

NORTHEAST INVESTORS TRUST  
125 High Street – Suite 1802  
Boston, Massachusetts 02110  
(800) 225-6704  
Ticker Symbol: NTHX

Shares of Beneficial Interest

STATEMENT OF ADDITIONAL INFORMATION

February 1, 2023

This Statement of Additional Information supplements the Prospectus for the Trust dated February 1, 2023 and should be read in conjunction with the Prospectus. A copy of the Prospectus may be obtained from the Trust at the above address. This Statement of Additional Information is not a prospectus.

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## THE TRUST

Northeast Investors Trust, herein called the Trust, is a diversified open-end management investment company organized March 1, 1950 by an Agreement and Declaration of Trust executed under the laws of The Commonwealth of Massachusetts.

## INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS; GENERAL

As explained in the Prospectus, the purpose of the Trust is to provide investors with a vehicle for investment under the management of the Trustees. The Trust's primary objective is the production of income. Capital appreciation is also an objective of the Trust, but its achievement must be compatible with the primary objective.

In addition to the investment objectives and policies described in the Prospectus, the Trust has adopted certain investment restrictions. So long as these restrictions remain in effect, the Trust may not: (1) Purchase any securities which would cause more than 5% of the Trust's total assets at the time of such purchase to be invested in the securities of any issuer, except the United States Government. (2) Purchase any securities which would cause the Trust at the time of such purchase to own more than 10% of any class of any issuer. (3) Purchase the securities of any issuer that together with any predecessor thereof have been engaged in continuous operation for less than three years, for which purpose the Trustees consider an issuer resulting from an acquisition or reorganization to be engaged in the same business as any party to the acquisition or reorganization transaction. (4) Purchase real estate or commodities or commodities contracts; however, this limitation does not preclude an investment in the securities of organizations which deal in real estate or commodities or commodities contracts or in securities secured by interests in real estate. (5) Purchase the securities of any investment company, except in connection with a merger, consolidation or acquisition or by purchase of securities of closed-end investment companies in regular transactions in the open market. (6) Purchase securities on margin or effect short sales of securities. (7) Make loans, except that the Trust may acquire publicly distributed bonds, debentures, notes and other debt securities, for which purposes the Trust considers securities which are covered by Rule 144A under the Securities Act of 1933 or offered to a class of security holders of an issuer to be publicly distributed. (8) Act as an underwriter of securities except insofar as the Trust might technically be deemed to be an underwriter for purposes of the Securities Act of 1933 upon the disposition of certain securities. (9) Invest in companies for the purpose of exercising management or control. (10) Invest in puts, calls, straddles, spreads or any combinations thereof. (11) Purchase or retain the securities of any issuer if all Trustees together own more than 1/2 of 1% of the securities of such issuer. (12) Deal as principal with the Trust in the purchase or sale of portfolio securities. (13) Deal as agent with the Trust in the purchase or sale of portfolio securities. (14) Invest in securities for which there is no readily available market, if at the time of acquisition more than 15% of the Trust's assets would be invested in such securities. (15) Purchase participation or other direct interests in oil, gas or other mineral exploration or development programs. (16) Invest in warrants if at the time of acquisition more than 2% of the Trust's assets would be invested in warrants. (17) Invest in securities of foreign issuers if at the time of acquisition more than 10% of the Trust's assets would be invested in such securities. (18) Purchase any security if, after giving effect to such purchase, more than 25% of the Trust's assets would be invested in any one industry. (19) Issue senior securities or borrow money, except that the Trust may borrow funds up to a maximum amount equal to 25% of the Trust's total assets and may pledge assets as security for such borrowings.

For the purposes of the above, issuer refers to a consolidated corporate entity based on its most recent financials. Classes of securities are similarly determined based on most recent financials and thus may, for example, include debt at a subsidiary level, or debt representing different issuances. The purchase of or investment in securities does not encompass participation in exchange offers in or out of formal reorganization proceedings.

The above policies preclude only direct loans, not the acquisition of debt instruments in a secondary market, including participation in financings, including but not limited to debtor-in-possession financings, arising out of the acquisition of debt securities and do not preclude the lending of portfolio securities to broker-dealers. The Trust is not currently engaged in securities lending.

The Trust does not intend to engage in trading for short-term profits, and portfolio turnover will be limited in accordance with the Trust's objective of producing income. This does not, however, preclude an occasional investment for the purpose of short-term capital appreciation. During the fiscal years ended September 30, 2022 and 2021 the rates of total portfolio turnover were 44.56% and 75.20% respectively. Although investment policy or changed circumstances may require, in the opinion of the Trustees, an increased rate of such portfolio turnover, the Trustees do not anticipate that such turnover will be substantially in excess of that experienced by the Trust in recent years.

The Trust has adopted policies and procedures with respect to the disclosure of portfolio securities. The Trust will publicly disclose the complete schedule of its holdings, as reported on a fiscal quarter-end basis, by making the information publicly available in a manner consistent with SEC disclosure requirements. The Trust will file a complete portfolio schedule of investments with the SEC on form N-CSR within ten (10) days of the transmission to shareholders of any annual or semi-annual report; these are generally transmitted within sixty (60) days after the close of the fiscal period covered by the report. The Trust will also file a complete portfolio schedule of investments with the SEC not later than sixty (60) days after the close of the first and third fiscal quarters on form N-PORT. The Trust will not make available any other schedule of portfolio holdings to any person or institution other than in the ordinary course of business, such as to our auditors or custodian. The Trust may make quarterly portfolio holdings available to ranking or ratings agencies, but only after the information has been filed with the SEC or posted on our website. Certain agencies may contract with the Trust to receive the portfolio holdings monthly, but may not make the information available to the public until 60 days after the calendar quarter or until posted on the Trust's website.

The compensation of Bruce H. Monrad and Chapin P. Mechem as portfolio managers for the Trust is set forth in this Statement of Additional Information under the caption "Compensation of Trustees", and information about Mr. Monrad's share ownership in the Trust is set forth under the caption "Trustees and Officers". Mr. Monrad and Ms. Mechem do not have portfolio management responsibilities for any other investment company or pooled fund and are not primarily responsible for the day to day portfolio management for any accounts other than the Trust.

## TRUSTEES & OFFICERS

The Trustees of Northeast Investors Trust are Bruce H. Monrad, Peter J. Blampied, George P. Beal, and Charles R. Daugherty. Under Massachusetts Law, the Trustees are generally responsible for protecting the interests of the shareholders by overseeing the operation and management of the Trust. The table below provides certain information about the Trust's Trustees and Officers. The mailing address for the Trustees and Officers of the Trust is 125 High Street, Suite 1802, Boston, MA 02110.

Name/Age/Service *	Position	Principal Occupation(s)/Other Directorships During the Past Five Years
<u>Affiliated Trustees and Trust Officers</u>		
Bruce H. Monrad Age: 60 Years of Service: 29	Trustee and Chairman	Trustee and Chairman of Northeast Investors Trust
Gordon C. Barrett Age: 66 Years of Service: 34	Executive Vice President, Chief Financial Officer and Clerk	Chief Financial Officer of Northeast Investors Trust; President of Sippican Capital Advisors LLC
David A. Randall Age: 56 Years of Service: 22	Chief Compliance Officer, Vice President of Operations	Officer of Northeast Investors Trust
Chapin P. Mechem Age: 50 Years of Service: 21	Vice President	Officer of Northeast Investors Trust
<u>Independent Trustees</u>		
Peter J. Blampied Age: 80 Years of Service: 22	Trustee	Director of A.W. Perry, Inc.
George P. Beal Age: 69 Years of Service: 18	Trustee	Managing Partner, Boston Family Office LLC; Director of Breckinridge Capital Advisors
Charles R. Daugherty Age: 69 Years of Service: 18	Trustee	Managing Partner, Stanwich Advisors, LLC

\* The Trustees serve until their resignation or either the appointment or election of a successor, and the Officers serve at the pleasure of the Trustees.

The following is additional information about the background of each of the Trustees:

#### Interested Trustees

##### Mr. Monrad

Bruce H. Monrad is trustee and portfolio manager of Northeast Investors Trust, specializing in high yield securities. Previously he worked for Prudential-Bache Securities as a financial analyst.

#### Independent Trustees

##### Mr. Blampied

Peter J. Blampied was President of Corcoran Management Co. Inc, one of the region's leading residential management firms, from 1998-2008. He was previously Chairman, President and CEO of Boston Five Bancorp and Vice Chairman of Citizens Bank of Massachusetts. He is a former director of Access Capital Strategies, LLC. He is a director of A.W. Perry, Inc., a privately owned real estate developer, owner and manager.

