

## 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

### Results of Operations

The NEI Emerging Markets Fund's Series A units returned -23.2% for the six months ended March 31, 2022 compared with a return of -9.5% 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 the MSCI EM NR Index (C\$).

The Fund's net asset value decreased by 26.36% during the period, from \$579,926,265 as at September 30, 2021 to \$427,045,515 as at March 31, 2022. This change in net assets is attributed to net unitholder activity of -\$17,675,786 and -\$135,204,964 to investment operations, including market appreciation (depreciation), income and expenses.

### Factors That Have Affected Performance

The last six months saw the NEI Emerging Markets Fund underperform the MSCI Emerging Markets Index.

By region, EM Latin America was the best performer for the benchmark, followed by EM Asia and EM EMEA. On a country level some of the benchmark's top performing countries were Peru, UAE, Colombia, Brazil and Qatar. Among the worst performing countries for the period were Hungary, China, Poland, Korea and Egypt.

Optimism over ongoing economic recovery was ultimately overtaken by tensions between Russia and Ukraine which escalated to the point of war, while geopolitical concerns regarding China and a hawkish Fed also weighed on sentiment. Further strength in the commodity market added to investors' inflationary worries.

In Asia, China's market was initially impacted by slowing activity in the property sector and COVID concerns. Later in the period, the re-imposition of lockdown measures amid surging COVID cases led to consumption fears, while regulatory pressures in the internet sector hurt large index names. Geopolitical concerns weighed on sentiment as investors feared the consequences of possible sanctions if Beijing supports Russia against Ukraine. The market subsequently pared losses after China's state council signaled a shift to focus on market stability and policy support to improve growth.

Turning to Latin America, the region was helped by rising commodity prices and the relative insulation from the war in Europe. Regional heavyweight Brazil was initially impacted by political uncertainty however concerns eased over the period. The Central Bank signaled the tightening cycle may soon end, while the Senate approved an important bill authorizing a fund to ease the economic impact of high fuel prices.

News from the EMEA region was dominated by the war in Ukraine. Tensions between Russia and the West intensified amid increased sanctions and, to shore-up its ailing currency, Russia insisted that payments for gas exports should be made in rubles. Later in the period, MSCI removed Russian stocks from the index.

At the sector level, Financials, Consumer Discretionary and Technology were the largest detractors from performance. Energy and Consumer Staples were the only contributors.

On a country level, China, Brazil and Singapore were the largest detractors. Indonesia and Korea were the only contributors. At the stock level, the following contributed to relative performance: Bank Rakyat is an Indonesian bank. The company continues with strong earnings momentum, while higher interest rates provide for a further tailwind. Share price fell following Russia's invasion of Ukraine. Capitec Bank Holdings is a South African bank. Share price momentum continues to be supported by solid business expansion and macro tailwinds. Localiza is a Brazilian car rental company. Sound earnings momentum continues to be supported by strong macro sentiment in Brazil. Bank Central is an Indonesian bank. Share price has continued with strong momentum amid higher interest rates.

The following detracted from relative performance: Sea Ltd is a Singapore based consumer-internet business. Company share price was impacted by slowing game sales growth. TCS Group provides online retail financial services in Russia. Share price fell following Russia's invasion of Ukraine. Wuxi Biologics is a Chinese pharmaceutical firm. Share price suffered from geopolitical concerns as the company was added to the US commerce department's unverified list. Fix Price Group is a discount retailer with operations in Russia. Share price fell following Russia's invasion of Ukraine. PagSeguro is a Brazilian e-payments firm. Share price suffered on near term margin concerns due to rising interest rates.

## Recent Developments

Prior to Russia's invasion of Ukraine there were signs inflation would be transitory with demand rolling over and supply increasing, however, the war is likely to have a material impact on inflation, pushing food and fuel prices higher, which will put pressure on the consumer, both in emerging markets and in markets globally. Furthermore, creating an environment where rates are likely to remain higher for longer. As such the portfolio sub-advisor is increasing exposure to inflation beneficiaries, such as financials and increasing exposure to commodity producers economies, while still focusing on structural growth opportunities, emphasizing a "barbell portfolio".

