



## Annual Management Report of Fund Performance

### As at September 30, 2022

This Annual Management Report of Fund Performance contains financial highlights but does not contain either semi-annual or annual financial statements of the investment fund. You can obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-888-809-3333, by writing us at Northwest & Ethical Investments L.P., 151 Yonge Street Suite 1200, Toronto, ON M5C 2W7 or by visiting our website at [www.neiinvestments.com](http://www.neiinvestments.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Performance

### Investment Objective and Strategies

The Fund's investment objective is to achieve long-term capital growth and income by investing primarily in equity and equity-related securities of companies located globally with a focus on renewable infrastructure.

The Fund follows a responsible approach to investing, as described in Part A of the Simplified Prospectus.

### Risk

The risks of investing in the Fund remain as discussed in the Simplified Prospectus. The Fund is suitable for investors investing for the long term, with a medium tolerance for risk. Any changes in the Fund have not affected the overall level of risk of the Fund.

### Results of Operations

The Fund's returns are after the deduction of fees and expenses paid by the Fund. Performance differences between series of units are mainly attributable to management fees charged to each series.

The benchmark for this Fund is the S&P Global Infrastructure Index (C\$).

The Fund commenced operations on March 01, 2022. The net asset value of the Fund was \$196,483,352 on Sept 30, 2022. The net assets are comprised of \$200,501,816 in net unitholder activity and -\$4,018,464 in investment operations, including market appreciation (depreciation), income, and expenses.

## Factors That Have Affected Performance

The period from fund inception to September 30, 2022 was quite volatile due to mixed developments at both the macro and sector levels. At a high level, sharply rising interest rates, sharply rising inflation, European elections, permitting/supply bottlenecks, and no end in sight to the war in Ukraine were powerful headwinds.

Furthermore, rising gas prices drove higher electricity prices, especially in Europe, which is positive for renewables given their lower cost but is creating uncertainties about potential windfall taxes across the European sector.

However, the U.S. Inflation Reduction Act (IRA) is a positive game changer for the entire renewables value chain as it gives 10-year visibility to the sector and expands tax incentives to storage, nuclear, and green hydrogen, with substantial value creation opportunities for renewables companies.

Against this mixed backdrop, the majority of companies in the portfolio reported fundamentally solid first and second quarters with positive earnings revisions, unlike the broader market. Higher power prices continue to lift cash flows for companies with open positions or rolling hedges. Developers are also reporting setting higher long-term power prices as buyers want predictability on top of the fact that renewables are much cheaper than thermal power.

The IRA led to US/North American companies being the strongest performing geographic sector, while continued COVID restrictions in Asia and windfall tax uncertainties in Europe negatively affected APAC and European companies, respectively.

## Recent Developments

The portfolio sub-advisor expects the IRA to add to an inflection point in U.S. electricity demand, and demand for decarbonised electricity in particular, into a growth phase for a sector that has seen no demand growth for over a decade. Once all the details about the implementation of the IRA are known, the portfolio sub-advisor foresees developers to start announcing numerous new projects and enhance the value of existing projects by taking advantage of more attractive incentives. The portfolio sub-advisor also believes that the case for green hydrogen will be much easier to make, thus opening the door for renewables developers to capture a bigger share of the pie by selling an end product rather than a commoditized electron.

Fundamentals for renewables development are strong given the acceleration of demand driven by the need to substitute gas and coal for economic reasons (renewables are cheaper) and to ensure security of supply. Moreover, renewables costs are declining on the back of falling commodity costs such as steel, copper and logistics costs. This bodes well for competitiveness and development margins.

The European energy policy remains in flux with high level of uncertainties about electricity prices, price setting mechanism and potential windfall taxes. This is keeping a lid on the sector pending clarity.

Interest rates are the biggest near-term risk for the sector as elevated levels in the US and Europe deflate the present value of cash flows and could create an air-pocket by delaying non-time sensitive projects till rates come back down. High yield spreads have also risen which tends to put pressure on yieldcos' share prices.

In conclusion, the portfolio sub-advisor is very positive about the underlying drivers for the renewables sector given the cost competitiveness, strategic value to ensure security of supply, and a supportive IRA. Yet macro and local headwinds are creating unhelpful volatility in the near term.

The Fund was launched on March 1, 2022.

