

NEI

NEI Funds

**SEMI-ANNUAL
FINANCIAL
STATEMENTS**



March 31, 2022

NEI Global Sustainable Balanced Fund

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

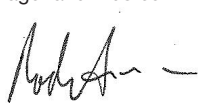
As at

	March 31 2022 \$	September 30 2021 \$
ASSETS		
Current Assets		
Cash	4,784,171	3,393,790
Investments at fair value through profit or loss (FVTPL)	289,990,126	275,586,712
Unrealized appreciation on derivatives	722,174	1,305,222
Subscriptions receivable	636,605	863,164
Receivable for investments sold	293,703	14,703
Interest, dividends and other receivables	630,211	539,666
	<u>297,056,990</u>	<u>281,703,257</u>
LIABILITIES		
Current Liabilities		
Accrued expenses	179,949	173,938
Unrealized depreciation on derivatives	2,886	-
Redemptions payable	74,483	132,133
Payable for investments purchased	2,731,869	3,041,168
	<u>2,989,187</u>	<u>3,347,239</u>
Net Assets Attributable to Holders of Redeemable Units	<u>294,067,803</u>	<u>278,356,018</u>
Data per Series (Note b)		
Series A		
Net assets attributable to holders of redeemable units	<u>145,998,354</u>	146,424,981
- per unit	<u>10.82</u>	12.06
Series F		
Net assets attributable to holders of redeemable units	<u>24,112,135</u>	26,730,050
- per unit	<u>6.84</u>	7.59
Series I		
Net assets attributable to holders of redeemable units	<u>256,760</u>	178,747
- per unit	<u>18.55</u>	19.94
Series O		
Net assets attributable to holders of redeemable units	<u>2,089,000</u>	2,414,708
- per unit	<u>12.50</u>	13.44
Series P		
Net assets attributable to holders of redeemable units	<u>77,972,390</u>	66,050,315
- per unit	<u>10.19</u>	11.35
Series PF		
Net assets attributable to holders of redeemable units	<u>43,639,164</u>	36,557,217
- per unit	<u>10.59</u>	11.73

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

	2022	2021
	\$	\$
Income		
Interest for distribution purposes	1,459,554	948,555
Distributions from underlying funds	1,765,604	905,209
Foreign exchange gain (loss) on cash	(26,529)	(174,204)
Net realized gain (loss) on investments	(595,727)	(701,546)
Net realized gain (loss) on derivatives	2,006,896	3,888,713
Changes in fair value:		
Net unrealized gain (loss) on investments	(25,561,516)	7,122,678
Net unrealized gain (loss) on derivatives	(585,932)	19,393
	<u>(21,537,650)</u>	<u>12,008,798</u>
Expenses (Note 5)		
Management fees	2,025,020	1,332,453
Independent review committee's fees	1,270	1,079
Administration fees	392,059	247,727
Sales taxes	200,911	125,778
	<u>2,619,260</u>	<u>1,707,037</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>(24,156,910)</u>	<u>10,301,761</u>
Data per Series		
Series A		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(12,229,078)</u>	<u>7,079,322</u>
- per unit	<u>(0.96)</u>	<u>0.70</u>
Weighted average units	<u>12,721,164</u>	<u>10,120,550</u>
Series F		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(2,105,920)</u>	<u>563,776</u>
- per unit	<u>(0.57)</u>	<u>0.37</u>
Weighted average units	<u>3,703,713</u>	<u>1,518,396</u>
Series I		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(17,901)</u>	<u>1,414</u>
- per unit	<u>(1.57)</u>	<u>1.83</u>
Weighted average units	<u>11,390</u>	<u>775</u>
Series O		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(155,099)</u>	<u>34,470</u>
- per unit	<u>(0.89)</u>	<u>0.91</u>
Weighted average units	<u>173,631</u>	<u>37,714</u>
Series P		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(6,524,337)</u>	<u>1,847,327</u>
- per unit	<u>(0.96)</u>	<u>0.61</u>
Weighted average units	<u>6,812,815</u>	<u>3,014,449</u>
Series PF		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>(3,124,575)</u>	<u>775,452</u>
- per unit	<u>(0.89)</u>	<u>0.62</u>
Weighted average units	<u>3,520,710</u>	<u>1,253,020</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	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Net Assets Attributable to Holders of Redeemable Units, Beginning of Period	146,424,981	108,632,418	26,730,050	5,563,622	178,747	9,597
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	(12,229,078)	7,079,322	(2,105,920)	563,776	(17,901)	1,414
Redeemable Unit Transactions						
Proceeds from sale of redeemable units	32,819,443	33,789,715	10,111,214	17,750,515	98,077	48,000
Reinvested distributions	3,830,331	2,903,289	566,589	246,528	-	-
Amounts paid for redeemable units redeemed	(20,971,442)	(19,286,927)	(10,475,859)	(5,572,758)	(2,163)	(37)
	15,678,332	17,406,077	201,944	12,424,285	95,914	47,963
Distributions to Holders of Redeemable Units						
Net investment income	(5,617)	-	(158,098)	(41,960)	-	-
Return of capital	(3,870,264)	(2,939,734)	(555,841)	(253,709)	-	-
	(3,875,881)	(2,939,734)	(713,939)	(295,669)	-	-
Net Assets Attributable to Holders of Redeemable Units, End of Period	145,998,354	130,178,083	24,112,135	18,256,014	256,760	58,974