Recently, one of China's senior economic officials, Liu He, reassured investors that Beijing would support the economy and financial markets. Unlike in many markets globally, China is loosening monetary policy and providing supportive fiscal policy. In terms of the recent regulatory reset, we are now moving into the execution phase and the government are promising more transparency, as a result the portfolio sub-advisor expects less volatility here than last year. In addition, while the meeting between Xi and Biden may not have provided any concrete action plans, it at least demonstrates dialogue between the two leaders. Recent developments surrounding overseas listing confidentiality rules, which in a nutshell is promoting cross-border collaboration, has provided more support for the market. All of this feels to have created a floor in the market and the 5.5% GDP growth target shows a strong incentive to turn on economic growth as we go into Xi's re-election.

In the portfolio sub-advisor's opinion, China's "Zero COVID" policy has been a constraint on the economy, and they are monitoring the progress in this area. COVID may push out the recovery but as seen globally this is hopefully a matter of months and they know once COVID passes the government will be highly incentivized to meet that GDP target. They are cognizant of the elevated geopolitical risk associated with the war and China's proximity to Russia. Although, on the positive side China seems to have no intention to escalate and has been intentionally trying to avoid any possibility of secondary sanctions.

The team are currently debating the trend of deglobalization, which began gaining traction following the trade war, this will put the spotlight on supply chains and in-time inventory management. They believe management teams and governments will think differently, with multiple supply chains and more localization. In their view this will create more investment opportunities arising versus opportunities closing.

More broadly, they believe the key long-term trend for EMs is the transition from predominantly export-led growth to reliance on buoyant domestic demand. This is reflected in the change in composition of the universe, which is now dominated by higher-quality structural growth companies with a domestic focus. Furthermore, there has been a significant increase in the number of companies coming to the market in the last decade. They believe the innovation of the EM equity universe, in terms of both depth and quality, is ideal for stock pickers and is where they can add value in active management over the long term.

