

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 or SEDAR at 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

Results of Operations

The NEI Fixed Income Pool's Series I units returned -4.8% for the six months ended March 31, 2022 compared with a return of -5.6% 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 increased by 2.61% during the period, from \$392,705,221 as at September 30, 2021 to \$402,945,017 as at March 31, 2022. This change in net assets is attributed to net unitholder activity of \$30,606,888 and -\$20,367,092 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

The Fund maintained a short duration bias throughout most of the period in a rising rate environment. Combined with tactical adjustments and cash exposure, this resulted in a positive impact on performance.

The curve flattened throughout the period. Hence, the decision to favour long bonds relative to short- and medium-termed ones was beneficial for the Fund. The resulting excess cash was kept in the account or invested in short-term securities at the cost of additional carry for the Fund.

The underexposure to provincial credit was also accretive to relative performance as spreads widened. The bias was brought back to flat recently and benefited from the retracement into quarter-end. All of this was achieved in the longer portion of the curve since provincial holdings down the curve were kept underweighted. Furthermore, British Columbia, Alberta and Newfoundland were the largest holdings in this sector, and they outperformed their peers. The position in agency issuers was increased significantly in the second quarter as levels reached longer-term technical levels. They outperformed relative to provincial securities, which they replaced in the Fund.

The Fund remained overexposed to corporate credit while credit spreads initially compressed and then widened with the growing concerns surrounding the Ukrainian conflict and central bank hawkish rhetoric. No sector was spared from the recent widening, but the financial and real estate sectors suffered the most, as the Fund was overexposed to both. Adding to the telcom sector on new issuance in the long end and to short-term financials paid off as the issues came with large concessions during the last quarter.

Recent Developments

The slightly short duration positioning adopted at the beginning of the year has been covered and, with the market anticipating perfection in this cycle of increases, the portfolio sub-advisor prefers to stay close to index duration for the time being. The flattening of the interest rate curve was very profitable and was significantly reduced at the end of the quarter. Reducing that flattening bias allows for reallocation in the shorter portion of the curve.

Given the withdrawal of monetary accommodation by central banks and geopolitical risk, the portfolio sub-advisor does not feel a pressing need to increase exposure to provincial credit at this stage. In fact, although spreads are still wider than in all of 2021, they are only sitting on the long-term average, and are expected to widen from current levels. Thus, any further rallies will be sold.

Following the recent widening of credit spreads, the portfolio sub-advisor believes that their risk/return now warrants an overweight position, mainly in the short-term sector. Preferred sectors include banks (bail-in debt), utilities (long end versus provincial bonds), energy generation, pipelines (except in the long end), REITs and telecommunications. A more neutral view will be kept in the oil and gas sector through Cenovus and North West Redwater. Underweighted sectors include ABS, insurers, financial services and retailers. Issuer selection is always important, but more so during periods of geopolitical and economic turbulence, and ESG scores remain a factor in selecting specific issuers. Green and sustainable bond issuance will be analyzed with care and integrated into the Fund when conditions are met. For the long-end portion of the curve, the portfolio sub-advisor will increase exposure as spreads widen. Mid-termed exposures will be reduced to balance the Fund.

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. 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.



NEI Fixed Income Pool

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.

	March 2022 (\$)	March 2021 (\$)
Amounts received from underlying funds	1,632,096	-

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 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 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 (\$) ⁽¹⁾

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 ⁽²⁾	From Income (Excluding Dividends)	From Dividends	From Underlying Funds	From Capital Gains	Return of Capital		Total Distributions ⁽³⁾⁽⁴⁾
I	Mar. 2022	10.03	0.14	0.00	-0.11	-0.52	-0.49	0.09	0.00	0.04	0.00	0.00	0.13	9.42
	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
	Sept. 2019	10.00	0.09	-0.01	0.00	-0.11	-0.03	0.01	0.03	0.00	0.00	0.00	0.04	10.06

(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 (%) ⁽¹⁾	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) ⁽²⁾	Portfolio Turnover Rate (%) ⁽³⁾	Net Asset Value per Unit (\$)
I	Mar. 2022	402,945.02	42,775.93	N/A	N/A	0.00	109.75	9.42
	Sept. 2021	392,705.22	39,150.12	N/A	N/A	0.00	267.23	10.03
	Sept. 2020	215,683.32	20,410.47	N/A	N/A	0.05	336.55	10.57
	Sept. 2019	31,217.96	3,104.08	N/A	N/A	0.10	3.10	10.06

(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 Fund does not pay management fees for Series I units. Series I unitholders pay a negotiated fee directly to NEI Investments.