##### Mr. Beal

George P. Beal is one of the founders of The Boston Family Office LLC, a registered investment adviser, and now is its Managing Partner as well as a portfolio manager. He is a director of Breckinridge Capital Advisors. Previously, Mr. Beal was employed at Cambridge Trust Co. and Bank of New England handling various duties ranging from commercial loans, branch management, operations and retail banking.

##### Mr. Daugherty

Charles R. Daugherty founded Stanwich Advisors, LLC, a leading independent boutique investment bank that provides advisory and fundraising services. Mr. Daugherty spent 26 years at Deutsche Bank/BT Alex Brown where he founded the Private Fund Group and served as Global Group Head.

The majority of the Trust's Board of Trustees (the "Board") are Independent Trustees. The Board has overall responsibility for overseeing the investment program of the Trust and its management and operations. The Board exercises the same powers, authority and responsibilities on behalf of the Trust as are customarily exercised by the directors of an investment company registered under the 1940 Act organized as a corporation and has authority to oversee and establish policies regarding the management, conduct and operation of the Trust's business. The Board has designated Bruce H. Monrad, an Interested Trustee, to serve as Chairman. The Independent Trustees have not designated a lead Trustee.

The Board has two standing committees: the Audit Committee, and the Nominating and Governance Committee, each of which consists of Messrs. Blampied, Daugherty and Beal. These committees are therefore composed entirely of Independent Trustees, and all of the Independent Trustees serve on each committee. Both committees met four times during the last fiscal year. The Audit Committee assists the Board in fulfilling its responsibilities for accounting and financial reporting practices and provides a channel of communication between the Board and the Trust's independent accountants. The provision of audit and non-audit services by the Trust's independent accountants is subject to prior approval by the Audit Committee. The Nominating and Governance Committee considers candidates for Trustee and reviews matters relating to Board governance. The Nominating and Governance Committee will consider the experience, qualifications, attributes and skills of Trustee nominees and Trustees when looking to fill vacant Board or committee seats and will consider the benefits of a diverse Board in enhancing its oversight of management performance, particularly in today's global investment environment. The Committee has not established a procedure for shareholders to nominate Trustees.

The Trust believes that its leadership structure is appropriate because it provides for the effective, independent oversight of management on behalf of the Trust's shareholders by having the independent Trustees as a majority of the Board and through their exclusive service on all committees. The Board conducts a self-evaluation annually, which includes an evaluation of the effectiveness of the Board and its committee structure and composition and a review of the appropriateness and effectiveness of the Trust's internal management structure. In addition, the Independent Trustees have engaged their own independent counsel, who also serves as fund counsel, to advise them on matters relating to their responsibilities in connection with the Trust.

Senior management, on a regular basis, undertakes risk assessments aimed at identifying key risks that the Trust may face, as described in the Trust's prospectus, the probability of occurrence of those risks and the potential impact. The Board and senior management have active discussions regarding the risks to which the Trust is subject. The Board reviews the Trust's portfolio and regular reports provided to it that integrate strategy and operational and investment initiatives with risk exposures.

As part of its oversight, the Board assesses the quality of information it is receiving, how well this information provides a basis for evaluating the risk factors affecting the Trust, as described in the Trust's prospectus, how management evaluates risk, and the quality of the risk management oversight structure. The Board engages in open discussions with management on how economic factors affect or may affect the Trust's performance. It reviews the Trust's periodic and current reports and prospectuses, with a particular focus on risk disclosures. In addition, as deemed appropriate, the Board or the Independent Trustees engage counsel or other parties to advise them on matters relating to risks associated with the Trust's operations.

The following table shows the dollar range of shares of the Trust beneficially owned by each Trustee.

<b>Name of Trustee</b>	<b>Dollar Range of Equity Securities in the Trust</b>
<b><i>Trustees Who Are "Interested Persons" of the Trust</i></b>	
Bruce H. Monrad	Over \$2,000,000
<b><i>Trustees Who Are Not "Interested Persons" of the Trust</i></b>	
Peter J. Blampied	Over \$100,000
George P. Beal	Over \$100,000
Charles R. Daugherty	None

The total number of shares owned beneficially by the Trustees, officers and members of their immediate families on September 30, 2022 was 4,027,975 shares (10.08%).

The Trust has adopted a Code of Ethics governing personal securities transactions by persons (access persons) associated with the Trust who have access to information about its investment operations. The Code does permit investments by Trust personnel for their own accounts, but requires systematic reporting of transactions and holdings as required by law. The Code of Ethics of the Trust is on file as an exhibit to this registration statement and may be obtained through the Securities and Exchange Commission.

## COMPENSATION OF TRUSTEES

Under the Declaration of Trust, the Trustees are entitled to receive an annual fee equal to  $\frac{1}{2}$  of 1% of the principal of the Trust, computed at the end of each quarter year at the rate of  $\frac{1}{8}$  of 1% of the principal at the close of such quarter. The principal of the Trust for this purpose is taken as a total of the value of the portfolio and other assets less all liabilities, except accrued Trustees' fees, valued set forth below under "Price and Net Asset Value". The total Trustee fee for each of the fiscal years ended September 30, 2020, 2021 and 2022 was \$855,204, \$808,218 and \$723,464, respectively.

The following table shows the aggregate compensation paid during the fiscal year ended September 30, 2022 to the Trustees and officers of the Trust from the Trustees' fee or otherwise.

Name and Position	Aggregate Compensation Paid
Bruce H. Monrad, Trustee, Chairman and President#	\$327,985
Gordon C. Barrett, Executive Vice President, and CFO*	\$294,678
David A. Randall, Vice President, and CCO*	\$301,123
Chapin P. Mechem, Vice President~	\$262,500
Peter J. Blampied, Trustee#	\$20,000
George P. Beal, Trustee #	\$20,000
Charles R. Daugherty, Trustee#	\$20,000

\* Paid directly by the Trust;

~ Paid from BHM Administrators, LLC;

All other amounts shown are paid from the Trustees' fee.

# Awaiting the resolution of the Minturn matter (see *Indemnification Risks* section of the prospectus), the Trust suspended disbursement of compensation payments otherwise due to Trustees but has continued to accrue liabilities for the suspended Trustee compensation pending the outcome of ongoing decisions about how to continue to allocate the fee paid by the Trust in the best interests of shareholders.

Under the Declaration of Trust, the Trustees are required to furnish the Trust financial and statistical services for the Trust and such office space as the Trust may require. During the fiscal year ended September 30, 2022, no retirement benefits were paid to any Trustee or former Trustee.

## CUSTODIAN AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The custodian for the Trust is State Street Bank and Trust Company, 1 Iron Street, Boston, Massachusetts. The custodian maintains custody of the Trust's assets. The Trust acts as its own Transfer and Shareholder Servicing Agent.

The Trust has selected RSM US LLP, located at 80 City Square, Boston, Massachusetts 02129, as its independent registered public accounting firm for the current fiscal year. The firm provides services including (i) audit of annual financial statements and (ii) provides other audit, tax, and non-audit related services to the Trust.

## BROKERAGE

Decisions to buy and sell securities for the Trust and as to assignment of its portfolio business and negotiation of its commission rates are made by the Trustees. It is the Trustees' policy to obtain best execution when processing transactions, in doing so, the Trustees assign portfolio executions and negotiate commission rates in accordance with the reliability and quality of a broker/dealer's services and their value and expected contribution to the performance of the Trust. Such portfolio transactions may be carried out with broker-dealers that have provided the Trustees or the Trust with research and other investment related services. Such services may include furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing portfolio analyses and reports concerning issuers, industries, securities, economic factors and trends; and effecting securities transactions and performing functions incidental thereto (such as clearance and settlement). During the fiscal year ended September 30, 2022, the Trust engaged in portfolio transactions involving principal trades totaling \$74,107,601 with market makers and other dealers. The Trust paid broker commissions of \$0 for the year ended September 30, 2022. During the fiscal years ended September 30, 2020 and 2021 brokerage commissions paid totaled \$0.00 and \$0.00 respectively. All such portfolio transactions completed by the Trust during the year ended September 30, 2022 were carried out with broker-dealers that have provided the Trust with research, and other investment related services.

## PRICE AND NET ASSET VALUE

It is the current policy of the Trust that the public offering price of shares of the Trust equal their net asset value, the Trust receiving the full amount paid by the investor. The net asset value is determined as of the close of the New York Stock Exchange on each day that the Exchange is open. It is the only price available to investors whose orders are received prior to the close of the Exchange on that day. The price to investors whose applications for purchase are received after the close of the New York Stock Exchange or on a non-business day will be the net asset value next determined. The net asset value of the Trust's shares is determined by dividing the market value of the Trust's securities, plus any cash and other assets (including income accrued) less all liabilities by the number of shares outstanding. An adjustment will be made to the Trust's price for fractions of a cent to the next highest cent. The Trust makes no payments to third parties for the daily computation of its net asset value.