## Related Party Transactions

Northwest & Ethical Investments L.P. ("NEI LP") is the Manager, Trustee, Portfolio Manager and Registrar of the Fund. Northwest & Ethical Investments Inc., the general partner of NEI LP, is a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is also the sole limited partner of NEI LP. 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 charges the Fund a fixed administration fee in place of certain variable expenses. NEI LP in turn, pays all operating expenses of the Fund, other than specified fund costs (e.g. the fees and expense of the Independent Review Committee ("IRC"), taxes, and brokerage commissions) which include payments to related parties. These services are in the normal course of operations and are measured at an exchange amount that is consistent with other independent parties. Desjardins Trust Inc. ("Desjardins Trust") is the custodian of the Fund. Desjardins Trust is a wholly-owned subsidiary of the Fédération. The Fund may engage in securities lending and repurchase transactions, and Desjardins Trust may act as the Fund's securities lending and repurchase transactions agent ("Agent"). Any revenue earned on such transactions is split 60%—40% between the Fund and the Agent. Desjardins Securities Inc. ("DSI") is a broker responsible for security transactions on behalf of the Fund. DSI is a wholly-owned subsidiary of the Fédération.

The Fund's sub-advisors may place a portion of their fund transactions with brokerage firms which are affiliates of NEI LP, provided that the affiliate's trade execution abilities and costs are comparable to those of non-affiliated qualified brokerage firms.

The Fund is distributed through Credential Asset Management Inc., Credential Qtrade Securities Inc., and members of the Desjardins group and other nonrelated parties by way of shared ownership. NEI LP pays to these parties distribution and servicing fees based on a percentage of the daily values of the units of each held by the dealer's clients and additionally, in some cases, on the amount of initial purchase.

NEI LP has established the IRC for the Fund in accordance with the requirements of National Instrument 81-107 – Independent Review Committee for Investment Funds in order to review conflicts of interest as they relate to investment fund management. The Fund did not rely on an approval, positive recommendation or standing instruction from the Fund's IRC with respect to any related party transactions.

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as "plan", "anticipate", "intend", "expect", "estimate", or other similar wording. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices, fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five fiscal years or for the periods since inception, as applicable.

### Net Assets per Unit (\$)<sup>(1)</sup>

Series	Period	Net Assets, Beginning of Period	Increase (Decrease) from Operations					Distributions					Net Assets, End of Period	
			Total Revenue	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total Increase (Decrease) from Operations <sup>(2)</sup>	From Income (Excluding Dividends)	From Dividends	From Underlying Funds	From Capital Gains	Return of Capital		Total Distributions <sup>(3)(4)</sup>
A	Sept. 2022	10.00	0.21	-0.17	0.14	-1.55	-1.37	0.00	0.04	0.00	0.00	0.14	0.18	9.49
F	Sept. 2022	10.00	0.21	-0.10	0.14	-1.41	-1.16	0.00	0.10	0.00	0.00	0.08	0.18	9.56
I	Sept. 2022	10.00	0.21	-0.04	0.14	-0.45	-0.14	0.00	0.18	0.00	0.00	0.00	0.18	9.61
O	Sept. 2022	10.00	0.12	-0.01	0.15	-11.45	-11.19	0.00	0.07	0.00	0.00	0.00	0.07	9.71
P	Sept. 2022	10.00	0.27	-0.16	0.14	-1.51	-1.26	0.00	0.12	0.00	0.00	0.06	0.18	9.50
PF	Sept. 2022	10.00	0.19	-0.09	0.14	-2.34	-2.10	0.00	0.09	0.00	0.00	0.09	0.18	9.57

(1) All per unit figures presented in 2022 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited annual financial statements for the period ended September 30, 2022.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

(4) Distributions (if any) that may have been made that included return of capital in excess of short term earnings were made to minimize disruption and provide stability to investors who have elected to take their distributions in the form of cash, and as disclosed in the Simplified Prospectus. These amounts are reviewed at each calendar year-end and management engages in discussions with the sub-advisor to determine the most applicable strategy on a go forward basis and will take any action(s) as needed for the long term stability of the Fund.

