

## **Semi-annual Management Report of Fund Performance**

### **As at March 31, 2022**

This Semi-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 which consists of companies deriving revenues primarily from activities in power generation, transmission, distribution, storage and ancillary or related services.

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

### **Risk**

The risks associated with 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 February 18, 2022. The net asset value of the Fund was \$203,048,524 on March 31, 2022. The net assets are comprised of \$191,294,258 in net unitholder activity and \$11,754,266 in investment operations, including market appreciation (depreciation), income, and expenses.

## Factors That Have Affected Performance

Europe's power market had been sleep-walking into an exposed position that developed into a full-blown energy crisis. Germany's accelerated strategic decision to phase out nuclear and coal power plants made the market highly dependent on Russian gas. French nuclear plants have also faced unscheduled stops due to cracks and hydroelectric plants were forced to operate at reduced levels due to poor hydro resources. The European power market was therefore tight and then Russia invaded Ukraine, adding geopolitical uncertainties to gas supply. This, coupled with supply constraints on global LNG, drove power prices across Europe higher multiple times.

The Fund benefits from higher power prices in the short-term. More importantly, higher fossil-fuel power prices highlight the imbedded value in operating renewables assets as well as in providing affordable and stable power prices. The portfolio sub-advisor expects the events surrounding the invasion of Ukraine to result in a material acceleration of the energy transition, acutely in Europe, and around the world.

The Fund was launched on 01 March 2022. As such, performance comments are only for the period from inception to the end of Q1/2022. The top 5 contributors to the Fund included Drax (UK, Biomass), ERG (Italy, Wind/Solar), Acciona Energias (Wind/Hydro), Encavis (Germany, Wind/Solar) and China Longyuan (China, Wind). The top 5 detractors included China Suntien (China, Wind/Gas Pipeline), ReNew Energy Global (India Wind/Solar), Atlantica Sustainable (US, Wind/Solar), NextEra (US, Regulated/Renewables) and Super Energy (Thailand, Solar).

## Recent Developments

The portfolio sub-advisor expects strong revenues for many developed markets renewables/power companies in the first quarter and likely in 2022 thanks to the combination of two factors: (1) Better renewables resources: 2021 was affected by poor renewables resources, such as wind speed in Europe, and hydro resources in Western US, Chile, Brazil and some European markets. As a consequence, many companies' generation volumes were below normal. As these resources tend to normalize to long-term averages, the market has seen stronger volumes of electricity generation so far this year, especially in the US and Brazil for hydro and Europe for wind, even though hydro remains at depressed levels. (2) Higher power prices: most renewables companies don't lock 100% of their generation into fixed price/inflation-linked contracts, to protect against low generation volumes which would make them unable to fulfil 100% of a contract or because companies use hedges to fix power prices and these roll over or to keep some option value. As power prices have risen substantially, many companies should generate above-average revenue per Mwh and will be positioned to set new hedges at higher prices than existing ones, allowing higher revenues for the foreseeable future.

The portfolio sub-advisor also expects an acceleration in renewables development activity as countries and companies want to secure their supply at a predictable price. For instance, the EU wants to 'frontload' the "Fit-for 55" plan by increasing the deployment rate of renewables by 20% and adding 80GW for green hydrogen.

The macro environment remains a source of potential stress as inflation, interest rates, supply chain disruption and geopolitical tensions create a tough asset development environment. It is a supply issue and not a demand issue: the industry is experiencing delays from bottlenecks (slow permitting process, equipment availability, shipping disruption). In the near term, elevated merchant power prices, higher contract prices and better generation volumes should more than offset all these issues and the portfolio sub-advisor expects 2022 to be a record year for most companies.

At a time when the economy is affected by growth concerns and margin pressure, secular growth in renewables and visibility on cash flows they provide have become more sought-after attributes.

## 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 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 six-month period ending March 31, 2022 and 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	Mar. 2022	10.00	0.04	-0.03	-0.04	0.92	0.89	0.00	0.00	0.00	0.00	0.03	0.03	10.52
F	Mar. 2022	10.00	0.02	-0.02	-0.04	0.52	0.48	0.00	0.00	0.00	0.00	0.03	0.03	10.53
I	Mar. 2022	10.00	0.02	-0.01	-0.04	0.68	0.65	0.00	0.00	0.00	0.00	0.00	0.00	10.56
O	Mar. 2022	10.00	-0.03	-0.01	-0.04	0.64	0.56	0.00	0.00	0.00	0.00	0.00	0.00	10.56
P	Mar. 2022	10.00	-0.02	-0.03	-0.04	0.64	0.55	0.00	0.00	0.00	0.00	0.03	0.03	10.52
PF	Mar. 2022	10.00	0.02	-0.02	-0.04	1.29	1.25	0.00	0.00	0.00	0.00	0.03	0.03	10.53

(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 semi-annual financial statements for the period ended March 31, 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 (\$)
A	Mar. 2022	385.09	36.62	2.20	2.20	1.57	0.47	10.52
F	Mar. 2022	1,292.60	122.79	1.07	1.07	1.57	0.47	10.53
I	Mar. 2022	199,979.56	18,934.19	N/A	N/A	1.57	0.47	10.56
O	Mar. 2022	1.06	0.10	0.06	0.06	1.57	0.47	10.56
P	Mar. 2022	299.73	28.50	2.03	2.03	1.57	0.47	10.52
PF	Mar. 2022	1,090.50	103.58	0.90	0.90	1.57	0.47	10.53

(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	46.85	53.15
Series F	0.70	100.00	N/A
Series P	1.60	86.72	13.28
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 with the exception of 2022, which shows the six-month return for the period ended March 31, 2022. 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.

## Summary of Investment Portfolio as at March 31, 2022

Total Net Asset Value: \$203,048,524

Top Holdings			%
1	Drax Group		5.3
2	ERG		5.0
3	Atlantica Sustainable Infrastructure		4.9
4	China Longyuan Power Group		4.9
5	NextEra Energy		4.9
6	NextEra Energy Partners		4.8
7	TransAlta Renewables		4.8
8	Clearway Energy, Class C		4.4
9	Orsted		4.3
10	Acciona Energías Renovables		4.3
11	ReNew Energy Global, Class A		4.2
12	Greencoat Uk Wind		4.0
13	Edison International		3.9
14	Energias de Portugal		3.9
15	Cash and Equivalents		3.6
16	Enel		3.5
17	Terna—Rete Elettrica Nazionale		3.3
18	Constellation Energy		3.1
19	Sunrun		3.1
20	Innervex Renewable Energy		3.0
21	SSE		2.9
22	Public Service Enterprise Group		2.9
23	Encavis		2.9
24	Brookfield Renewable, Class A		2.6
25	Elia Group		1.9
	Total		96.4

  

Net Asset Value Mix		%
Equity		96.4
Cash and Equivalents		3.6
Total		100.0

  

Sector Allocation		%
Utilities		84.2
Energy		5.1
Financials		4.0
Cash and Equivalents		3.6
Industrials		3.1
Total		100.0

  

Geographic Distribution		%
United States		34.7
Other Countries		25.8
United Kingdom		16.4
Italy		11.8
Canada		7.7
Cash and Equivalents		3.6
Total		100.0

"Other Countries" geographic category includes all countries individually representing less than 5% of the Portfolio's net asset value.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. Updates are available quarterly.