The value of equity securities or equity-like securities such as warrants for which market quotations are readily available, shall be determined on the basis of the last quoted sale prices taken from the primary market or exchange on which they are traded. A bid price may be used if it more closely reflects the fair value of the security as of the close of regular trading on the New York Stock Exchange. Fixed income securities, including securities convertible into equity, shall be valued on the basis of evaluated prices furnished by independent pricing services or from quotations received from dealers who make markets in such securities. The evaluations provided by the pricing services are based on expert analysis of market data and other factors such as last sale, dealer bids, yields, quality, coupon rate, maturity, type of issue, trading characteristics and other relevant bond market data. Securities and other assets for which pricing service or market quotations are not readily available are valued at their fair value as determined in good faith under consistently applied procedures approved by the Board of Trustees. For a further description of the Trust's fair value pricing methodologies, see the Prospectus under "Buying Shares".

As indicated in the Prospectus, purchase and redemption orders may be received on behalf of the Trust by brokers. In certain such cases, where the Trust has authorized such transactions (i) such broker may be authorized to designate other intermediaries to receive purchase and redemption orders for the Trust; (ii) the Trust will be deemed to have received a purchase or redemption order when an authorized broker or, if applicable, a broker's authorized designee, receives the order; and (iii) customer orders will be priced at the Trust's net asset value next computed after they are received by an authorized broker or the broker's authorized designee.

## SHAREHOLDER PLANS

### Open Accounts

Upon making an initial investment (minimum amount \$1,000), a shareholder will automatically have an Open Account established for him on the books of the Trust. Once any account is opened there is no limitation to the size or frequency of investment, subject to the policies and procedures described in the prospectus under the caption "Buying Shares". The shareholder will receive a confirmation from the Trust of this and each subsequent transaction in his Account via mail or email showing the current transaction and the current number of shares held. A shareholder may make additional investments in shares of the Trust at any time by ordering the Trust shares at the then applicable public offering price. Share certificates which have been issued to a shareholder may be returned to the Trust at any time for credit to the shareholder's Open Account. Shares held in an Open Account may be redeemed as described in the Prospectus under "Selling Shares". Income dividends and capital gains distributions are credited in shares on the payment date (which may be different than the record date) at the applicable record date closing net asset value, unless a shareholder has elected to receive all income dividends and/or capital gains distributions in cash.

## Automatic Investment and Withdrawal Plans

These Plans have been developed to accommodate those who wish to make scheduled purchases or sales of shares of the Trust on a continuing basis without the imposition of any fee or service charge. Subject to the initial investment minimum of \$1,000, any shareholder maintaining an Open Account may request in his application, in the appropriate Automated Investment Plan (AIP) or Scheduled Withdrawal Plan (SWP) form, online or otherwise in writing that investments be made through automatic deductions from his bank checking or savings account or that withdrawals be made automatically with the redemption price paid by check or electronic funds transfer. The shareholder may cancel his participation in either Plan at any time, and the Trust may modify or terminate either Plan at any time.

An investor should understand that he is investing in a security, the price of which fluctuates, and that under the Plans he will purchase or sell shares regardless of their price level and that if he terminates the Plan and sells his accumulated shares at a time when their market value is less than his cost, he will incur a loss. In the case of the Automatic Investment Plan, he should also take into account his financial ability to continue the Plan through periods of low prices and understand that the Plan cannot protect him against loss in declining markets.

## TAX-ADVANTAGED RETIREMENT PLANS

In addition to regular accounts, the Trust offers tax-advantaged retirement plans which are described briefly below. Contributions to these plans are invested in shares of the Trust; dividends and other distributions are reinvested in shares of the Trust.

Contributions to these retirement plans, within the limits and circumstances specified in applicable provisions of the Internal Revenue Code, are excludable or deductible from the participant's income for federal income tax purposes. In addition, non-deductible or after-tax contributions may be made to these retirement plans to the extent permitted by the Internal Revenue Code. Reinvested dividends and other distributions accumulate free from federal income tax while the shares of the Trust are held in the plan. Distributions from these plans are generally included in income when received; however, after-tax or non-deductible contributions may be recovered without additional federal income tax. Premature distributions, insufficient required minimum distributions or excess contributions may result in penalty taxes.

State Street Bank and Trust Company serves as custodian of each of the following plans. Detailed information concerning each of the following plans and copies of the plan documents are available online or upon request to the Trust at its offices.

An individual investor or employer considering any of these retirement plans should read the detailed information for the plan carefully and should consider consulting an attorney or other competent advisor with respect to the requirements and tax aspects of the plan.

### Traditional IRA, Roth IRA and Education Savings Account

An individual may open his own Individual Retirement Account (IRA), Roth IRA, or Education Savings Account using a custodial account form approved for this purpose by the IRS. An individual may have an IRA even though he is also an active participant in a pension or profit-sharing plan or certain other plans. However, depending on the individual's adjusted gross income and tax return filing status, contributions for an individual who is an active participant in another plan may be partially or entirely non-deductible. Contributions to a Roth IRA are non-deductible, but income and gains accumulate free of income tax and distributions after age 59 1/2 are generally not taxable. An Education Savings Account can be established only for a Designated Beneficiary who is under age 18 as a method of saving for education expenses. Contributions to an Education Savings Account are non-deductible, but income and gains accumulate free of income tax and distributions are not taxable as long as the amount withdrawn is used for qualified educational expenses.



## ANTI-MONEY LAUNDERING COMPLIANCE

Money laundering is the process by which the financial proceeds of criminal activities are given the appearance of legitimacy, thereby concealing their origin and enabling criminals to reap the benefit of their crimes. Typically, illegally obtained cash is passed through legitimate financial institutions and businesses or converted into hard assets. These techniques make it difficult or impossible to trace the money to its illegal origins. The money launderer's goal is to make its financial transactions appear normal, thus creating an apparent legitimate source for the illicit cash, while simultaneously enabling the criminal to evade payment of taxes on the unlawful proceeds.

Northeast Investors Trust (the "Trust") seeks to comply with all applicable anti-money laundering ("AML") laws and regulations and to carry out measures to detect, prevent and deter money laundering, terrorist financing and related illegal activities. It is the policy of the Trust to seek to prevent the misuse of the funds it manages for purposes of money laundering and terrorist financing. The Trust has adopted policies, procedures and controls to reasonably detect and deter the occurrence of money laundering and other illegal activity. These policies and procedures are designed to assure as far as possible that the Trust accepts investments only from legitimate, law-abiding investors.

Consequently, the Trust may request additional information from you to verify your identity and the source of your funds. If you do not provide the requested information, the Trust may not establish your new account. The Trust may also be required to "freeze" a shareholder's account if the Trust believes the investor is involved in suspicious activity or if certain account information matches that of government lists of suspicious persons. If such information is discovered, the Trust may be required to report this information to a government agency and the law may not permit the Trust to inform the shareholder that such actions have taken place.

## DIVIDENDS, DISTRIBUTIONS & FEDERAL TAXES

It is the Trust's policy to distribute net investment income and net realized capital gains on sales of investments (less any available capital loss carryforwards) annually. Dividends and distributions are credited in shares of the Trust unless the shareholder elects to receive cash.

Any dividends or distributions paid shortly after a purchase of shares by an investor will have the effect of reducing the per share net asset value of his shares by the per share amount of the dividends or distributions. Furthermore, such dividends or distributions, although in effect a return of capital, may be subject to income taxes, including the 3.8% Medicare net investment income tax imposed by the Affordable Care Act.

It is the policy of the Trust to distribute its net investment income and net realized gains for each year in taxable dividends and capital gain distributions so as to qualify as a "regulated investment company" under the Internal Revenue Code. The Trust did so qualify during its last taxable year.

A regulated investment company which meets the diversification of assets and source of income requirements prescribed by the Internal Revenue Code is accorded conduit or "pass through" treatment if it distributes to its shareholders at least 90% of its taxable income exclusive of net capital gains, i.e., it will be taxed only on the portion of such income which it retains.

To the extent that a regulated investment company distributes the excess of its net long-term capital gain over its net short-term capital loss (including any capital loss carryforward from prior years), such capital gain is not taxable to the company but it is taxable to the shareholder.

Income dividends and capital gain distributions are taxable as described, whether received in cash or additional shares. Shareholders who have not supplied the Trust with appropriate information with respect to their tax identification or social security number or who are otherwise subject to back-up withholding may have 24% of distributions withheld by the Trust.

The foregoing discussion relates to federal income taxation. Dividends and capital gain distributions may also be subject to state and local taxes, and shareholders should consult with a qualified tax advisor.