### Ratios and Supplemental Data

Series	Period	Total Net Asset Value (000's of \$)	Number of Units Outstanding (000's)	Management Expense Ratio (%) <sup>(1)</sup>	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) <sup>(2)</sup>	Portfolio Turnover Rate (%) <sup>(3)</sup>	Net Asset Value per Unit (\$)
F	Sept. 2022	3,721.17	389.35	1.07	1.07	0.25	16.50	9.56
I	Sept. 2022	177,569.34	18,474.53	N/A	N/A	0.25	16.50	9.61
O	Sept. 2022	3,989.98	410.71	0.06	0.06	0.25	16.50	9.71
P	Sept. 2022	1,266.68	133.30	2.03	2.03	0.25	16.50	9.50
PF	Sept. 2022	6,743.96	704.90	0.90	0.90	0.25	16.50	9.57

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, as well as withholding taxes) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other Fund transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(3) The portfolio turnover rate indicates how actively the Fund's sub-advisor manages its investment holdings. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. The Manager receives from the Fund management fees, before HST, calculated daily on the net asset value of the Fund at an annual rate shown below. The Fund does not pay management fees for Series I and O units. Series I and O unitholders pay a negotiated fee directly to NEI Investments.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Fund. In addition, the Manager may pay a trailer fee to dealers out of this management fee. The trailer fee is a percentage of the average daily value of the units of the Fund held by the dealer's clients. No trailer fees are paid in respect of any Series F and PF units of the Fund.

The following table shows the major services paid for out of management fees as a percentage of the management fee for all applicable series of the Fund:

	Management Fee (%)	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	1.70	65.99	34.01
Series F	0.70	100.00	N/A
Series P	1.60	66.56	33.44
Series PF	0.60	100.00	N/A

## Past Performance

The performance information provided will not necessarily indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional units of the relevant series of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following charts show the annual performance for each series of units of the Fund for each period shown and illustrate how the Fund's performance has varied from period to period. The charts indicate how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

#### Series A

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series I

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series P

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series F

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series O

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series PF

Historic performance reporting is not permitted until the series has at least 12 months of performance.



# NEI Clean Infrastructure Fund

## Annualized Compound Returns

Historic performance reporting is not permitted until the series has at least 12 months of performance.

The benchmark for this Fund is the S&P Global Infrastructure Index (C\$).

The S&P Global Infrastructure Index is designed to track companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability.

While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. Please see the "Results of Operations" section of this report for a discussion of recent performance results.

The "S&P Global Infrastructure Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), and has been licensed for use by Northwest & Ethical Investments L.P. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). NEI Clean Infrastructure Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, or their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P Global Infrastructure Index.

## Summary of Investment Portfolio as at September 30, 2022

Total Net Asset Value: \$196,483,352

Top Holdings		%	Net Asset Value Mix		%
1	Cash and Equivalents	10.3	Equity	89.7	
2	NextEra Energy	5.8	Cash and Equivalents	10.3	
3	NextEra Energy Partners	5.3	Total	100.0	
4	Clearway Energy, Class C	5.1			
5	ERG	4.7	Sector Allocation		%
6	Drax Group	4.7	Utilities	83.7	
7	Atlantica Sustainable Infrastructure	4.4	Cash and Equivalents	10.3	
8	TransAlta Renewables	3.9	Financials	3.2	
9	Orsted	3.8	Industrials	2.1	
10	Public Service Enterprise Group	3.8	Energy	0.7	
11	Edison International	3.8	Total	100.0	
12	ReNew Energy Global, Class A	3.7	Geographic Distribution		%
13	China Longyuan Power Group	3.5	United States	36.6	
14	BKW	3.5	Other Countries	24.2	
15	Constellation Energy	3.5	United Kingdom	13.5	
16	Greencoat Uk Wind	3.2	Cash and Equivalents	10.3	
17	Acciona Energías Renovables	3.1	Italy	9.4	
18	Brookfield Renewable, Class A	2.8	Canada	6.0	
19	RENOVA	2.7	Total	100.0	
20	Terna—Rete Elettrica Nazionale	2.5	"Other Countries" geographic category includes all countries individually representing less than 5% of the Portfolio's net asset value.		
21	Encavis	2.3	The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. Updates are available quarterly.		
22	Enel	2.2			
23	Innogy Renewable Energy	2.2			
24	Sunrun	2.1			
25	Elia Group	2.0			
	Total	94.9			