Six-month Periods Ended March 31

	Series O		Series P		Series PF	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Net Assets Attributable to Holders of Redeemable Units, Beginning of Period	2,414,708	362,036	66,050,315	24,806,557	36,557,217	8,782,226
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	(155,099)	34,470	(6,524,337)	1,847,327	(3,124,575)	775,452
Redeemable Unit Transactions						
Proceeds from sale of redeemable units	201,688	555,010	25,747,633	19,960,293	14,701,638	13,859,541
Reinvested distributions	-	-	1,929,462	825,027	711,460	243,928
Amounts paid for redeemable units redeemed	(372,297)	(55,737)	(7,262,665)	(3,067,765)	(4,145,464)	(1,729,396)
	(170,609)	499,273	20,414,430	17,717,555	11,267,634	12,374,073
Distributions to Holders of Redeemable Units						
Net investment income	-	-	(109,309)	-	(278,982)	(74,423)
Return of capital	-	-	(1,858,709)	(836,561)	(782,130)	(295,956)
	-	-	(1,968,018)	(836,561)	(1,061,112)	(370,379)
Net Assets Attributable to Holders of Redeemable Units, End of Period	2,089,000	895,779	77,972,390	43,534,878	43,639,164	21,561,372

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NEI Global Sustainable Balanced Fund

STATEMENTS OF CASH FLOWS (UNAUDITED)

Six-month Periods Ended March 31

	2022	2021
	\$	\$
Cash Flows from (used in) Operating Activities		
Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units	(24,156,910)	10,301,761
Adjustments for:		
Foreign exchange (gain) loss on cash	26,529	174,204
Net realized (gain) loss on investments and derivatives	(1,411,169)	(3,187,167)
Net unrealized (gain) loss on investments and derivatives	26,147,448	(7,142,071)
Non-cash distribution from investments	(1,765,604)	(905,209)
Proceeds from sale/maturity of investments	16,633,576	13,016,607
Investments purchased	(53,430,250)	(65,339,164)
Receivable for investments sold	(279,000)	-
Interest, dividends and other receivables	(90,545)	(69,519)
Accrued expenses	6,011	33,510
Payable for investments purchased	(309,299)	(645,704)
Net Cash Flows from (used in) Operating Activities	(38,629,213)	(53,762,752)
Cash Flows from (used in) Financing Activities		
Proceeds from sale of redeemable units	83,906,252	85,271,098
Amounts paid for redeemable units redeemed	(43,287,540)	(29,703,974)
Distributions paid to holders of redeemable units, net of reinvested distributions	(581,108)	(223,571)
Net Cash Flows from (used in) Financing Activities	40,037,604	55,343,553
Effect of exchange rate changes on foreign cash	(18,010)	(171,731)
Increase (decrease) in cash/bank overdraft	1,390,381	1,409,070
Cash (bank overdraft), beginning of period	3,393,790	3,905,942
Cash (Bank Overdraft), End of Period	4,784,171	5,315,012
Supplemental Information on Cash Flows from (used in) Operating Activities		
Interest received	1,336,200	860,920
Interest paid	24	30

