U.S. Asset-Backed Securities (5.9%)</b>				
<b>CarMax Auto Owner Trust Series 2020-3, Class C, Subprime, 1.690%, 2026-04-15</b>					USD				
<b>Series 2020-3, Class D, Subprime, 2.530%, 2027-01-15</b>					500,000				
<b>College Avenue Student Loans Private Placement, Series 2021- A, Class A2, Sequential Pay Class, 1.600%, 2051-07-25</b>					680,622				
<b>Private Placement, Series 2021- B, Class A2, Sequential Pay Class, 1.760%, 2052-06-25</b>					669,831				
<b>Total Asset-Backed Securities</b>					643,842				
<b>Total U.S. Asset-Backed Securities</b>					648,185				
<b>Total Bonds</b>					90,956,135				

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

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (UNAUDITED) (continued)

	PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>U.S. Asset-Backed Securities (continued)</b>								
Commonbond Student Loan Trust				Private Placement, Series 2020-1A, Class A, Sequential Pay Class, 2.100%, 2046-04-20	USD	320,990	433,208	378,417
Private Placement, Series 2016- A, Class A1, Sequential Pay Class, 3.320%, 2040-05-25	USD	123,492	158,294	157,556				
Private Placement, Series 2018- BGS, Class A1, Sequential Pay Class, 3.560%, 2045-09-25	USD	106,788	145,174	136,219				
Private Placement, Series 2018- CGS, Class A1, Sequential Pay Class, 3.870%, 2046-02-25	USD	98,177	142,507	126,864				
Private Placement, Series 2021- AGS, Class A, Sequential Pay Class, 1.200%, 2050-08-25	USD	278,482	351,334	316,445				
Private Placement, Series 2021- BGS, Class A, Sequential Pay Class, 1.170%, 2051-09-25	USD	358,375	453,442	398,905				
Foundation Finance Trust				Private Placement, Series 2021-1A, Class A, 1.270%, 2041-05-15	USD	229,359	285,354	275,807
Private Placement, Series 2021-2A, Class A, Sequential Pay Class, 2.190%, 2042-01-15	USD	315,363	397,726	392,228				
FRTKL				OneMain Financial Issuance Trust Private Placement, Series 2022- S1, Class A, Sequential Pay Class, 4.130%, 2035-05-14	USD	500,000	631,395	653,190
Private Placement, Series 2021- SFR1, Class A, Sequential Pay Class, 1.571%, 2026-09-17	USD	500,000	632,491	596,356				
Goodleap Sustainable Home				PACEWell 5 Trust				
Private Placement, Series 2022-2CS, Class A, Sequential Pay Class, 4.000%, 2049-04-20	USD	375,858	466,057	456,542				
Helios Issuer				Private Placement, Series 2021-1, Class A, Sequential Pay Class, 2.628%, 2059-10-10	USD	485,519	613,924	541,237
Series 2019-AA, Class A, Sequential Pay Class, 3.750%, 2046-06-20	USD	306,440	402,532	369,710				
Private Placement, Series 2020- AA, Class A, Sequential Pay Class, 2.980%, 2047-06-20	USD	185,589	236,623	226,019				
Private Placement, Series 2021- A, Class A, Sequential Pay Class, 1.800%, 2048-02-20	USD	418,802	533,590	471,817				
Private Placement, Series 2021- B, Class A, Sequential Pay Class, 1.620%, 2048-07-20	USD	428,997	539,039	477,930				
Private Placement, Series 2021- C, Class B, Subprime, 2.330%, 2048-10-26	USD	450,439	556,976	514,876				
Loanpal Solar Loan				Service Experts Issuer				
Series 2021-1GS, Class A, Sequential Pay, 2.290%, 2048-01-20	USD	424,003	543,523	453,434				
Private Placement, Series 2021-2GS, Class A, Sequential Pay Class, 2.220%, 2048-03-20	USD	475,557	600,969	506,002				
Mosaic Solar Loans				SoFi Professional Loan Program				
Private Placement, Series 2017-2A, Class C, Subprime, 2.000%, 2024-02-20	USD	58,260	74,364	75,722				
Private Placement, Series 2017-2A, Class A, Sequential Pay Class, 3.820%, 2043-06-22	USD	362,656	500,655	455,385				
Private Placement, Series 2018-2GS, Class A, Sequential Pay Class, 4.200%, 2044-02-22	USD	188,775	234,789	237,890				
				Private Placement, Series 2017- A, Class C, Subprime, Available Funds Cap, floating rate, 2040-03-26	USD	230,000	301,380	285,245
				Private Placement, Series 2017- D, Class BFX, Subprime, 3.610%, 2040-09-25	USD	500,000	654,805	604,826
				Private Placement, Series 2017- E, Class B, Subprime, 3.490%, 2040-11-26	USD	250,000	323,300	322,743
				Private Placement, Series 2017- F, Class BFX, Subprime, 3.620%, 2041-01-25	USD	320,000	463,083	386,990
				Private Placement, Series 2018- A, Class A2B, Sequential Pay Class, 2.950%, 2042-02-25	USD	78,696	100,345	102,857
				Private Placement, Series 2018- B, Class BFX, Subprime, 3.830%, 2047-08-25	USD	250,000	347,002	306,832
				Private Placement, Series 2019- C, Class A2FX, Sequential Pay Class, 2.370%, 2048-11-16	USD	381,290	517,637	480,475
				Tesla Auto Lease Trust				
				Private Placement, Series 2020- A, Class E, Subprime, 4.640%, 2024-08-20	USD	500,000	672,511	674,948
				Private Placement, Series 2021- A, Class C, Subprime, 1.180%, 2025-03-20	USD	250,000	315,398	325,414