## CAPITAL SHARES

The Trust has only one class of securities--shares of beneficial interest without par value--of which an unlimited number are authorized. Each share has one vote and when issued, is fully paid and nonassessable. Fractional shares may be issued and when issued, have the same rights proportionately as full shares. The shares are transferable by endorsement or stock power in the customary manner, but the Trust is not bound to recognize any transfer until it is recorded on the books of the Trust. Each share is entitled to participate equally in any dividends or distributions declared by the Trustees. In the event of liquidation of the Trust, the holders of shares are entitled to all assets remaining for distribution after satisfaction of all outstanding liabilities. Distributions would be in proportion to the number of shares held. No shares carry any conversion, subscription, or other preemptive rights.

Under Massachusetts law, shareholders might, under certain circumstances, be held personally liable for the obligations of the Trust. However, the Declaration of Trust provides that the Trustees shall have no power to bind the shareholders personally and requires that all contracts and other instruments shall recite that the same are executed by the Trustees as Trustees and not individually and are solely binding upon the Trust's assets. The Trust has been advised by legal counsel that under the applicable Massachusetts decisions, no personal liability should attach to the shareholders under contracts of the Trust containing this recital. Moreover, the Declaration of Trust provides that any shareholder of the Trust shall be indemnified by the Trust for all loss and expense incurred by reason of his being or having been a shareholder of the Trust. Thus the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Trust itself would be unable to meet its obligations.

## PROXY VOTING GUIDELINES

Written guidelines have been established for proxy voting by the Board of Trustees of the Trust. The purpose of these guidelines is to promote the accountability of a company's management and board of directors to its shareholders; to align the interests of management with those of shareholders; and to increase disclosure of a company's business and operations.

The Trust's proxy voting guidelines generally address proposals submitted to shareholders in the following categories:

### Routine Matters

#### Proposals for the election of directors

The Trust generally supports management's recommendations in selecting director nominees as the Trust believes the company is in the best position to recommend and evaluate a qualified board. Directors should be competent, qualified individuals and should be accountable, responsive to shareholders and should exercise reasonable judgment. The Trust generally supports a board of directors comprised of a majority of independent directors and prefers committees such as audit and nominating committees to also be comprised of independent members.

#### Proposals for the approval of independent auditors

The Trust generally will rely on the audit committee's recommendation in selecting independent auditors who will provide the best service to the company. The Trust believes the relationship between the company and its auditors should be independent and will vote against proposed auditors whose independence may be compromised.

### Compensation Matters

Proposals seeking approval of equity-based compensation, including stock option plans

Companies often offer compensation plans for its officers and employees as a means to attract or maintain desirable employees. These plans may include equity-based compensation (stock options or restricted stock). In general, the Trust will vote for stock-related compensation plans that are reasonably designed and that align the interest of management with those of shareholders by providing officers and employees with an incentive to maximize shareholder value. It will consider the dilutive effects, pricing and re-pricing issues, and other factors in voting on specific proposals.

Proposals related to executive compensation

The Trust believes that executive compensation matters are best left to the discretion of the directors, not the shareholders. The Trust will generally vote against advisory votes on executive compensation (Say-On-Pay) unless such compensation is deemed problematic or does not appear aligned with shareholder interests.

### Corporate Control

Proposals relating to changes in corporate control

The Trust generally opposes measures that are designed to prevent or obstruct corporate takeovers. Such measures tend to entrench current management, discourage other offers for the company and depress shareholder value. In most cases, the acquisition or takeover of a company - hostile or otherwise – will increase shareholder value and therefore must be permitted to occur.

#### Shareholder Rights Plans (Poison Pills)

Shareholder Rights Plans or Poison Pills are instigated by an unwanted takeover attempt and can ultimately make the company appear financially less attractive to potential suitors. Typically, directors have used poison pills without shareholder approval. The Trust will generally vote against all forms of poison pills unless backed by sound business strategy that will likely result in a greater benefit to the shareholders.

#### Increases in Authorized Common Stock

The Trust will generally approve of increases in authorized shares, provided that the increase will not expose shareholders to excessive dilution and is sought for appropriate corporate purposes.

#### “Blank Check” Preferred Stock

The Trust will generally vote against “blank check” preferred stock proposals unless the proposal discloses that the stock is specifically required to be issued for valid corporate financing objectives.

#### Classified or Staggered Boards

Although these types of board structures may provide stability and continuity of board members, they can also be viewed as anti-takeover devices; therefore the Trust will generally vote against classified or staggered boards.

### Shareholder Rights

Proposals that affect shareholder rights, including voting rights

The Trust views the exercise of shareholders’ rights – including the rights to act by written consent, to call special meetings and to remove directors – to be fundamental to corporate governance.

#### Cumulative Voting

The Trust generally supports proposals to adopt cumulative voting and will generally vote against proposals to eliminate cumulative voting which may constitute an anti-takeover measure.

#### Confidential voting

The Trust generally supports proposals to require that voting be confidential because they increase the independence of shareholders who are voting.

#### Supermajority Voting

The Trust favors simple majority votes by shareholders on matters submitted for their approval and generally will vote in support of shareholders proposals that eliminate supermajority voting requirements.

#### Dual Class or Super Voting Share Class Capitalizations

The Trust will generally vote against the adoption of a dual or super voting share class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments.

#### Other Matters

Proposals relating to social and corporate responsibility issues

The Trust will generally vote with management's recommendations on proposals pertaining to social, moral, ethical or corporate matters. These proposals are primarily initiated by shareholders and the effect on shareholder value of such proposals is often unclear, and therefore the Trust will rely on management's assessment of the economic effect of such proposals.

#### Potential Conflicts of Interest

In the event that any matter for which a proxy is solicited creates a potential conflict of interest between interests of the shareholders of the Trust, on the one hand, and any affiliated person of the Trust, on the other, the voting of such proxy will be referred to the Trustees of the Trust who are not "interested persons" of the Trust as such term is defined under the Investment Company Act of 1940 (the "independent Trustees"); if the potential conflict is with an independent Trustee, such Trustee will abstain from voting on the matter.

#### Other Situations

With respect to proposals not mentioned above, the Trust will act in the best interest of the shareholders and vote in a manner which will enhance the value of the investment and maximize shareholder value.

The foregoing is a summary. A copy of the complete Proxy Voting Guidelines and the Trust's voting record may be obtained by calling the toll free number in the address set forth on the cover page of this Statement of Additional Information and at the website of the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)) or at the website of the Trust ([www.northeastinvestors.com](http://www.northeastinvestors.com)).

#### HISTORICAL PERFORMANCE INFORMATION

From time to time, the Trust may advertise average annual total return. Average annual total return quotations will be computed by finding the average annual compounded rates of return over 1, 5 and 10 year periods that would equate the initial amount invested to the ending redeemable value, according to the following formula:

$$\left( \frac{ERV}{P} \right)^{1/N} - 1$$

Where:

P = a hypothetical initial payment of \$1,000

N = number of years

ERV = ending redeemable value of a hypothetical \$1,000 payment made at the beginning of the 1, 5 and 10 year periods at the end of the 1,5 or 10 year periods (or fractional portion thereof)

The calculation of average annual total return assumes the reinvestment of all dividends and distributions. The Trust may also advertise total return (a "nonstandardized quotation") which is calculated differently from average annual total return. A nonstandardized quotation of the total return may be a cumulative return which measures the percentage change in the value of an account between the beginning and end of a period, assuming no activity in the account other than reinvestment of dividends and capital gains distributions. A nonstandardized quotation may also indicate average annual compounded rates of return over periods other than those specified for average annual total return. A nonstandardized quotation of total return will always be accompanied by the Trust's average annual total return as described above. The Trust's total returns for the one, five and ten year periods ended December 31, 2022 are set forth in the Prospectus.

From time to time, the Trust may also advertise its yield. A yield quotation is based on a 30-day (or one month) period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period, according to the following formula:

$$\text{Yield} = 2[(a-b)/cd + 1]^6 - 1]$$

Where:

- a = dividends and interest earned during the period
- b = expenses accrued for the period (net of reimbursements)
- c = the average daily number of shares outstanding during the period that were entitled to receive dividends.
- d = the maximum offering price per share on the last day of the period

Solely for the purpose of computing yield, dividend income is recognized by accruing 1/360 of the stated dividend rate of the security each day that the Trust owns the security. Generally, interest earned (for the purpose of "a" above) on debt obligations is computed by reference to the yield to maturity of each obligation held based on the market value of the obligation (including actual accrued interest) at the close of business on the last business day prior to the start of the 30-day (or one month) period for which yield is being calculated, or, with respect to obligations purchased during the month, the purchase price (plus actual accrued interest). With respect to the treatment of discount and premium on mortgage or other receivables-backed obligations which are expected to be subject to monthly paydowns of principal and interest, gain or loss attributable to actual monthly paydowns is accounted for as an increase or decrease to interest income during the period and discount or premium on the remaining security is not amortized.