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NEI Global Sustainable Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$
U.S. Bonds (continued)					Leeward Renewable Energy			
Clearway Energy Operating, Private Placement Series 144A, 3.750%, 2032-01-15	USD	250,000	316,375	289,819	Operations Private Placement, Series 144A, 4.250%, 2029-07-01	USD	300,000	365,364
Conдор Merger Sub, Private Placement Series 144A, 7.375%, 2030-02-15	USD	175,000	217,659	210,907	Level 3 Financing, Private Placement Series 144A, 3.750%, 2029-07-15	USD	500,000	638,850
CVS Health 5.050%, 2048-03-25	USD	700,000	1,177,594	1,001,689	Logan Parent, Private Placement Series 144A, 5.500%, 2027-09-01	USD	250,000	339,771
Diamond BC, Private Placement Series 144A, 4.625%, 2029-10-01	USD	250,000	319,103	280,065	Lowe's Companies 2.800%, 2041-09-15 3.000%, 2050-10-15	USD USD	250,000 250,000	316,052 331,450
DIRECTV Holdings, Private Placement Series 144A, 5.875%, 2027-08-15	USD	125,000	160,845	154,264	Magallanes, Private Placement Series 144A, 3.638%, 2025-03-15	USD	250,000	320,312
DTE Electric Series A, 1.900%, 2028-04-01	USD	500,000	625,768	583,039	Masco 2.000%, 2031-02-15	USD	500,000	629,204
Endurance Acquisition Merger, Private Placement Series 144A, 6.000%, 2029-02-15	USD	300,000	376,991	326,672	Massachusetts Institute of Technology 3.067%, 2052-04-01	USD	300,000	382,230
Equinix 3.900%, 2032-04-15	USD	1,250,000	1,554,468	1,551,780	Merck & Co. 3.700%, 2045-02-10	USD	400,000	667,273
Fifth Third Bancorp 1.707%, floating rate from 2026-11-01, 2027-11-01	USD	500,000	615,962	580,795	MidAmerican Energy 3.650%, 2029-04-15	USD	413,000	680,471
Five Point Operating Company, Private Placement Series 144A, 7.875%, 2025-11-15	USD	200,000	276,114	256,973	Minerva Group, Private Placement Series 144A, 6.500%, 2030-02-15	USD	250,000	316,952
General Mills 2.250%, 2031-10-14	USD	250,000	314,173	280,781	Morgan Stanley, 5.597%, 5.597%, floating rate from 2050-03-24, 2051-03-24	USD	450,000	921,531
Georgia Power Company Series A, 3.250%, 2051-03-15	USD	250,000	314,965	274,861	Nature Conservancy Series A, 1.861%, 2033-07-01	USD	265,000	339,293
Goldman Sachs Group 0.855%, floating rate from 2025-02-12, 2026-02-12	USD	500,000	635,175	583,764	Norfolk Southern 2.300%, 2031-05-15 2.900%, 2051-08-25	USD USD	500,000 500,000	612,923 623,460
3.210%, floating rate from 2041-04-22, 2042-04-22	USD	250,000	313,362	284,203	Novant Health Care 2.637%, 2036-11-01	USD	500,000	632,807
Hat Holdings, Private Placement Series 144A, 6.000%, 2025-04-15	USD	153,000	217,475	197,482	Olympus Water, Private Placement Series 144A, 4.250%, 2028-10-01	USD	300,000	384,300
Series 144A, 3.375%, 2026-06-15	USD	225,000	273,229	268,305	OneMain Finance 3.500%, 2027-01-15	USD	350,000	426,580
HealthEquity, Private Placement Series 144A, 4.500%, 2029-10-01	USD	250,000	319,252	298,226	Pattern Energy Operations, Private Placement Series 144A, 4.500%, 2028-08-15	USD	250,000	345,481
Hertz, Private Placement Series 144A, 5.000%, 2029-12-01	USD	250,000	317,699	285,219	PG&E Energy Recovery Funding Series A-3, 2.822%, 2046-07-15	USD	250,000	311,461
Home Depot 2.875%, 2027-04-15	USD	250,000	311,583	311,597	PNC Financial Services Group 1.150%, 2026-08-13	USD	500,000	625,116
2.750%, 2051-09-15	USD	500,000	625,732	540,465	PTC, Private Placement Series 144A, 4.000%, 2028-02-15	USD	200,000	251,806
HP 2.650%, 2031-06-17	USD	500,000	601,446	561,942	SBA Tower Trust, Private Placement Series 144A, 1.631%, 2026-11-15	USD	500,000	613,875
Interface, Private Placement Series 144A, 5.500%, 2028-12-01	USD	200,000	266,580	244,167	Series 144A, 1.840%, 2051-10-15	USD	500,000	623,600
IQVIA, Private Placement Series 144A, 5.000%, 2027-05-15	USD	250,000	350,313	316,635	SCE Recovery Funding Series A-2, 2.943%, 2042-11-15	USD	250,000	317,600
JPMorgan Chase & Co. 0.563%, floating rate from 2024-02-16, 2025-02-16	USD	500,000	635,100	597,753	Southern Power Company 4.150%, 2025-12-01	USD	324,000	499,853
0.768%, floating rate from 2024-08-09, 2025-08-09	USD	500,000	626,725	593,046	Southwestern Public Service Company Series 8, 3.150%, 2050-05-01	USD	500,000	694,734
3.964%, floating rate from 2047-11-15, 2048-11-15	USD	550,000	844,285	707,577	Sprint Capital 8.750%, 2032-03-15	USD	200,000	397,606
Keurig Dr Pepper 3.350%, 2051-03-15	USD	250,000	315,210	277,099				