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

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
<b>U.S. Asset-Backed Securities (continued)</b>									
Private Placement, Series 2021-A, Class D, Subprime, 1.340%, 2025-03-20	USD	750,000	948,765	972,408	Series 2021-P011, Class A1, Multi-Family, Sequential Pay Class, floating rate, 2031-09-25	USD	195,608	248,002	231,135
Private Placement, Series 2021-B, Class C, Subprime, 1.120%, 2025-09-22	USD	500,000	634,466	635,415	Series KG07, Class A2, Multi-Family, Structured Collateral, Available Funds Cap, 3.123%, 2032-08-25	USD	250,000	313,363	309,257
<b>Total U.S. Asset-Backed Securities</b>			18,680,151	17,507,030	Mosaic Solar Loans Private Placement, Series 2019-1A, Class A, Sequential Pay Class, 4.370%, 2043-12-21	USD	175,993	217,469	224,050
<b>Foreign Asset-Backed Securities (0.1%)</b>									
<b>Cayman Islands</b>									
Mill City Solar Loan Private Placement, Series 2019-1A, Class A, Sequential Pay Class, 4.340%, 2043-03-20	USD	123,042	168,196	153,337	OneMain Financial Issuance Trust Private Placement, Series 2022-3A, Class A, Sequential Pay Class, 5.940%, 2034-05-15	USD	250,000	339,589	338,815
<b>Total Asset-Backed Securities</b>			18,848,347	17,660,367	Progress Residential Trust Private Placement, Series 2022-SFR1, Class A, Subprime, 2.709%, 2029-02-17	USD	499,049	636,086	601,851
<b>U.S. Mortgage-Backed Securities (3.2%)</b>									
Angel Oak Mortgage Trust Private Placement, Series 2022-5, Class A1, Available Funds Cap, Sequential Pay Class, 4.500%, 2067-05-25	USD	468,548	600,049	605,834	SLG Office Trust Commercial Mortgage Private Placement, Series 2021-OVA, Class A, Sequential Pay Class, 2.585%, 2041-07-15	USD	500,000	589,781	539,754
Aqua Finance Trust Private Placement, Series 2019-A, Class A, Sequential Pay Class, 3.140%, 2040-07-16	USD	130,843	161,792	167,283	Tricon American Homes Private Placement, Series 2020-SFR2, Class A, Sequential Pay Class, 1.482%, 2039-11-17	USD	521,760	665,593	595,671
Fannie Mae Series 2017-M2, Class A2, Collateral Strip Rate, floating rate, 2027-02-25	USD	324,723	484,261	417,447	<b>Total U.S. Mortgage-Backed Securities</b>			10,121,738	9,448,993
Series 2017-M13, Class A2, Collateral Strip Rate, floating rate, 2027-09-25	USD	412,109	549,215	527,303	<b>Total Investments (98.4%)</b>		<b>267,931,973</b>	<b>289,374,334</b>	
Series 2018-M4, Class A2, Collateral Strip Rate, floating rate, 2028-03-25	USD	445,613	601,684	572,232	<b>Unrealized Appreciation on Derivatives (TABLE 1) (0.6%)</b>			1,823,779	
Series 2019-M9, Class A2, Multi-Family, Sequential Pay Class, 2.937%, 2029-04-25	USD	317,987	440,575	399,006	<b>Other Net Assets (1.0%)</b>			2,816,209	
Series 2019-M22, Class A2, Sequential Pay Class, 2.522%, 2029-08-25	USD	447,876	649,563	545,834	<b>Net Assets (100.0%)</b>			<b>294,014,322</b>	
Series 2018-M13, Class A2, Collateral Strip Rate, floating rate, 2030-09-25	USD	489,199	642,407	642,721					
Series 2021-M1S, Class A2, Multi-Family, Sequential Pay Class, floating rate, 2030-12-25	USD	300,000	382,447	332,279					
Freddie Mac Series KG01, Class A7, Multi- Family, Structured Collateral, 2.875%, 2026-04-25	USD	500,000	755,961	647,668					
Series KG03, Class A1, Multi- Family, Structured Collateral, floating rate, 2029-04-25	USD	239,883	319,512	287,236					
Series KG02, Class A2, Multi- Family, Sequential Pay Class, floating rate, 2029-08-25	USD	500,000	644,538	609,317					
Series KSG1, Class A2, Multi- Family, Structured Collateral, 1.503%, 2030-09-25	USD	305,000	377,444	342,578					
Series 2021-P009, Class A1, Sequential Pay Class, 1.132%, 2031-01-25	USD	434,989	502,407	511,722					