The performance quotations described above are based on historical experience and are not intended to indicate future performance.

To help investors better evaluate how an investment in the Trust might satisfy their investment objective, advertisements regarding the Trust, as well as other publications, may discuss various measures of Trust performance, including current performance ratings and/or rankings appearing online or in financial magazines, newspapers and publications which track mutual fund performance or other information prepared by recognized mutual fund statistical services. Advertisements and other publications may also compare Northeast Investors Trust's performance to performance as reported by other indices and averages or other investments for which reliable performance information is available. The Trust's annual report contains additional performance information and will be made available to investors upon request and without charge.

#### FINANCIAL STATEMENTS

The following financial statements are included in this Statement of Additional Information:

1. [Schedule of Investments as of September 30, 2022](#)
2. [Statement of Assets and Liabilities as of September 30, 2022](#)
3. [Statement of Operations for the Year Ended September 30, 2022](#)
4. [Statements of Changes in Net Assets for each of the two years in the period ended September 30, 2022](#)

5. [Financial Highlights for each of the five years in the period ended September 30, 2022](#)
6. [Notes to Financial Statements for the year ended September 30, 2022](#)
7. [Report of RSM US LLP, Independent Registered Public Accounting Firm.](#)

Item 27.  
Summary of Net Assets  
September 30, 2022 (unaudited)

	Value	% of Net Assets
<b>Corporate Bonds &amp; Notes</b>		
Aerospace	\$ 2,169,651	1.61%
Auto Manufacturers	10,353,271	7.68%
Building Products	7,763,875	5.76%
Chemicals	4,862,500	3.61%
Coal	1,330,167	0.99%
Communications	5,202,800	3.86%
Drug Stores	1,134,628	0.84%
Energy / Natural Resources	5,606,738	4.16%
Food Processing	4,862,500	3.61%
Homebuilders	4,537,500	3.36%
Industrial Servicing / Manufacturing	6,434,078	4.77%
Metals & Mining	4,410,000	3.27%
Oil & Gas Drilling	7,331,859	5.44%
Real Estate	8,387,195	6.22%
Retail Food Chains	5,764,728	4.28%
Retail General	4,927,725	3.65%
Technology	3,973,180	2.95%
Tobacco	13,479,075	10.00%
Wireless Telecom	4,468,750	3.31%
<b>Total Corporate Bonds &amp; Notes</b>	<b>\$ 107,000,220</b>	<b>79.37%</b>
<b>Common Stock</b>		
Chemicals	\$ 3,980,345	2.95%
Coal	0	0.00%
Electrical Utility	0	0.00%
Energy / Natural Resources	730,664	0.54%
Food Processing	2,136,844	1.59%
Metals & Mining	6,872,445	5.10%
Oil & Gas Drilling	913,062	0.68%
Packaging & Container	112,007	0.08%
Transportation	114,424	0.08%
<b>Total Common Stock</b>	<b>\$ 14,859,791</b>	<b>11.02%</b>
<b>Total Preferred Stock</b>	<b>9,867,000</b>	<b>7.32%</b>
<b>Total GDP-Linked Bonds</b>	<b>113,476</b>	<b>0.08%</b>
<b>Repurchase Agreement</b>	<b>2,486,148</b>	<b>1.85%</b>
<b>Total Investments</b>	<b>\$ 134,326,635</b>	<b>99.64%</b>
<b>Receivables</b>	<b>2,231,969</b>	<b>1.65%</b>
<b>Total Assets</b>	<b>\$ 136,558,604</b>	<b>101.29%</b>
<b>Liabilities</b>	<b>(1,744,309)</b>	<b>-1.29%</b>
<b>Total Net Assets</b>	<b>\$ 134,814,295</b>	<b>100.00%</b>

*Schedule of Investments (a)*  
*September 30, 2022*

**Corporate Bonds & Notes — 79.37%**

<i>Name of Issuer</i>	<i>Principal</i>	<i>Value</i>
<b>Aerospace — 1.61%</b>		
Spirit Aerosystems, Inc., 3.95%, 6/15/23	\$ 2,263,000	\$ 2,169,651
<b>Auto Manufacturers — 7.68%</b>		
Cooper-Standard Automotive, Inc., 13%, 6/01/24 <sup>(c)</sup>	5,000,000	5,148,885
Ford Motor Credit Co. LLC, 3.35%, 11/01/22	3,296,000	3,269,526
Ford Motor Credit Co. LLC, 3.37%, 11/17/23	2,000,000	1,934,860
		10,353,271
<b>Building Products — 5.76%</b>		
Builders Firstsource, Inc., 4.25%, 2/01/32 <sup>(c)</sup>	5,000,000	3,835,675
Louisiana Pacific Corp., 3.625%, 3/15/29 <sup>(c)</sup>	5,000,000	3,928,200
		7,763,875
<b>Chemicals — 3.61%</b>		
WR Grace Holdings LLC, 5.625%, 10/01/24 <sup>(c)</sup>	5,000,000	4,862,500
<b>Coal — 0.99%</b>		
Westmoreland Mining Holdings LLC, PIK 15%, 3/15/29 <sup>(d)</sup>	2,128,267	1,330,167
<b>Communications — 3.86%</b>		
Centurylink, Inc., 7.5%, 4/01/24	5,000,000	5,202,800
<b>Drug Stores — 0.84%</b>		
Rite Aid Corp., 7.5%, 7/01/25 <sup>(c)</sup>	550,000	418,451
Rite Aid Corp., 8%, 11/15/26 <sup>(c)</sup>	1,012,000	716,177
		1,134,628
<b>Energy/Natural Resources — 4.16%</b>		
CNX Resources, Inc., 7.25%, 3/14/27 <sup>(c)</sup>	919,000	893,838
Range Resources Corp., 4.875%, 5/15/25	5,000,000	4,712,900
		5,606,738
<b>Food Processing — 3.61%</b>		
Pilgrims Pride Corp., 5.875%, 9/30/27 <sup>(c)</sup>	5,000,000	4,862,500
<b>Homebuilders — 3.36%</b>		
KB Home, 7.25%, 7/15/30	5,000,000	4,537,500



**Corporate Bonds & Notes — (continued)**

<i>Name of Issuer</i>	<i>Principal</i>	<i>Value</i>
<b>Industrial Servicing / Manufacturing — 4.77%</b>		
Clean Harbors, Inc., 4.875%, 7/15/27 <sup>(c)</sup>	\$ 500,000	\$ 456,228
Fortress Transportation and Infrastructure Investors LLC, 9.75%, 8/01/27 <sup>(c)</sup>	5,500,000	5,377,955
Fortress Transportation and Infrastructure Investors LLC, 5.5%, 5/01/28 <sup>(c)</sup>	750,000	599,895
		6,434,078
<b>Metals &amp; Mining — 3.27%</b>		
Allegheny Technologies, Inc., 6.95%, 12/15/25	4,500,000	4,410,000
<b>Oil &amp; Gas Drilling — 5.44%</b>		
Parker Drilling Co., 13% (11% cash, 2% PIK), 3/26/24 <sup>(d)</sup>	2,658,444	2,631,859
Tidewater, Inc., 8.5%, 11/16/26	4,700,000	4,700,000
		7,331,859
<b>Real Estate — 6.22%</b>		
Five Point Operatng Co. LP, 7.875%, 11/15/25 <sup>(c)</sup>	4,395,000	3,505,760
Realogy Group LLC, 4.875%, 6/01/23 <sup>(c)</sup>	5,000,000	4,881,435
		8,387,195
<b>Retail Food Chains — 4.28%</b>		
Brinker International, Inc., 5%, 10/01/24 <sup>(c)</sup>	6,000,000	5,764,728
<b>Retail General — 3.65%</b>		
G-III Apparel Group LTD, 7.875%, 8/15/25 <sup>(c)</sup>	5,430,000	4,927,725
<b>Technology — 2.95%</b>		
Iron Mountain, Inc., 4.5%, 2/15/31 <sup>(c)</sup>	1,000,000	773,180
Iron Mountain, Inc., 5.625%, 7/15/32 <sup>(c)</sup>	4,000,000	3,200,000
		3,973,180
<b>Tobacco — 10.00%</b>		
Pyxus Holdings, Inc., 10%, 8/24/24	10,845,675	8,839,225
Vector Group LTD, 10.5%, 11/01/26 <sup>(c)</sup>	5,000,000	4,639,850
		13,479,075
<b>Wireless Telecom — 3.31%</b>		
Altice France SA, 8.125%, 2/01/27 <sup>(c)</sup>	5,000,000	4,468,750
<b>Total Corporate Bonds &amp; Notes — (cost—\$113,499,126)</b>		<b>\$ 107,000,220</b>
<b>GDP-Linked Bonds — 0.08%</b>		
<i>Name of issuer</i>	<i>Principal</i>	<i>Value</i>
Republic of Argentina GDP Linked Security, FRN (based on the performance of Argentina's GDP), 12/15/35 <sup>(e)</sup>	\$ 34,386,574	\$ 113,476
<b>Total GDP-Linked Bonds — (cost—\$1,423,421)</b>		<b>\$ 113,476</b>