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NEI Global Sustainable Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
U.S. Bonds (continued)					ZoomInfo Technologies, Private Placement Series 144A, 3.875%, 2029-02-01				
Square, Private Placement Series 144A, 3.500%, 2031-06-01	USD	500,000	603,050	576,707	USD	350,000	449,463	400,492	
Standard Industries, Private Placement Series 144A, 5.000%, 2027-02-15	USD	296,000	423,677	368,468			57,783,706	51,606,542	
Series 144A, 4.375%, 2030-07-15	USD	200,000	234,278	230,230	Total U.S. Bonds				
Sunnova Energy, Private Placement Series 144A, 5.875%, 2026-09-01	USD	300,000	367,963	360,212			61,683,528	55,146,358	
Switch, Private Placement Series 144A, 4.125%, 2029-06-15	USD	500,000	629,707	616,311	Foreign Bonds (3.4%)				
TerraForm Power Operating, Private Placement Series 144A, 5.000%, 2028-01-31	USD	200,000	293,671	250,855	Cayman Islands (0.1%)				
T-Mobile USA 2.625%, 2026-04-15	USD	200,000	248,860	240,799	Corporations				
4.500%, 2050-04-15	USD	500,000	766,897	637,426	Sable International Finance, Private Placement Series 144A, 5.750%, 2027-09-07				
Travelers Companies 4.100%, 2049-03-04	USD	456,000	828,706	596,069	USD	250,000	329,245	315,538	
Truist Financial 1.267%, floating rate from 2026-03-02, 2027-03-02	USD	500,000	630,400	580,832	Finland (0.1%)				
TSMC Arizona 3.125%, 2041-10-25	USD	250,000	304,754	287,222	Corporations				
Twilio 3.875%, 2031-03-15	USD	250,000	316,662	291,932	Nokia Oyj 6.625%, 2039-05-15				
Unifrax Escrow, Private Placement Series 144A, 7.500%, 2029-09-30	USD	200,000	257,525	223,774	USD	150,000	244,405	225,410	
Union Electric Company 2.150%, 2032-03-15	USD	500,000	605,015	569,625	France (0.1%)				
UnitedHealth Group 3.050%, 2041-05-15	USD	250,000	300,390	292,076	Corporations				
2.900%, 2050-05-15	USD	325,000	473,675	363,385	Altice France, Private Placement Series 144A, 5.125%, 2029-07-15				
Uniti Group, Private Placement Series 144A, 4.750%, 2028-04-15	USD	250,000	314,300	297,983	USD	250,000	314,112	280,127	
Series 144A, 6.500%, 2029-02-15	USD	250,000	320,960	292,632	Germany (1.8%)				
Verizon Communications 3.400%, 2041-03-22	USD	500,000	625,887	592,059	Corporations				
2.850%, 2041-09-03	USD	500,000	629,672	553,660	KfW				
Visa 3.650%, 2047-09-15	USD	488,000	845,245	627,656	2.125%, 2022-06-15	USD	800,000	1,154,357	1,003,040
Vizient, Private Placement Series 144A, 6.250%, 2027-05-15	USD	100,000	148,413	129,039	0.500%, 2024-09-20	USD	1,000,000	1,248,013	1,193,518
Waste Management 2.500%, 2050-11-15	USD	250,000	316,018	253,365	1.250%, 2025-01-31	USD	500,000	627,919	603,754
Welltower 2.050%, 2029-01-15	USD	250,000	306,848	283,350	0.375%, 2025-07-18	USD	500,000	675,201	581,113
2.750%, 2032-01-15	USD	500,000	627,878	577,501	1.000%, 2026-10-01	USD	500,000	618,703	586,508
3.850%, 2032-06-15	USD	500,000	627,253	630,476	1.750%, 2029-09-14	USD	750,000	1,131,149	888,875
Whirlpool 2.400%, 2031-05-15	USD	500,000	619,830	568,818	0.750%, 2030-09-30	USD	300,000	393,063	325,757
WW International, Private Placement Series 144A, 4.500%, 2029-04-15	USD	250,000	312,935	255,162	Schaeffler Group, Private Placement Series 144A, 4.750%, 2026-09-15				
Xylem 1.950%, 2028-01-30	USD	400,000	557,386	463,421	USD	200,000	248,499	245,349	
ZipRecruiter, Private Placement Series 144A, 5.000%, 2030-01-15	USD	250,000	317,643	306,487	Total Germany				
							6,096,904	5,427,914	
					Luxembourg (0.1%)				
					Corporations				
					Altice France, Private Placement Series 144A, 10.500%, 2027-05-15				
					USD	200,000	272,377	262,607	
					Netherlands (0.7%)				
					Corporations				
					ING Groep 3.869%, floating rate from 2025-03-28, 2026-03-28				
					USD	500,000	629,500	628,600	
					Private Placement, Series 144A, 4.625%, 2026-01-06				
					USD	423,000	667,182	554,630	

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NEI Global Sustainable Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

		PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
Netherlands (continued)					International Finance Corporation				
NXP Funding, Private Placement					0.375%, 2025-07-16	USD	700,000	938,884	814,705
Series 144A, 2.500%, 2031-05-11	USD	500,000	613,165	563,418	0.750%, 2026-10-08	USD	750,000	940,929	867,826
VZ Secured Financing, Private Placement					0.750%, 2030-08-27	USD	650,000	799,090	713,192
Series 144A, 5.000%, 2032-01-15	USD	250,000	315,945	292,157	Nordic Investment Bank				
					0.375%, 2024-09-20	USD	500,000	632,355	595,509
					0.375%, 2025-09-11	USD	500,000	652,017	578,826
Total Netherlands			2,225,792	2,038,805	North American Development Bank				
					2.400%, 2022-10-26	USD	841,000	1,220,595	1,055,992
					Total Supranational Bonds			25,551,635	22,536,985
					Total Bonds			101,213,019	90,456,609
Norway (0.4%)					Asset-Backed Securities (6.7%)				
State Governments and Crown Corporations					U.S. Asset-Backed Securities (6.6%)				
Kommunalbanken, Private Placement					CarMax Auto Owner Trust				
Series 144A, 0.500%, 2024-10-21	USD	500,000	623,891	595,071	Series 2020-3, Class C, Subprime, 1.690%, 2026-04-15	USD	500,000	680,622	610,284
Series 144A, 1.125%, 2026-10-26	USD	500,000	615,197	586,820	Series 2020-3, Class D, Subprime, 2.530%, 2027-01-15	USD	500,000	669,831	614,147
Total Norway			1,239,088	1,181,891	College Avenue Student Loans Private Placement, Series 2021-A, Class A2, Sequential Pay Class, 1.600%, 2051-07-25	USD	362,478	460,328	419,795
					Private Placement, Series 2021-B, Class A2, Sequential Pay Class, 1.760%, 2052-06-25	USD	454,928	559,954	527,032
					Commonbond Student Loan Trust				
United Kingdom (0.1%)					Private Placement, Series 2016-A, Class A1, Sequential Pay Class, 3.320%, 2040-05-25	USD	92,402	122,304	114,896
Corporations					Private Placement, Series 2018-BGS, Class A1, Sequential Pay Class, 3.560%, 2045-09-25	USD	141,306	192,100	177,466
Vmed 02 UK Financing I, Private Placement					Private Placement, Series 2018-CGS, Class A1, Sequential Pay Class, 3.870%, 2046-02-25	USD	135,364	196,484	170,278
Series 144A, 4.750%, 2031-07-15	USD	200,000	247,163	237,278	Private Placement, Series 2021-AGS, Class A, Sequential Pay Class, 1.200%, 2050-08-25	USD	357,231	450,684	429,435
Total Foreign Bonds			10,969,086	9,969,570	Private Placement, Series 2020-AGS, Class A, Sequential Pay Class, 1.980%, 2050-08-25	USD	217,250	293,737	265,240
					Private Placement, Series 2021-BGS, Class A, Sequential Pay Class, 1.170%, 2051-09-25	USD	444,998	563,044	521,132
Supranational Bonds (7.7%)					Foundation Finance Trust				
European Investment Bank					Private Placement, Series 2021-1A, Class A, 1.270%, 2041-05-15	USD	343,033	426,780	405,626
2.500%, 2023-03-15	USD	800,000	1,181,401	1,007,061	Private Placement, Series 2021-2A, Class A, Sequential Pay Class, 2.190%, 2042-01-15	USD	454,668	573,413	547,897
Private Placement, Series 144A, 2.875%, 2025-06-13	USD	700,000	1,077,553	878,562	FRTKL				
1.375%, 2027-03-15	USD	500,000	632,695	590,877	Private Placement, Series 2021-SFR1, Class A, Sequential Pay, 1.571%, 2026-09-17	USD	500,000	632,491	567,377
2.375%, 2027-05-24	USD	782,000	1,229,631	970,520					
1.750%, 2029-03-15	USD	200,000	253,148	238,021					
0.750%, 2030-09-23	USD	750,000	936,578	816,267					
1.250%, 2031-02-14	USD	1,000,000	1,243,258	1,132,748					
Inter-American Development Bank									
0.250%, 2023-11-15	USD	500,000	658,631	605,591					
0.340%, 2024-10-15	USD	1,000,000	1,299,214	1,182,635					
1.500%, 2027-01-13	USD	500,000	634,865	595,359					
1.125%, 2028-07-20	USD	1,000,000	1,242,625	1,148,013					
1.125%, 2031-01-13	USD	750,000	945,317	839,473					
International Bank for Reconstruction and Development									
1.875%, 2022-10-07	USD	847,000	1,233,512	1,062,869					
0.750%, 2025-03-11	USD	870,000	1,236,547	1,034,141					
0.625%, 2025-04-22	USD	865,000	1,211,311	1,021,644					
0.500%, 2025-10-28	USD	500,000	656,357	581,045					
0.875%, 2026-07-15	USD	1,000,000	1,211,277	1,168,965					
2.500%, 2027-11-22	USD	773,000	1,222,838	962,916					
0.750%, 2027-11-24	USD	500,000	622,785	566,074					
1.375%, 2028-04-20	USD	500,000	626,394	583,451					
1.625%, 2031-11-03	USD	500,000	617,612	577,569					
International Development Association									
Private Placement, Series 144A, 0.375%, 2025-09-23	USD	300,000	394,216	347,134					