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

# NEI Global Sustainable Balanced Fund

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (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 Sale of Foreign Currencies for Canadian Dollars</b>						
U.S. Dollar	1	April 2023	1.3720	87,075,000	119,464,288	1,823,779
<b>Unrealized Appreciation on Derivatives</b>						<b>1,823,779</b>

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

# NEI Global Sustainable Balanced Fund

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

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

The NEI Global Sustainable Balanced 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
June 1, 1989	July 25, 2006	December 23, 1998
Series O	Series P	Series PF
June 29, 2018	December 3, 2018	December 3, 2018

### 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, 2023	13,838,096	1,146,419	385,647	1,546,778	13,823,384
March 31, 2022	12,137,984	2,807,775	331,244	1,782,367	13,494,636
Series F					
March 31, 2023	3,938,228	589,146	89,573	844,106	3,772,841
March 31, 2022	3,523,345	1,372,799	77,547	1,448,938	3,524,753
Series I					
March 31, 2023	77,187	31,647	-	4,976	103,858
March 31, 2022	8,966	4,984	-	109	13,841
Series O					
March 31, 2023	588,106	25,465	-	64,626	548,945
March 31, 2022	179,642	15,203	-	27,787	167,058
Series P					
March 31, 2023	7,696,528	1,057,084	211,077	911,427	8,053,262
March 31, 2022	5,818,981	2,316,194	177,583	662,890	7,649,868
Series PF					
March 31, 2023	4,087,146	608,060	80,948	667,019	4,109,135
March 31, 2022	3,117,055	1,305,109	63,248	364,756	4,120,656

### 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 2023 and 2022, are as follows:

	Series A %	Series F %	Series P %
March 31, 2023	1.70	0.70	1.50
March 31, 2022	1.70	0.70	1.50
	Series PF %		
March 31, 2023	0.50		
March 31, 2022	0.50		

The annual administration fee rates, for 2023 and 2022, are as follows:

	Series A %	Series F %	Series O %
March 31, 2023	0.30	0.25	0.04
March 31, 2022	0.30	0.25	0.04
	Series P %	Series PF %	
March 31, 2023	0.25	0.20	
March 31, 2022	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, 2023 \$	September 30, 2022 \$
	105,614	95,268

The Fund has received income, during the period, from its investment in underlying funds. This income is presented in the following table:

	March 31, 2023 \$	March 31, 2022 \$
Distributions from underlying funds	547,027	1,765,604

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

#### Strategy in Using Financial Instruments

##### Investment Objective

The Fund aims to generate a combination of income and capital appreciation over the long-term by investing in a globally diversified portfolio of equity and fixed income securities which fit within the Fund's definition of responsible investing.

