

## Annual Management Report of Fund Performance

### As at September 30, 2024

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.sedarplus.ca](http://www.sedarplus.ca).

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

NEI Fixed Income Pool's (the "Fund") investment objectives are to provide current income with the potential for capital gains. The Fund will invest primarily its assets in fixed income instruments from both developed and emerging markets. The Fund follows a responsible approach to investing, as described in the simplified prospectus of the Fund.

The Portfolio Sub-Advisor evaluates each security based on the yield specific to various categories of issuers. Only securities that meet the Portfolio Sub-Advisor's evaluation criteria are considered for inclusion in the portfolio. Under normal market conditions the Fund will invest substantially all, but in no event less than 75%, of the value of its total assets directly or indirectly in fixed income securities.

### Risk

The risks associated with investing in the Fund remain as discussed in the simplified prospectus. This Fund is suitable for investors investing for the short to medium term, with a low tolerance for risk. Any changes in the Fund have not affected the overall level of risk of the Fund.

### Results of Operations

The NEI Fixed Income Pool's Series I units returned 14.5% for the twelve-month period ended September 30, 2024 compared with a return of 12.9% for the benchmark explained below.

Unlike the benchmark return, 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. Refer to the Past Performance section for the details of returns by series.

The benchmark for this Fund is FTSE Canada Universe Bond Index.

The Fund's net asset value decreased by 17.50% during the period, from \$200,092,897 as at September 30, 2023 to \$165,069,894 as at September 30, 2024. This change in net assets is attributed to net unitholder activity of -\$59,064,422 and \$24,041,419 to investment operations, including market appreciation (depreciation), income and expenses.

## Market Overview

The portfolio sub-advisor's baseline scenario for the Canadian economy and inflation now appears to be increasingly reflected in the valuation of several assets and indicators, such as interest rates and the shape of the yield curve. With inflation declining rapidly, the Bank of Canada ("BoC") began an interest rate reduction cycle not designed to stimulate economic growth, but rather to avoid a tightening of monetary conditions through an increase in real market rates. Since the market has already anticipated the portfolio sub-advisor's call that the BoC's key rate should be in the low end of the neutral range of 2.25% to 3.25% over the next year, the Fund's relative duration has been reduced.

## Factors That Have Affected Performance

An overweight allocation to corporate credit relative to provincial, municipal and federal exposures had the most significant positive effect on the Fund's performance. Additionally, government agency and National Housing Act exposure relative to Government of Canada bonds helped achieve higher returns. Overweight allocations to the Energy, Financials and Real Estate sectors relative to infrastructure (except in the long end) also contributed to performance.

The Fund had a core long-duration bias to benchmark (0.25 year) throughout the period that was positive as interest rates fell by more than 1% (10-year term) over the year. Duration was adjusted close to the index level by the end of the period as interest rates performed well.

Yield curve positioning was also positive. The portfolio sub-advisor maintained the Fund's underweight allocation in the 5–7-year and 30-year portions of the curve relative to the 2–3-year and 10–15-year portions, which benefited from the overall steepening of the curve, mostly in the long-end portion of the curve.

The only negative element was one of missed opportunity. The portfolio sub-advisor reduced exposure to credit in anticipation of widening spreads, hence reducing potential added value from what it could have been. However, careful allocation to corporate sectors more than made up for it.

## Portfolio Changes

As the anticipation surrounding the first interest rate cuts by the BoC grew, the portfolio sub-advisor slightly increased the Fund's steepening positioning combined with a longer duration. Long-term off-the-run corporate bonds continued to be rolled into on-the-run issues, at similar yields. Also, as spreads continued to grind, more long-end exposure was sold either outright or against shorter-termed positions. The opposite was done in provincial bonds with the difference representing a box trade between both asset classes.

Following these transactions, the Fund showed a lower risk level, but with similar yield. Also, since provincials are benchmarked on underlying Government of Canada bonds whereas corporate bonds are all benchmarked against long Canada bonds, the Fund benefits from an implicit steepening position, without affecting the duration bias. The long duration bias was reduced following a strong rally in interest rates during the last quarter. Proceeds were allocated in the shorter-termed portion of the curve to increase the steepening position as implied rates were more favourable in that area of the curve.

From an initially underweight positioning, provincial exposure was added as important budget deficits were unveiled, offering better entry points in the asset class. The short- and mid-term portions were kept largely underweight, with more emphasis given to the long end relative to the mid-term portion of the curve. The objective was twofold: increase exposure to provincial credit in the cheapest area of the curve while increasing duration at the same time. The Fund's federal agencies exposure (Canada Housing Trust and pension funds) fell significantly over the period. This is due to the valuation of these products relative to their substitutes. For this reason, Canada Housing Trust positions were sold in favour of National Housing Act mortgage-backed securities, while pension fund holdings were shifted to the 10-year provincial sector.

**Environmental, Social, And Governance ("ESG") Activities**

In addition to any ESG-related commentary made in the sections above, other ESG-related activities undertaken in the period are described here.