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

NEI Global Sustainable Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

	PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$		
Asset-Backed Securities (continued)									
Helios Issuer				Social Professional Loan Program					
Series 2019-AA, Class A, Sequential Pay Class, 3.750%, 2046-06-20	USD	336,941	442,598	416,217	Private Placement, Series 2016-E, Class B, Subprime, floating rate, 2040-07-25	USD	375,000	471,577	470,795
Private Placement, Series 2020-AA, Class A, Sequential Pay Class, 2.980%, 2047-06-20	USD	200,528	255,669	227,173	Private Placement, Series 2018-A, Class A2B, Sequential Pay Class, 2.950%, 2042-02-25	USD	129,531	165,165	161,885
Private Placement, Series 2021-A, Class A, Sequential Pay Class, 1.800%, 2048-02-20	USD	448,877	571,908	524,374	SoFi Professional Loan Program				
Private Placement, Series 2021-B, Class A, Sequential Pay Class, 1.620%, 2048-07-20	USD	468,450	588,612	537,138	Private Placement, Series 17-A, Class C, Subprime, Available Funds Cap, floating rate, 2040-03-26	USD	230,000	301,380	291,050
Private Placement, Series 2021-C, Class B, Subprime, 2.330%, 2048-10-20	USD	486,125	601,103	550,099	Private Placement, Series 17-D, Class BFX, Subprime, 3.610%, 2040-09-25	USD	500,000	654,805	626,393
Loanpal Solar Loan					Private Placement, Series 17-E, Class B, Subprime, 3.490%, 2040-11-26	USD	250,000	323,300	310,083
Series 2021-1GS, Class A, Sequential Pay, 2.290%, 2048-01-20	USD	482,537	618,556	553,428	Private Placement, Series 17-F, Class BFX, Subprime, 3.620%, 2041-01-25	USD	320,000	463,083	398,692
Private Placement, Series 2021-2GS, Class A, Sequential Pay Class, 2.220%, 2048-03-20	USD	532,950	673,497	620,140	Private Placement, Series 19-C, Class A2FX, Sequential Pay Class, 2.370%, 2048-11-16	USD	524,762	712,414	650,251
Mosaic Solar Loans					Private Placement, Series 18-B, Class BFX, Subprime, 3.830%, 2047-08-25	USD	250,000	347,002	310,080
Private Placement, Series 2017-2A, Class C, Subprime, 2.000%, 2024-02-20	USD	126,361	161,290	155,537	Tesla Auto Lease Trust				
Private Placement, Series 2017-2A, Class A, Sequential Pay Class, 3.820%, 2043-06-22	USD	442,502	610,886	548,003	Private Placement, Series 2019-A, Class E, Subprime, 5.480%, 2023-05-22	USD	500,000	691,567	631,486
Private Placement, Series 2020-1A, Class A, Sequential Pay Class, 2.100%, 2046-04-20	USD	388,764	524,675	460,781	Private Placement, Series 2020-A, Class D, Subprime, 2.330%, 2023-03-20	USD	500,000	652,497	621,567
Private Placement, Series 2020-2A, Class C, Subprime, 3.000%, 2046-08-20	USD	192,501	252,223	235,979	Private Placement, Series 2020-A, Class E, Subprime, 4.640%, 2024-08-20	USD	500,000	672,511	629,353
Private Placement, Series 2020-2A, Class A, Sequential Pay Class, 1.440%, 2046-08-20	USD	437,603	570,094	500,272	Private Placement, Series 2021-A, Class C, Subprime, 1.180%, 2025-03-20	USD	250,000	315,398	302,399
Private Placement, Series 2021-1A, Class A, Sequential Pay Class, 1.510%, 2046-12-20	USD	377,148	469,704	433,646	Private Placement, Series 2021-A, Class D, Subprime, 1.340%, 2025-03-20	USD	500,000	635,303	604,971
Private Placement, Series 2021-2A, Class B, Subprime, 2.090%, 2047-04-22	USD	451,765	556,709	523,066	Private Placement, Series 2021-B, Class C, Subprime, 1.120%, 2025-09-22	USD	500,000	634,466	594,906
PACEWell 5 Trust					Total U.S. Asset-Backed Securities		20,965,569	19,394,011	
Private Placement, Series 2021-1, Class A, Sequential Pay Class, 2.628%, 2059-10-10	USD	499,875	632,076	588,508	Foreign Asset-Backed Securities (0.1%)				
Service Experts Issuer					Cayman Islands				
Private Placement, Series 2021-1A, Class A, Sequential Pay Class, 2.670%, 2032-02-02	USD	454,697	573,729	545,134	Mill City Solar Loan				
					Private Placement, Series 19-1A, Class A, Sequential Pay Class, 4.340%, 2043-03-20	USD	141,632	193,608	179,576
					Total Asset-Backed Securities		21,159,177	19,573,587	