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 Sustainable Balanced Fund

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

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

March 31, 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at FVTPL</b>				
Bonds	26,901	64,055	-	90,956
Related Investment Funds	171,309	-	-	171,309
Mortgage-Backed Securities	6,376	3,073	-	9,449
Asset-Backed Securities	-	17,660	-	17,660
Derivative Financial Instruments	-	1,824	-	1,824
<b>Total</b>	<b>204,586</b>	<b>86,612</b>	<b>-</b>	<b>291,198</b>
<b>September 30, 2022</b>				
	\$	\$	\$	\$
<b>Financial assets at FVTPL</b>				
Bonds	23,645	57,044	-	80,689
Related Investment Funds	151,262	-	-	151,262
Mortgage-Backed Securities	6,267	2,285	-	8,552
Asset-Backed Securities	-	19,214	-	19,214
<b>Total</b>	<b>181,174</b>	<b>78,543</b>	<b>-</b>	<b>259,717</b>
<b>Financial liabilities at FVTPL</b>				
Derivative Financial Instruments	-	677	-	677
<b>Total</b>	<b>-</b>	<b>677</b>	<b>-</b>	<b>677</b>

### Transfers between Levels 1 and 2

During the periods ended March 31, 2023 and September 30, 2022, there were no transfers of securities between Levels 1 and 2.

### Financial Instruments Risks

As a portion of the Fund's Net Assets Attributable to Holders of Redeemable Units are invested in underlying funds, the Fund may be indirectly exposed to currency, interest, concentration or credit risks. Thus, only direct exposure to risks arising from the Fund's financial instruments is presented.

### Underlying Funds Risk Management

The Fund's portfolio manager makes sure that the underlying funds' portfolio manager manages financial risks. Each month, the Fund's portfolio manager receives the underlying funds' investment portfolios to analyze the management style and compares performance against the Fund's benchmarks. Every quarter, the Fund's portfolio manager receives detailed quarterly documents featuring an analysis of performance, sector allocations and the underlying funds' top positions. To obtain the detail of underlying funds' risks, you can: view the underlying funds' financial statements on the website [neiinvestments.com](http://neiinvestments.com) or contact NEI Investments using the information in Note 8.

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

The Fund's exposure to currency risk is presented in the table below. Amounts shown represent monetary and non-monetary items (including the notional amount of foreign exchange forward contracts). The table also illustrates 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, 2023	Financial Assets	Financial Liabilities	Net Exposure	Impact on Net Assets Attributable to Holders of Redeemable Units
	\$	\$	\$	\$
USD	120,075	117,641	2,434	73
<b>September 30, 2022</b>				
	\$	\$	\$	\$
USD	110,069	111,723	(1,654)	50

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
	\$	\$	\$	\$	\$	\$
<b>March 31, 2023</b>	7,603	32,794	40,745	38,905	120,047	7,251
<b>September 30, 2022</b>	8,686	29,700	36,619	34,510	109,515	6,432

The impact on the Net Assets Attributable to Holders of Redeemable Units is based on portfolio's fixed income securities as well as portfolio's underlying investment funds and index-based investments exposed to interest rate risk, if any.

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

# NEI Global Sustainable Balanced 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, 2023		September 30, 2022	
Market Segment	%	Market Segment	%
Investment Funds		Investment Funds	
Growth	58.3	Growth	57.9
U.S. Bonds		U.S. Bonds	
Corporations	18.8	Corporations	18.5
Cities and Semi-Public Institutions	1.0	Cities and Semi-Public Institutions	1.1
State Governments and Crown Corporations	1.0	State Governments and Crown Corporations	1.1
Supranational Bonds	6.8	Supranational Bonds	7.2
Foreign Bonds	2.7	Foreign Bonds	2.2
Canadian Bonds	0.6	Canadian Bonds	0.8
Asset-Backed Securities	6.0	Asset-Backed Securities	7.4
U.S. Mortgage-Backed Securities	3.2	U.S. Mortgage-Backed Securities	3.2
Derivative Financial Instruments	0.6	Derivative Financial Instruments	(0.3)
Other Net Assets	1.0	Other Net Assets	0.9
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