**Common Stock — 11.02%***Name of issuer**Number  
of Shares**Value***Chemicals — 2.95%**

Ingevity Corp. <sup>(e)</sup>	602	\$	36,499
NL Industries, Inc.	510,200		3,943,846
			3,980,345

**Coal — 0.00%**

Westmoreland Mining Holding, LLC, Class A Units <sup>(d)</sup> <sup>(e)</sup>	22,606		0
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**Electrical Utility — 0.00%**

Homer City Holdings, LLC <sup>(d)</sup> <sup>(e)</sup>	221,338		0
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**Energy / Natural Resources — 0.54%**

SilverBow Resources, Inc. <sup>(e)</sup>	5,058		135,959
Talos Energy, Inc. <sup>(e)</sup>	35,718		594,705
			730,664

**Food Processing — 1.59%**

Viskase Cos., Inc. <sup>(e)</sup>	3,052,635		2,136,844
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**Metals & Mining — 5.10%**

American Gilsonite <sup>(b)</sup> <sup>(d)</sup> <sup>(e)</sup>	1,597,765		5,162,538
Metals Recovery Holdings, LLC <sup>(b)</sup> <sup>(d)</sup> <sup>(e)</sup>	21,539		1,709,907
Ormet Corp. <sup>(e)</sup>	372,638		0
			6,872,445

**Oil & Gas Drilling — 0.68%**

Key Energy Services, Inc. <sup>(e)</sup>	129		0
Parker Drilling Co. <sup>(e)</sup>	140,471		913,062
			913,062

**Packaging & Container — 0.08%**

Westrock Co.	3,626		112,007
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**Transportation — 0.08%**

Getlink SA (France)	7,349		114,424
<b>Total Common Stock —</b> (cost—\$51,908,684)		\$	14,859,791

**Preferred Stock — 7.32%**

<i>Name of issuer</i>	<i>Number of Shares</i>	<i>Value</i>
<b>Pipeline — 7.32%</b>		
Crestwood Equity Partners LP PFD, 9.25%, Perpetual	1,100,000	\$ 9,867,000
<b>Total Preferred Stock — (cost—\$10,441,640)</b>		<b>\$ 9,867,000</b>

**Repurchase Agreement — 1.85%**

<i>Name of Issuer</i>	<i>Principal</i>	<i>Value</i>
State Street Bank & Trust Co. 0.83% dated 9/30/2022, to be repurchased at \$2,486,320 on 10/03/2022 <sup>(f)</sup>		
<b>Total Repurchase Agreement — (cost — \$2,486,148)</b>	<b>\$ 2,486,148</b>	<b>\$ 2,486,148</b>
<b>Total Investments — 99.64% (cost—\$179,759,019)</b>		<b>\$ 134,326,635</b>
<b>Net Other Assets and Liabilities — 0.36%</b>		<b>487,660</b>
<b>Net Assets — 100%</b>		<b>\$ 134,814,295</b>

- (a) Portions of the portfolio may be pledged to collateralize short term borrowings.
- (b) Security is valued at fair value as determined in good faith under consistently applied procedures approved by the Board of Trustees. The aggregate market value of good faith securities as of September 30, 2022 was \$6,872,445 which represents 5.10% of total net assets.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the period end, the value of these securities amounted to \$63,261,732 which represents 46.93% of total net assets. These securities are generally deemed liquid.
- (d) All or a portion of the security is restricted. The Trust may acquire restricted securities which are subject to legal or contractual restrictions on resale and may be illiquid. The aggregate market value of restricted securities as of September 30, 2022 was \$10,834,471 which represents 8.04% of total net assets. Additional information on each holding is as follows:

<b>Security</b>	<b>Acquisition Date</b>	<b>Acquisition Cost</b>
American Gilsonite	1/2/17 - 8/26/21	\$ 9,640,360
Metals Recovery Holdings, LLC	9/30/2016 - 12/10/2019	\$ 6,216,514
Homer City Holdings, LLC	4/6/2017	\$ 588,216
Parker Drilling Co. 13% 3/26/24	3/27/2019	\$ 2,485,714
Westmoreland Mining Holdings Co. 15% 3/15/29	3/15/2019	\$ 2,445,129
Westmoreland Mining Holdings Co. Class A Units	3/15/2019	\$ 641,637

- (e) Non-income producing security.
- (f) Acquired on September 30, 2022. Collateralized by \$2,535,897 of US Treasury Bonds due 2/15/2052. The maturity value is \$2,486,320.

PIK Payment in Kind

FRN Floating Rate Note - rates reflected are as of September 30, 2022

PFD Preferred Security

*Statement of Assets and Liabilities*

**September 30, 2022**

<b>Assets</b>		
Investments—at market value (cost \$177,272,871)	\$	131,840,487
Repurchase Agreement - at market value (cost \$2,486,148)		2,486,148
Receivable for interest		2,230,521
Receivable for shares sold		643
Other receivable		805
<b>Total Assets</b>	<b>\$</b>	<b>136,558,604</b>
<b>Liabilities</b>		
Contingent Liability (see Note K)	\$	794,500
Payable for trustee fees		532,188
Accrued expenses		400,221
Payable for shares repurchased		17,400
<b>Total Liabilities</b>	<b>\$</b>	<b>1,744,309</b>
<b>Net Assets</b>	<b>\$</b>	<b>134,814,295</b>
<b>Net Assets Consist of:</b>		
Capital, at a \$1.00 par value	\$	39,967,484
Paid in surplus		422,325,188
Accumulated net investment income		620,825
Accumulated net realized gain / (loss)		(282,666,818)
Net unrealized gain / (loss)		(45,432,384)
Total distributable earnings / (loss)	<b>\$</b>	<b>(327,478,377)</b>
<b>Net Assets</b>	<b>\$</b>	<b>134,814,295</b>
<b>Net Asset Value</b> , offering price and redemption price per share (\$134,814,295/39,967,484 shares)	<b>\$</b>	<b>3.38</b>

The accompanying notes are an integral part of the financial statements.

*Statement of Operations*

**Year Ended September 30, 2022**

Investment Income

Interest	\$	7,462,253
PIK Interest		558,724
Dividends		1,249,379
Other Income		62,541
<b>Total Income</b>	<b>\$</b>	<b>9,332,897</b>

Expenses

Administrative expenses and salaries	\$	1,324,008
Contingent Liability Expense (See Note K)		794,500
Trustee fees		723,464
Legal Fees		490,250
Computer and related expenses		214,875
Audit and non-audit fees		136,510
Commitment fees		78,107
Custodian fees		60,925
Registration and filing fees		57,120
Printing, postage and stationery fees		43,950
Insurance		38,325
Interest fees		16,849
Transfer Agent Fees		14,545
Telephone		11,650
Other expenses		66,350
<b>Total Expenses</b>	<b>\$</b>	<b>4,071,428</b>
<b>Net Investment Income</b>	<b>\$</b>	<b>5,261,469</b>
<b>Realized and Unrealized Gain (Loss) on Investments:</b>		
Net realized gain (loss) from investment transactions	\$	(22,569,152)
Change in unrealized appreciation (depreciation) of investments		10,475,090
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>(6,832,593)</b>

The accompanying notes are an integral part of the financial statements.

*Statements of Changes in Net Assets*

	<i>Year Ended September 30, 2022</i>	<i>Year Ended September 30, 2021</i>
<b>Increase (Decrease) in Net Assets</b>		
<b>From Operations:</b>		
Net investment income	\$ 5,261,469	\$ 7,119,386
Net realized gain (loss) from investment transactions	(22,569,152)	(59,484,555)
Change in unrealized appreciation (depreciation) of investments	10,475,090	62,969,815
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<u>\$ (6,832,593)</u>	<u>\$ 10,604,646</u>
<b>Distributions to Shareholders from Operations</b>	(8,268,898)	(9,486,120)
<b>From Net Trust Share Transactions - (See Note D)</b>	(7,017,305)	(9,561,517)
<b>Total Increase (Decrease) in Net Assets</b>	<u>\$ (22,118,796)</u>	<u>\$ (8,442,991)</u>
<b>Net Assets:</b>		
Beginning of Period	156,933,091	165,376,082
End of Period	<u>\$ 134,814,295</u>	<u>\$ 156,933,091</u>

The accompanying notes are an integral part of the financial statements.