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

NEI Global Sustainable Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

	PAR VALUE	COST \$	FAIR VALUE \$		PAR VALUE	COST \$	FAIR VALUE \$	
U.S. Mortgage-Backed Securities (2.5%)								
Fannie Mae				Tricon American Homes Private Placement, Series 2020-SFR2, Class A, Sequential Pay Class, 1.482%, 2039-11-17	USD	556,688	710,149	624,934
Series 17-M2, Class A2, Sequential Payer, floating rate, 2027-02-25	USD	449,673	670,599					
Series 17-M13, Class A2, Collateral Strip Rate, floating rate, 2027-09-25	USD	470,142	626,555					
Series 18-M4, Class A2, Collateral Strip Rate, floating rate, 2028-03-25	USD	517,353	698,551					
Series 19-M9, Class A2, Multi- Family, Sequential Pay Class, 2.937%, 2029-04-25	USD	372,000	515,410					
Series 2019-M22, Class A2, Sequential Payer, 2.522%, 2029-08-25	USD	483,250	700,868					
Series 21-M1S, Class A2, Multi-Family, Sequential Pay Class, 1.383%, 2030-12-25	USD	300,000	382,447					
Freddie Mac								
Series KG01, Class A7, Multi- Family, 2.875%, 2026-04-25	USD	500,000	755,961					
Series KG03, Class A1, Multi- Family, Structured Collateral, floating rate, 2029-04-25	USD	250,000	332,987					
Series KG02, Class A2, Multi- Family, Sequential Pay Class, floating rate, 2029-08-25	USD	500,000	644,538					
Series KSG1, Class A2, Multi- Family, Structured Collateral, 1.503%, 2030-09-25	USD	305,000	377,444					
Series KG04, Class A2, Multi- Family, Structured Collateral, 1.487%, 2030-11-25	USD	250,000	328,727					
Series 2021-P011, Class A1, Multi-Family, Sequential Pay Class, floating rate, 2031-09-25	USD	241,059	305,626					
Progress Residential Trust								
Private Placement, Series 2022-SFR1, Class A, Subprime, 2.709%, 2029-02-17	USD	500,000	637,298					
Private Placement, Series 2021-SFR1, Class A, Sequential Pay Class, 1.052%, 2038-04-17	USD	249,779	317,188					
SLG Office Trust Commercial Mortgage								
Private Placement, Series 2021-OVA, Class A, Sequential Pay Class, 2.585%, 2041-07-15	USD	250,000	313,841					
				Total U.S. Mortgage-Backed Securities		8,318,189	7,434,076	
				Total Investments (98.6%)		281,343,250	289,990,126	
				Unrealized Appreciation on Derivatives (TABLE 1) (0.3%)			722,174	
				Unrealized Depreciation on Derivatives (TABLE 2) (0.0%)			(2,886)	
				Other Net Assets (1.1%)			3,358,389	
				Net Assets (100.0%)			294,067,803	

TABLE 1

	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED APPRECIATION \$
Foreign Currency Forward Contracts						
Unrealized Appreciation on Sale of Foreign Currencies for Canadian Dollars						
U.S. Dollar	1	April 2022	1.2581	94,600,000	119,014,936	722,174
Unrealized Appreciation on Derivatives						722,174

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

NEI Global Sustainable Balanced Fund

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2022 (UNAUDITED) (continued)

TABLE 2

Foreign Currency Forward Contracts	NUMBER OF CONTRACTS	MATURITY	AVERAGE EXCHANGE RATE OF CONTRACTS (CURRENCY/CAD)	CURRENCY AMOUNT	CONTRACTED VALUE \$	UNREALIZED DEPRECIATION \$
Unrealized Depreciation on Sale of Foreign Currencies for Canadian Dollars						
U.S. Dollar	1	April 2022	1.2486	1,542,000	1,925,311	(2,886)
Unrealized Depreciation on Derivatives						(2,886)

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, 2022	12,137,984	2,807,775	331,244	1,782,367	13,494,636
March 31, 2021	9,549,489	2,867,615	248,453	1,637,661	11,027,896
Series F					
March 31, 2022	3,523,345	1,372,799	77,547	1,448,938	3,524,753
March 31, 2021	786,115	2,409,006	33,685	756,401	2,472,405
Series I					
March 31, 2022	8,966	4,984	-	109	13,841
March 31, 2021	548	2,584	-	2	3,130
Series O					
March 31, 2022	179,642	15,203	-	27,787	167,058
March 31, 2021	30,623	44,444	-	4,567	70,500
Series P					
March 31, 2022	5,818,981	2,316,194	177,583	662,890	7,649,868
March 31, 2021	2,323,675	1,803,257	75,073	277,638	3,924,367
Series PF					
March 31, 2022	3,117,055	1,305,109	63,248	364,756	4,120,656
March 31, 2021	805,109	1,217,384	21,632	152,632	1,891,493

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 2022 and 2021, are as follows:

	Series A %	Series F %	Series P %
March 31, 2022	1.70	0.70	1.50
March 31, 2021	1.70	0.70	1.50
	Series PF %		
March 31, 2022	0.50		
March 31, 2021	0.50		

The annual administration fee rates, for 2022 and 2021, are as follows:

	Series A %	Series F %	Series O %
March 31, 2022	0.30	0.25	0.04
March 31, 2021	0.30	0.25	0.04
	Series P %	Series PF %	
March 31, 2022	0.25	0.20	
March 31, 2021	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, 2022 \$	September 30, 2021 \$
	179,949	173,938

The Fund has received income, during the period, from underlying funds managed by the Fund's Manager. This income is presented in the following table:

	March 31, 2022 \$	March 31, 2021 \$
Distributions from underlying funds	1,765,604	905,209

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, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at FVPTL				
Bonds	30,185	60,271	-	90,456
Related Investment Funds	172,526	-	-	172,526
Mortgage-Backed Securities	5,652	1,782	-	7,434
Asset-Backed Securities	-	19,574	-	19,574
Derivative Financial Instruments	-	722	-	722
Total	208,363	82,349	-	290,712
Financial liabilities at FVPTL				
Derivative Financial Instruments	-	3	-	3
Total	-	3	-	3

September 30, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at FVPTL				
Bonds	29,556	58,993	-	88,549
Related Investment Funds	160,818	-	-	160,818
Mortgage-Backed Securities	6,187	1,338	-	7,525
Asset-Backed Securities	-	18,695	-	18,695
Derivative Financial Instruments	-	1,305	-	1,305
Total	196,561	80,331	-	276,892