NEI completed five ESG evaluations on companies that were either already held in the Fund, or that were requested by the portfolio sub-advisor for evaluation as part of their initial investment decision. All companies evaluated were deemed to be eligible for investment in the Fund.

**Recent Developments**

Stronger-than-expected data has been challenging with inflation ticking up in the U.S., but Canadians remain at record indebtedness levels and higher interest rates are bound to bite at their consumption capabilities. Large amounts of mortgage debt will need to be refinanced in the next couple of years, and delays in interest rate cuts are bound to negatively impact economic growth. Population growth should slow as immigration targets are reviewed lower, which is expected to reduce strains on housing costs, or at least cap them.

The risk is that government programs to increase housing construction wind up creating more workforce scarcity and maintaining inflation at a higher-than-target level. The Fund maintains an overweight allocation to corporate securities with maturities of 10 years or less, but the portfolio sub-advisor continues to diversify into non-banking sectors. The Fund has an underweight position in U.S. corporate securities in the shorter portion of the curve through the credit default swap index ("CDX"). The portfolio sub-advisor is maintaining the Fund's underweight position in corporate securities with maturities over 10 years, and underweight positions in corporate and provincial issuers overall.

Several recent revisions related to the U.S. growth level and the savings rate has led the portfolio sub-advisor to believe that there is currently no urgency to proceed with a major and rapid cycle of key interest rate reductions. This interesting fact was noted by the Chair of the U.S. Federal Reserve Board (the "Fed"), despite the fact that the Fed surprised markets by beginning its rate-cutting cycle with a 50-basis-point move, rather than 25 basis points. The markets expect the federal funds rate to converge with the Fed's long-term projections, or slightly below 3%. In the U.S., as in Canada, markets are already pricing in an interest rate normalization, while several risky asset classes remain at relatively high valuation levels on a historical basis.

The term of Mr. W. William Woods ended on September 30, 2024. Mr. Woods had served with distinction on the Independent Review Committee ("IRC") since 2015. After consulting with the Manager, the IRC decided to replace Mr. Woods with Mr. Jean Morissette. Mr. Morissette was appointed as a new IRC member effective October 1, 2024, for a one (1) year term. Ms. Caroline Cathcart will continue in her role as an IRC member, and Ms. McCarthy will continue to serve as both an IRC member and the Chair.

**Related Party Transactions**

Northwest & Ethical Investments L.P. ("NEI LP" and "NEI Investments") 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, CU CUMIS Wealth Holdings LP, 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. Desjardins Global Asset Management Inc. ("DGAM") is the Portfolio sub-advisor of the Fund. DGAM is a wholly-owned subsidiary of the Fédération. DGAM's fees are entirely paid by NEI LP.

Where applicable, the amounts paid in commission by the Fund to DSI and amounts received from underlying funds managed by NEI LP during the period are presented.

	September 2024 (\$)	September 2023 (\$)
Amounts received from underlying funds	918,528	309,590

The Fund's sub-advisors may place a portion of the Fund's portfolio 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 currently only distributed by NEI on an exempt-market basis.

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 of Distributions <sup>(3)(4)</sup>	
I	Sept. 2024	8.40	0.38	0.00	-0.42	1.29	1.25	0.33	0.00	0.05	0.00	0.00	0.38	9.22
	Sept. 2023	8.72	0.29	0.00	-1.34	0.95	-0.10	0.30	0.00	0.01	0.00	0.00	0.31	8.40
	Sept. 2022	10.03	0.34	0.00	-0.33	-1.00	-0.99	0.22	0.00	0.12	0.00	0.00	0.34	8.72
	Sept. 2021	10.57	0.23	0.00	-0.06	-0.39	-0.22	0.20	0.00	0.02	0.09	0.00	0.31	10.03
	Sept. 2020	10.06	0.25	0.00	0.16	0.37	0.78	0.18	0.03	0.00	0.00	0.00	0.21	10.57

(1) All per unit figures presented in 2024 are referenced to net assets determined in accordance with International Financial Reporting Standards and are derived from the Fund's audited annual financial statements for the period ended September 30, 2024.

(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 (\$)
I	Sept. 2024	165,070	17,902	N/A	N/A	0.00	241.65	9.22
	Sept. 2023	200,093	23,807	N/A	N/A	0.00	209.44	8.40
	Sept. 2022	366,018	41,959	N/A	N/A	0.00	216.45	8.72
	Sept. 2021	392,705	39,150	N/A	N/A	0.00	267.23	10.03
	Sept. 2020	215,683	20,410	N/A	N/A	0.05	336.55	10.57

(1) Management expense ratio is based on total expenses charged to the Fund (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. See Management Fees for more information.

(2) The trading expense ratio represents total commissions and other portfolio 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 Fund does not pay management fees for Series I units. Series I unitholders pay a negotiated fee directly to NEI Investments.