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

The Manager's best estimate of the impact on Net Assets Attributable to Holders of Redeemable Units as a result of a reasonably possible changes in benchmarks, with all other variables held constant, is as follows:

Benchmarks	Change in Price %	Impact on Net Assets Attributable to Holders of Redeemable Units	
		March 31, 2023	September 30, 2022
		\$	\$
60% MSCI ACWI NR Index (C\$)	3.00	5,292	4,705
40% Bloomberg Barclays U.S. Aggregate Index (C\$ hedged)	1.00	1,176	1,045

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

As at March 31, 2023 and September 30, 2022, 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, 2023	September 30, 2022
	%	%
AAA	34	27
AA	10	12
A	16	14
BBB	19	19
BB	7	7
B	6	7
CCC	1	1
NOT RATED	7	13
<b>Total</b>	<b>100</b>	<b>100</b>

As at March 31, 2023, 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, 2022).

### 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) Seed Capital

The Manager had the following seed capital investments:

	Seed Capital	Percentage Ownership
	\$	%
<b>March 31, 2023</b>	<b>1,279</b>	-
September 30, 2022	1,106	-

### h) Income Taxes – Loss Carry Forward (Note 2)

Capital and non-capital losses determined for tax purposes as at December 15, 2022, which is the taxation year-end, are as follows:

Capital Losses	Non-Capital Losses	Year of Expiry
Amount \$	Amount \$	
8,268,976	858,894	2033
-	1,323,207	2036
-	887,379	2041
-	991,127	2042



# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022

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

The information provided in these financial statements and notes thereto is as at March 31, 2023 and September 30, 2022, and for the 6-month periods ended March 31, 2023 and 2022, except for the Fund established during either period, in which case the information provided relates to the period from inception to March 31, 2023 and 2022, as applicable.

Funds	Inception date
NEI Clean Infrastructure Fund	March 1, 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 16, 2023.

#### 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, 2023 and September 30, 2022, 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.

##### 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”.



# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022 (continued)

### **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.

#### 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 period 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 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.

### **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 (ETFs) and income trusts are included in “Dividends”. Notional distributions received from ETFs are considered non-cash transactions and increase the average costs for those ETFs. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022 (continued)

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	Abbreviation	Currency
AUD	Australian Dollar	JPY	Japanese Yen
BRL	Brazilian Real	KRW	South Korean Won
CAD	Canadian Dollar	MXN	Mexican Peso
CHF	Swiss Franc	NOK	Norwegian Krone
CNY	Chinese Yuan Renminbi	NZD	New Zealand Dollar
CZK	Czech Republic Koruna	PLN	Polish Zloty
DKK	Danish Krone	SEK	Swedish Krona
EUR	Euro	SGD	Singapore Dollar
GBP	Pound Sterling	THB	Thai Baht
HKD	Hong Kong Dollar	TRY	Turkish Lira
HUF	Hungarian Forint	TWD	Taiwan Dollar
IDR	Indonesian Rupiah	USD	United States Dollar
ILS	Israeli Shekel	ZAR	South African Rand
INR	Indian Rupee		

### 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 Other Investment 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022 (continued)

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022 (continued)

### 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.

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022 (continued)

### 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 the underlying mortgage-backed securities are classified as Level 1.

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.

As a result of the COVID-19 global pandemic, global equity and capital markets have experienced significant disruptions and volatility globally due to emergency measures taken in response to the spread of COVID-19, which have resulted in economic uncertainty. Governments have reacted with monetary and fiscal interventions designed to stabilize economic conditions. While the situation has stabilized, uncertainty remains in the global market regarding the long-term impact of the COVID-19 pandemic on financial markets and performance of the Funds, and there continues to be a potential for unexpected changes in the development and progression of COVID-19. The Manager continues to closely monitor the impact of COVID-19 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## March 31, 2023 and 2022 (continued)

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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