Transfers between Levels 1 and 2

During the periods ended March 31, 2022 and September 30, 2021, 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 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, 2022	Financial Assets	Financial Liabilities	Net Exposure	Impact on Net Assets Attributable to Holders of Redeemable Units
	\$	\$	\$	\$
USD	120,183	120,221	(38)	1

September 30, 2021	Financial Assets	Financial Liabilities	Net Exposure	Impact on Net Assets Attributable to Holders of Redeemable Units
	\$	\$	\$	\$
USD	117,264	115,899	1,365	41

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
	\$	\$	\$	\$	\$	\$
March 31, 2022	14,104	33,958	38,128	36,059	122,249	6,993
September 30, 2021	8,868	35,534	41,458	32,303	118,163	7,374

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, 2022		September 30, 2021	
Market Segment	%	Market Segment	%
Investment Funds		Investment Funds	
Growth	58.7	Growth	57.8
Bonds		Bonds	
U.S. Bonds	18.7	U.S. Bonds	19.5
Supranational Bonds	7.7	Supranational Bonds	8.1
Foreign Bonds	3.4	Foreign Bonds	3.3
Canadian Bonds	0.9	Canadian Bonds	0.9
Asset-Backed Securities	6.7	Asset-Backed Securities	6.7
U.S. Mortgage-Backed Securities	2.5	U.S. Mortgage-Backed Securities	2.7
Derivative Financial Instruments	0.3	Derivative Financial Instruments	0.5
Other Net Assets	1.1	Other Net Assets	0.5
Total	100	Total	100

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, 2022 \$	September 30, 2021 \$
60% MSCI ACWI NR Index (C\$)	3.00	5,293	5,010
40% Bloomberg Barclays U.S. Aggregate Index (C\$ hedged)	1.00	1,176	1,113

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, 2022 and September 30, 2021, 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, 2022 %	September 30, 2021 %
AAA	35	28
AA	10	10
A	13	16
BBB	20	18
BB	8	9
B	6	6
CCC	2	2
NOT RATED	6	11
Total	100	100

As at March 31, 2022, 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, 2021).

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 %
March 31, 2022	1,250	-
September 30, 2021	1,344	-

h) Income taxes – Loss Carry Forward (Note 2)

Capital and non-capital losses determined for tax purposes as at December 15, 2021, which is the taxation year-end, are as follows:

Capital Losses	Non-Capital Losses	Year of Expiry
Amount \$	Amount \$	
142,356	858,894	2033
	1,323,207	2036
	887,379	2041

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022 and 2021

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, except for NEI U.S. Equity Fund, NEI Select Income Portfolio and NEI Select Growth & Income Portfolio, which are subject to the laws of British Columbia.

The information provided in these financial statements and notes thereto is as at March 31, 2022 and September 30, 2021, and for the 6-month periods ended March 31, 2022 and 2021, except for the Fund established during either period, in which case the information provided relates to the period from inception to March 31, 2022 and 2021, as applicable.

Funds	Inception date
NEI Clean Infrastructure Fund	February 18, 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 12, 2022.

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, 2022 and September 30, 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022 and 2021 (continued)

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".

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. The fair value of derivative financial instruments takes into account the impact of legally binding master netting agreements, if applicable. Refer to the section "Offsetting Financial Assets and Financial Liabilities" for further information about the Funds' offsetting.

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 year 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 must be 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.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022 and 2021 (continued)

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 and income trusts are included in "Dividends". 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.

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
AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
CHF	Swiss Franc
CLP	Chilean Peso
CNY	Chinese Yuan Renminbi
CZK	Czech Republic Koruna
DKK	Danish Krone
EUR	Euro
GBP	Pound Sterling
HKD	Hong Kong Dollar
HUF	Hungarian Forint
IDR	Indonesian Rupiah
ILS	Israeli Shekel
INR	Indian Rupee
JPY	Japanese Yen

Abbreviation	Currency
KRW	South Korean Won
MXN	Mexican Peso
MYR	Malaysian Ringgit
NOK	Norwegian Krone
NZD	New Zealand Dollar
PHP	Philippine Peso
PLN	Polish Zloty
RUB	Russian Ruble
SEK	Swedish Krona
SGD	Singapore Dollar
THB	Thai Baht
TRY	Turkish Lira
TWD	Taiwan Dollar
USD	United States Dollar
ZAR	South African Rand

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 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.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022 and 2021 (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022 and 2021 (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022 and 2021 (continued)

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.

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 valuation is based on observable inputs.

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.

Since the outbreak of COVID-19, emergency measures taken in response to the spread of COVID-19 have resulted in significant disruption to business operations globally, resulting in an economic uncertainty. Global equity and capital markets have also experienced significant volatility. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These developments are constantly evolving and the duration and impact of the COVID-19 pandemic is highly uncertain and cannot be predicted at this time but could have a material impact on the future performance of the Funds. In the face of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact 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.

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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.

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.

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Suite 1200

Toronto, ON

M5C 2W7

www.NEIinvestments.com

Tel.: 1-888-809-3333

These documents may also be obtained at the following Internet address: www.sedar.com

Northwest & Ethical Investments L.P.

[1-888-809-3333](tel:1-888-809-3333)

NEIinvestments.com

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