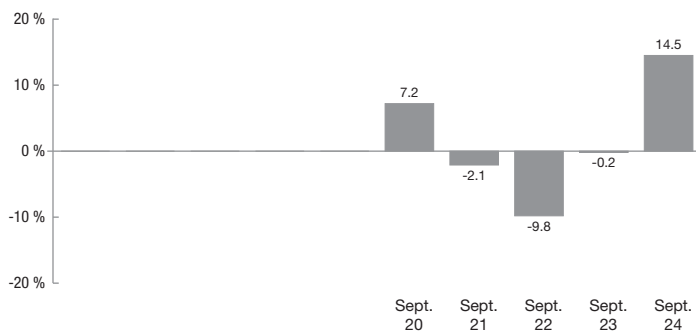
## Past Performance

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 I**



## Annualized Compound Returns

The following table shows the annual compound returns for all series of the Fund. All returns are in Canadian dollars, on a total return basis, net of fees. For comparison, the returns for the benchmark are included. A discussion regarding the relative performance of the Fund is found in the Results of Operations section of this report and a description of indexes can be found in the Annualized Compound Returns section of this report.

The benchmark for this Fund is FTSE Canada Universe Bond Index.

The FTSE Canada Universe Bond Index is designed to be a broad measure of the Canadian investment grade fixed income market. Returns are calculated daily, and are weighted by market capitalization, so that the return on a bond influences the return on the index in proportion to the bond's market value. There are four main credit or borrower categories: bonds issued by the Government of Canada (including Crown Corporations), provincial bonds (including provincially guaranteed securities), municipal bonds, and corporate bonds.

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

Group/Investment	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception <sup>(*)</sup> (%)
FTSE Canada Universe Bond Index	12.9	-0.1	0.6	N/A	**
NEI Fixed Income Pool, Series I	14.5	1.0	1.6	N/A	1.7

<sup>(\*)</sup>Since inception returns are not provided for series that have been in existence for more than 10 years.

<sup>(\*\*)</sup>The return of the benchmark since inception for each applicable series is as follows: Series I: 0.8%.

FTSE Global Debt Capital Markets Inc ("FDCM"), FTSE International Limited ("FTSE"), and the London Stock Exchange Group companies (the "Exchange", and together with FDCM and FTSE, the "Licensor Parties") make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Canada Universe Bond ("the Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FDCM and all copyright in the Index values and constituent lists vests in FDCM. The Licensor Parties shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Licensor Parties shall not be under any obligation to advise any person of any error therein.

"FTSE®" is a trade mark of the FTSE International Limited in Canada and Taiwan, and the London Stock Exchange Group of companies in the rest of the world and is used by FDCM under license.

## Summary of Investment Portfolio as at September 30, 2024

**Total Net Asset Value: \$165,069,894**

Top Holdings	%	Sector Allocation	%
Government of Canada, 3.000%, 2026-04-01	6.2	Corporate Bonds	41.4
Government of Canada, 3.250%, 2034-12-01	5.0	Provincial and Crown Corporations Bonds	29.1
Province of Ontario, 2.900%, 2046-12-02	4.7	Federal Bonds	17.9
Province of British Columbia, 4.150%, 2034-06-18	3.6	Mortgage-Backed Securities	8.2
Government of Canada, 1.500%, 2031-06-01	3.6	Cash and Equivalents	2.2
Scotiabank, 2.950%, 2027-03-08	3.3	U.S. Government Bonds	0.7
Scotia Capital NHA, 3.800%, 2028-12-01	3.0	Municipal Bonds	0.3
Province of Ontario, 3.500%, 2043-06-02	2.9	Foreign Government Bonds	0.1
Province of Ontario, 4.650%, 2041-06-02	2.7	Asset-Backed Securities	0.1
Hydro-Québec, 6.000%, 2040-02-15	2.6	Total	100.0
Cash and Equivalents	2.2	The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. Updates are available quarterly.	
Province of Alberta, 3.450%, 2043-12-01	2.0		
Province of Québec, 3.500%, 2045-12-01	1.8		
Government of Canada, 2.000%, 2032-06-01	1.6		
Laurentian Bank of Canada NHA, 4.040%, 2029-02-01	1.6		
Laurentian Bank of Canada NHA, 1.390%, 2027-06-01	1.5		
Bank of Montreal, 4.709%, 2027-12-07	1.4		
National Bank of Canada, 5.219%, 2028-06-14	1.4		
Canadian Mortgage Pools, 3.850%, 2029-09-01	1.2		
Bell Canada, Series M58, 4.550%, 2030-02-09	1.1		
Province of Ontario, 3.800%, 2034-12-02	1.0		
Enbridge Pipelines, 5.820%, 2053-08-17	0.9		
PSP Capital, Series G-4, 2.600%, 2032-03-01	0.9		
Scotiabank, 3.836%, floating rate from 2029-09-26, 2030-09-26	0.9		
Scotia Capital NHA, 4.100%, 2029-06-01	0.9		
Total	58.0		