## Financial Highlights

Per Share Data	Year Ended September 30,				
	2022	2021	2020	2019	2018
<b>Net Asset Value:</b>					
Beginning of Period	\$ 3.75	\$ 3.72	\$ 4.14	\$ 4.53	\$ 4.82
<b>Income From Investment Operations:</b>					
Net investment income <sup>^</sup>	0.13	0.17	0.20	0.21	0.20
Net realized and unrealized gain (loss) on investment	-0.30	0.08	-0.39	-0.40	-0.23
Total from investment operations	-0.17	0.25	-0.19	-0.19	-0.03
<b>Less Distributions:</b>					
Net investment income	-0.20	-0.22	-0.23	-0.20	-0.26
<b>Net Asset Value:</b>					
End of Period	\$ 3.38	\$ 3.75	\$ 3.72	\$ 4.14	\$ 4.53
<b>Total Return</b> <sup>#</sup>	-4.77%	6.85%	-4.69%	-4.27%	-0.39%
<b>Ratios &amp; Supplemental Data</b>					
Net assets end of period (in thousands)	\$ 134,814	\$ 156,933	\$ 165,376	\$ 201,346	\$ 257,207
Ratio of operating expenses to average net assets <sup>*~</sup>	2.74%	1.83%	1.71%	1.56%	1.48%
Ratio of interest expense and commitment fee to average net assets	0.06%	0.06%	0.08%	0.09%	0.15%
Ratio of net investment income to average net assets	3.54%	4.37%	5.14%	4.91%	4.35%
Portfolio turnover rate	44.56%	75.20%	43.75%	45.13%	42.69%

\* Includes Interest Expense and Commitment Fee when applicable

<sup>^</sup> Calculated using the Average Share Method

<sup>#</sup> Total Return reflects the rate that an investor would have earned on an investment in the Trust during each period, assuming reinvestment of all distributions.

<sup>~</sup> Includes contingent liability expense of 0.54%. Expense ratio excluding contingent liability expense is 2.20%.

The accompanying notes are an integral part of the financial statements.

## **Note A—Organization**

Northeast Investors Trust (the “Trust”), a diversified open-end management investment company (a Massachusetts Trust), is registered with the SEC under the Investment Company Act of 1940, as amended. The primary objective of the Trust is the production of income. The Trust follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services — Investment Companies including FASB Accounting Standard update (“ASU”) 2013-08.

## **Note B—Significant Accounting Policies**

**Valuation of Investments:** The value of equity securities or equity-like securities such as warrants for which market quotations are readily available, shall be determined on the basis of the last quoted sale prices taken from the primary market or exchange on which they are traded. A bid price may be used instead of last quoted sale price if it more closely reflects the fair value of the security as of the close of regular trading on the New York Stock Exchange. Fixed income securities, including securities convertible into equity, shall be valued on the basis of evaluated prices furnished by independent pricing services or from quotations received from dealers who make markets in such securities. The evaluations provided by the pricing services are based on analysis of market data and other factors such as last sale, dealer bids, yields, quality ratings, coupon rate, maturity, type of issue, trading characteristics and other relevant bond market data.

Securities for which market quotations are not readily available (including certain restricted securities and private placements, if any) are valued at their fair value as determined in good faith under consistently applied procedures approved by the Board of Trustees. Methodologies and factors used to fair value securities may include, but are not limited to, the analysis of current debt to cash flow, information of any recent sales, quotations or evaluated prices from broker-dealers, information obtained from the issuer or analysts and the nature of the existing market for securities with characteristics similar to such obligations. Valuations may also be derived following a review of pertinent data (Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Revenue, etc.) from company financial statements, relevant market valuation multiples for comparable companies in comparable industries, recent transactions, and management assumptions.

The Trust may use fair value pricing for foreign securities if a material event occurs that may affect the price of a security after the close of the foreign market or exchange (or on days the foreign market is closed) but before the Trust prices its portfolio, generally at 4:00 P.M. ET. Fair value pricing may also be used for securities acquired as a result of corporate restructurings or reorganizations as reliable market quotations for such issues may not be readily available. For securities valued in good faith, the value of an investment used to determine the Trust’s net asset value may differ from published or quoted prices for the same investment. The valuations for these good faith securities are monitored and reviewed in accordance with the methodologies described above by the Trust’s Pricing Committee on an ongoing basis as information becomes available, but are evaluated at least quarterly. The good faith security valuations and fair value methodologies are reviewed and approved by the Trust’s Board of Trustees on a quarterly basis. There can be no assurance that the Trust could



obtain the fair value assigned to an investment if it were to sell the investment at the same time which the Trust determines its net asset value per share. The market value of securities valued in good faith on September 30, 2022 was \$6,872,445 which represents 5.10% of net assets.

**Federal Income Taxes:** It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute each year substantially all of its investment company taxable income and capital gains to its shareholders. Accordingly, no federal tax provisions are required. Income distributions, if any, are declared and paid quarterly for the Trust. Capital gains distributions, if any, are declared and paid annually.

The Trust has reviewed the tax positions for the open tax years as of September 30, 2022 and has determined that no provision for income tax is required in the Trust's financial statements. The Trust's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service. The Trust recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense on the Statement of Operations.

The characterization of distributions to shareholders for financial reporting purposes is determined in accordance with income tax rules. Therefore, the source of the Trust's distributions may be shown in the accompanying financial statements as either from net investment income or net realized gain on investment transactions.

**State Income Taxes:** Because the Trust is organized by an Agreement and Declaration of Trust executed under the laws of the Commonwealth of Massachusetts, it is not subject to state income or excise taxes.

**Net Asset Value:** In determining the net asset value per share, rounding adjustments are made for fractions of a cent to the next higher cent.

**Distributions and Income:** Income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles in the United States of America. These differences are primarily due to differing treatments for capital loss carryforwards and losses deferred due to wash sales. Permanent book and tax differences relating to shareholder distributions will result in reclassifications to paid in surplus. The Trust's distributions and dividend income are recorded on the ex-dividend date. Interest income, which includes accretion of market discount and amortization of premium, is accrued as earned. Certain securities held by the Trust pay interest in the form of cash or additional securities (known as Payment-in-kind or PIK); interest on such securities is recorded on the accrual basis.

**Expenses:** All expenses, including legal fees paid on behalf of the Trustees, are accrued for in the period in which the professional and other services are incurred.

**Security Transactions:** Security transactions are accounted for as of trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

**Use of Estimates and Basis of Accounting:** The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to, where applicable, make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Credit Risk:** Investments in high-yield securities involve greater degrees of credit and market risks than investments in higher-rated securities. Bonds which are rated as less than investment grade tend to be more susceptible to real or perceived adverse economic conditions.

**Payment-In-Kind (PIK) Risk:** Investments in PIK bonds may offer a higher interest rate than other securities; however, these bonds also carry additional risk of default as they are generally issued by companies that do not have the cash flow available to make routine cash interest payments to the lenders.

#### Note C—Trustees’ Compensation

Trustees’ compensation was computed at the rate of 1/8 of 1% of the net assets (before deduction of accrued Trustees’ compensation) at the close of each quarter, from which the Trustees paid certain expenses specified in the Declaration of Trust. For the year ended September 30, 2022 the current Independent Trustees were aggregately paid \$60,000 from the Trustee fees.

The total number of shares owned beneficially by the Trustees, officers and members of their immediate families on September 30, 2022 was 4,027,975 shares (10.08%).

**Administrative Expenses & Salaries:** Northeast Investors Trust incurs salary and administrative expenses which include such expenses for personnel performing transfer agent and dividend disbursement related functions and other administrative functions of the Trust.

The Trust sponsors a 401(K) profit sharing plan which is available to employees deemed eligible participants as defined by the plan documents. Annual safe harbor contributions of \$32,356 were made during the year and are included in the administrative expenses and salaries on the Statement of Operations. No changes to the plan were made during the period.

#### Note D—Shares of Beneficial Interest

At September 30, 2022, there were unlimited shares of beneficial interest authorized with a par value of \$1. Transactions in shares of beneficial interest were as follows:

	<i>Year Ended</i> <i>September 30, 2022</i>		<i>Year Ended</i> <i>September 30, 2021</i>	
Shares Sold	3,074,688	\$ 11,194,908	1,615,550	\$ 6,129,571
Shares issued to shareholders in reinvestment of distributions from net investment income	1,521,443	5,489,477	1,653,461	6,200,614
	4,596,131	\$ 16,684,385	3,269,011	\$ 12,330,185
Shares redeemed	(6,583,295)	(23,701,690)	(5,796,476)	(21,891,702)
Net Increase (Decrease)	(1,987,164)	\$ (7,017,305)	(2,527,465)	\$ (9,561,517)

#### Note E—Purchases and Sales of Investments

The cost of purchases and the proceeds from sales and maturities of securities, other than short-term and government securities, aggregated \$60,797,500 and \$61,243,284 respectively, for the year ended September 30, 2022.