In addition to the fees and expenses directly payable by the Fund, certain fees and expenses may be payable by some underlying third party funds. The Fund indirectly bears its proportionate share of such fees and expenses. However, the Fund does not pay any management fees or similar expenses that, in the view of the Manager, a reasonable person would consider duplicate a fee payable by an underlying fund for the same service.

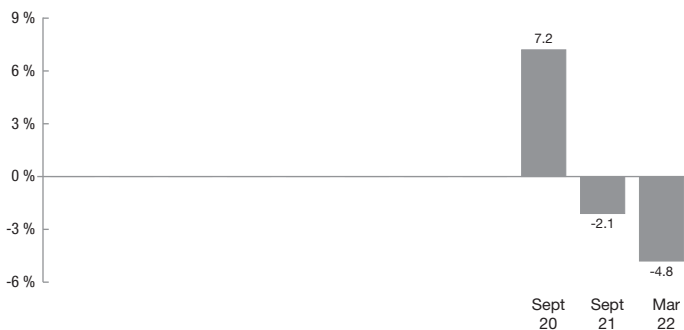
Past Performance

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 I



Summary of Investment Portfolio as at March 31, 2022

Total Net Asset Value: \$402,945,017

Top Holdings			Net Asset Value Mix ⁽¹⁾	
		%		%
1	NEI Global Total Return Bond Fund, Series I	9.5	Fixed Income	92.6
2	Government of Canada, 0.750%, 2024-02-01	5.2	Cash and Equivalents	5.6
3	Government of Canada, 0.250%, 2023-08-01	4.8	Mortgage-Backed Securities	1.4
4	Cash and Equivalents	4.6	Other	0.3
5	Province of Ontario, 2.900%, 2046-12-02	3.1	Asset-Backed Securities	0.1
6	Government of Canada, 2.000%, 2032-06-01	2.6	Total	100.0
7	Government of Canada, 0.250%, 2023-05-01	2.1		
8	Province of Québec, 3.500%, 2045-12-01	2.0		
9	Hydro-Québec, 6.000%, 2040-02-15	1.9		
10	Canada Housing Trust, Series 88, 2.100%, 2029-09-15	1.9		
11	Government of Canada, 1.750%, 2023-03-01	1.7		
12	Canada Housing Trust, Series 98, 1.250%, 2026-06-15	1.6		
13	Province of Alberta, 2.900%, 2028-12-01	1.6		
14	Government of Canada, 1.750%, 2053-12-01	1.5		
15	Province of Alberta, 3.100%, 2050-06-01	1.2		
16	Asian Development Bank, 0.750%, 2026-02-10	1.2		
17	Scotia Capital NHA, 0.890%, 2026-09-15	1.1		
18	Government of Canada, 4.000%, 2041-06-01	1.1		
19	Province of British Columbia, 1.550%, 2031-06-18	0.9		
20	Hydro One, 4.590%, 2043-10-09	0.9		
21	Province of Ontario, 2.650%, 2050-12-02	0.9		
22	Canada Housing Trust, Series 95, 1.100%, 2031-03-15	0.9		
23	Province of British Columbia, 2.950%, 2050-06-18	0.7		
24	Province of Ontario, 2.550%, 2052-12-02	0.6		
25	Province of Ontario, 3.450%, 2045-06-02	0.6		
	Total	54.2		

Sector Allocation ⁽¹⁾		%
Corporate Bonds		39.3
Federal Bonds		25.6
Provincial and Crown Corporations Bonds		22.4
Cash and Equivalents		5.6
Foreign Government Bonds		3.0
Mortgage-Backed Securities		1.4
Supranational Bonds		1.3
U.S. Government Bonds		0.9
Other		0.3
Municipal Bonds		0.1
Asset-Backed Securities		0.1
Total		100.0

Geographic Distribution ⁽¹⁾		%
Canada		85.2
Other Countries		9.2
Cash and Equivalents		5.6
Total		100.0

(1) Table represents an aggregated "look-through" of the top positions and category summaries that are held in the top and underlying fund(s).

"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.