#### Note F—Line of Credit

The Trust's line of credit, which does not require maintenance of compensating balances, is generally on a demand basis and is at a rate equal to the applicable margin (1.25%) plus the higher of (a) the Federal Funds Rate or (b) the daily Simple SOFR Rate during the period in which such loan is outstanding. At September 30, 2022 the Trust had an unused line of credit amounting to \$25,000,000. The Trust pays a commitment fee of 0.30% on the unused portion of the line of credit. The line of credit may be terminated at the bank's option at its annual renewal date, on December 21, 2022. Portions of the Trust's portfolio are pledged to collateralize these short-term borrowings.

The following information relates to aggregate short-term borrowings during the year ended September 30, 2022:

Average amount outstanding	\$	444,321
Weighted average interest rate		3.68%

#### Note G—Repurchase Agreement

The Trust invests its cash balances into repurchase agreements secured by U.S. Government obligations. Securities pledged as collateral for repurchase agreements are held by the Trust's custodian bank until maturity of the repurchase agreement. Provisions of the agreement ensure that the market value of the collateral is sufficient in the event of default. However, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings.

#### Note H—Additional Tax Information

The amount of distributions paid during the years ended September 30, 2022 and 2021 were \$8,268,898 and \$9,486,120, respectively, and were classified as ordinary income. Capital accounts within the financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Temporary book-tax differences will reverse in future periods.

As of September 30, 2022 the components of accumulated earnings (losses) on a tax basis were as follows:

Undistributed net investment income	\$	1,415,325
Total capital loss carryforward		(279,972,303)
Timing Differences		(794,500)
Net unrealized gains/(losses)		(48,126,899)
Total net distributable earning/(losses)	\$	<u>(327,478,377)</u>

Timing Differences relate to certain expense accruals.

At September 30, 2022 the Trust's aggregate security unrealized gains and losses based on cost for U.S. federal income tax purposes was as follows:

Tax Cost	\$ 182,453,534
Gross unrealized gains	4,130,385
Gross unrealized losses	(52,257,284)
Net unrealized gain (loss)	<u>\$ (48,126,899)</u>

The difference between book and tax basis cost of investments and net unrealized gains (losses) is primarily attributable to accretion and amortization differences.

#### Note I—Fair Value Measurements

Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures (ASC 820) defines fair value as the price that would be received to sell an investment in an orderly transaction between two market participants at the measurement date. ASC 820 establishes a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Trust's own market assumptions (unobservable inputs). The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and the determination of the significance of certain inputs to the fair value measurement requires judgments and considers factors that may be specific to each security. The various inputs that may be used to determine the value of the Trust's investments are summarized in the following fair value hierarchy:

Level 1 — Unadjusted quoted prices in active markets for identical securities.

Level 2 — Other significant observable inputs based on data obtained from various pricing sources (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 — Significant unobservable inputs including the Trust's own assumptions used to determine the fair value of investments. Factors considered in making such determinations may include, but are not limited to, information obtained directly from the company or analysts and the analysis of the company's financial statements or other documents.

The following table summarized the Trust's investment as of September 30, 2022 based on the inputs used to value them:

	Level 1	Level 2	Level 3	Total as of 9/30/2022
Corporate Bonds & Notes	\$ —	\$ 107,000,220	\$ —	\$ 107,000,220
Common Stock	5,736,078	2,251,268	6,872,445	14,859,791
Preferred Stock	9,867,000	—	—	9,867,000
GDP Linked Bond	—	113,476	—	113,476
Repurchase Agreement	—	2,486,148	—	2,486,148
	<u>\$ 15,603,078</u>	<u>\$ 111,851,112</u>	<u>\$ 6,872,445</u>	<u>\$ 134,326,635</u>

*Notes to Financial Statements*  
(continued)

Transfers between hierarchy levels may occur due to market fluctuation, changes in valuation techniques and/or changes in the availability of market data used in the determination of an investment's valuation. For the year ended September 30, 2022, there were no transfers among levels.

At September 30, 2022, the reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value, is as follows:

	<b>Corporate Bonds, &amp; Notes</b>	<b>Common and PFD Stock</b>	<b>Totals as of 9/30/2022</b>
Beginning Balance @ 9/30/21	\$ 249,705	\$ 10,477,463	\$ 10,727,168
Purchases	—	—	—
Sales	(265,435)	(2,471,681)	(2,737,116)
Realized Gain(Loss)	110,435	(1,743,550)	(1,633,115)
Net Change in Unrealized	—	—	—
Appreciation/(Depreciation)	(94,705)	610,213	515,508
Transfers into Level 3 from Level 2	—	—	—
Transfers out of Level 3 to Level 2	—	—	—
Ending Balance @ 9/30/2022	<u>\$ —</u>	<u>\$ 6,872,445</u>	<u>\$ 6,872,445</u>
			<b>Change in Unrealized Gain / (Loss) for Positions Still Held at September 30, 2022</b>
Common Stock			<u>\$ 127,711</u>
Totals			<u>\$ 127,711</u>

The Financial Accounting Standard Board (FASB) issued guidance that a reporting entity should disclose quantitative information about the unobservable inputs used in the fair value determinations that are categorized in the Level 3 hierarchy. The guidance also requires additional disclosure regarding the valuation process used and the sensitivity of the fair value measurements to changes in unobservable inputs and the interrelationships between those unobservable inputs within Level 3.

Notes to Financial Statements  
(continued)

The following table presents a summary of valuation techniques, inputs and quantitative information used in determining the fair value of the Trust's Level 3 securities as of September 30, 2022:

Investment Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range	Increase to Valuation from an Increase in Input <sup>(1)</sup>
<b>Common Stock</b>					
Metals and Mining	\$ 5,162,538	Market Comparable <sup>(2)</sup>	Forward EBITDA Multiple	6.4x - 8.6x	Increase
Metals and Mining	1,709,907	Market Transaction <sup>(3)</sup>	N/A	N/A	N/A
		Market Comparable <sup>(2)</sup>	EBITDA Multiple	2.4x - 7.1x	Increase
	<u>\$ 6,872,445</u>				

(1) This column represents the direction change in the fair value of the Level 3 securities that would result from an increase to the corresponding unobservable input. A decrease to the unobservable inputs would have the opposite effect. Significant increases and decreases of these inputs could result in significantly higher or lower fair value determinations.

(2) Earnings multiples are based on comparable companies and transactions of comparable companies.

(3) Certain of the Trust's Level 3 investments have been valued using unadjusted inputs that have not been internally developed by the Trust including third-party transactions and quotations.

For additional information on the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

#### Note J—Subsequent Events

Management has evaluated whether any other events or transactions occurred subsequent to September 30, 2022 and through the date of issuance of the Trust's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Trust's financial statements.

#### Note K—Contingent Liability

A lawsuit filed by former Trustee Robert B. Minturn ("Minturn") against the current Trustees and another former Trustee (together with the current Trustees, the "Defendant Trustees") seeks the portion of the Trustee fees that Minturn alleges he is owed pursuant to a contractual agreement among the Trustees. The current Trustees believe they acted in accordance with the agreement and their fiduciary duties and in the best interests of the Trust and its shareholders in taking the steps that are the subject of the lawsuit. Those steps included reducing and then suspending the payments that Minturn was receiving from the Trustees' fees paid by the Trust. The Trust was, but is no longer, a defendant to Minturn's action. A partial summary judgment was granted by the court in favor of Minturn in the amount of \$794,500, and the Defendant Trustees have appealed this judgment. If the Defendant Trustees lose their appeal or settle the suit, they may seek indemnification under the Declaration of Trust for an amount not to exceed that granted by the court. With this, the Trust deems a payment under the indemnification.

clause of the Declaration of Trust as foreseeable and accrued the maximum potential loss pursuant to the court's decision of \$794,500 as a contingent liability on its Statement of Assets and Liabilities and posted a related expense to the Statement of Operations.

**Note L—Other**

In the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, the Trust expects the risk of loss to be minimal.

To the Shareholders and the Board of Trustees of Northeast Investors Trust

**Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Northeast Investors Trust (the Trust), including the schedule of investments, as of September 30, 2022, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the related notes to the financial statements (collectively, the financial statements), and the financial highlights for each of the five years in the period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Trust as of September 30, 2022, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on the Trust's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2022, by correspondence with the custodian, agent banks and directly with the portfolio companies. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the auditor of Northeast Investors Trust since 2016.

Boston, Massachusetts  
November 29, 2022