## 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.



# NEI Emerging Markets Fund

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	9.62	0.02	-0.12	-0.28	-1.88	-2.26	0.00	0.00	0.00	0.00	0.00	0.00	7.38
	Sept. 2021	8.34	0.07	-0.27	0.42	0.29	0.51	0.00	0.00	0.00	0.00	0.00	0.00	9.62
	Sept. 2020	6.86	0.06	-0.21	0.51	1.17	1.53	0.00	0.07	0.00	0.00	0.00	0.07	8.34
	Sept. 2019	6.54	0.12	-0.19	0.03	0.26	0.22	0.00	0.00	0.00	0.00	0.00	0.00	6.86
	Sept. 2018	6.85	0.12	-0.21	0.04	-0.39	-0.44	0.00	0.00	0.00	0.00	0.00	0.00	6.54
	Sept. 2017	5.88	0.09	-0.18	0.30	0.69	0.90	0.00	0.00	0.00	0.00	0.00	0.00	6.85
F	Mar. 2022	20.44	0.03	-0.17	-0.60	-4.02	-4.76	0.00	0.00	0.00	0.00	0.00	0.00	15.76
	Sept. 2021	17.55	0.18	-0.36	0.91	-1.92	-1.19	0.00	0.00	0.00	0.00	0.00	0.00	20.44
	Sept. 2020	14.34	0.13	-0.29	1.07	1.96	2.87	0.00	0.20	0.00	0.00	0.00	0.20	17.55
	Sept. 2019	13.57	0.23	-0.25	0.05	0.42	0.45	0.00	0.02	0.00	0.00	0.00	0.02	14.34
	Sept. 2018	14.06	0.30	-0.29	0.07	-1.72	-1.64	0.00	0.00	0.00	0.00	0.00	0.00	13.57
	Sept. 2017	11.96	0.20	-0.25	0.61	1.54	2.10	0.00	0.00	0.00	0.00	0.00	0.00	14.06
I	Mar. 2022	18.11	0.05	-0.02	-0.53	-3.57	-4.07	0.00	0.09	0.00	0.00	0.00	0.09	14.00
	Sept. 2021	15.41	0.11	-0.04	0.79	1.14	2.00	0.00	0.10	0.00	0.00	0.00	0.10	18.11
	Sept. 2020	12.57	0.11	-0.05	0.94	2.67	3.67	0.00	0.37	0.00	0.00	0.00	0.37	15.41
	Sept. 2019	11.87	0.23	-0.04	0.05	0.81	1.05	0.00	0.17	0.00	0.00	0.00	0.17	12.57
	Sept. 2018	12.27	0.21	-0.05	0.06	-0.63	-0.41	0.00	0.16	0.00	0.00	0.00	0.16	11.87
	Sept. 2017	10.39	0.19	-0.05	0.53	1.56	2.23	0.00	0.10	0.00	0.00	0.00	0.10	12.27
O	Mar. 2022	14.36	0.04	-0.03	-0.41	-2.99	-3.39	0.00	0.01	0.00	0.00	0.00	0.01	11.15
	Sept. 2021	12.24	0.10	-0.04	0.63	-4.63	-3.94	0.00	0.09	0.00	0.00	0.00	0.09	14.36
	Sept. 2020	9.99	0.09	-0.05	0.74	1.75	2.53	0.00	0.29	0.00	0.00	0.00	0.29	12.24
	Sept. 2019	9.37	0.19	-0.04	0.04	0.50	0.69	0.00	0.07	0.00	0.00	0.00	0.07	9.99
	Sept. 2018	10.00	0.05	-0.03	0.05	-0.70	-0.63	0.00	0.00	0.00	0.00	0.00	0.00	9.37
P	Mar. 2022	15.10	0.04	-0.17	-0.44	-2.99	-3.56	0.00	0.00	0.00	0.00	0.00	0.00	11.61
	Sept. 2021	13.05	0.11	-0.38	0.67	-0.09	0.31	0.00	0.00	0.00	0.00	0.00	0.00	15.10
	Sept. 2020	10.68	0.10	-0.30	0.80	1.89	2.49	0.00	0.09	0.00	0.00	0.00	0.09	13.05
	Sept. 2019	10.00	0.22	-0.24	0.04	0.92	0.94	0.00	0.00	0.00	0.00	0.00	0.00	10.68
PF	Mar. 2022	15.44	0.04	-0.10	-0.45	-2.91	-3.42	0.00	0.00	0.00	0.00	0.00	0.00	11.93
	Sept. 2021	13.20	0.12	-0.21	0.68	-1.26	-0.67	0.00	0.00	0.00	0.00	0.00	0.00	15.44
	Sept. 2020	10.79	0.09	-0.18	0.81	2.13	2.85	0.00	0.20	0.00	0.00	0.00	0.20	13.20
	Sept. 2019	10.00	0.31	-0.15	0.04	0.76	0.96	0.00	0.00	0.00	0.00	0.00	0.00	10.79

(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	7,880.23	1,067.48	2.55	2.70	0.15	38.34	7.38
	Sept. 2021	9,215.04	958.22	2.53	2.69	0.09	27.13	9.62
	Sept. 2020	4,209.28	504.61	2.54	2.70	0.22	72.12	8.34
	Sept. 2019	3,789.65	552.79	2.52	2.68	0.19	52.20	6.86
	Sept. 2018	4,887.28	747.17	2.52	2.88	0.20	65.09	6.54
	Sept. 2017	4,353.67	635.93	2.52	2.95	0.36	74.72	6.85
F	Mar. 2022	6,228.30	395.26	1.51	1.51	0.15	38.34	15.76
	Sept. 2021	10,744.14	525.73	1.50	1.50	0.09	27.13	20.44
	Sept. 2020	1,010.22	57.55	1.51	1.51	0.22	72.12	17.55
	Sept. 2019	691.19	48.21	1.50	1.50	0.19	52.20	14.34
	Sept. 2018	955.95	70.47	1.51	1.71	0.20	65.09	13.57
	Sept. 2017	346.57	24.65	1.51	1.78	0.36	74.72	14.06
I	Mar. 2022	395,302.63	28,239.55	N/A	N/A	0.15	38.34	14.00
	Sept. 2021	544,538.87	30,076.25	N/A	N/A	0.09	27.13	18.11
	Sept. 2020	283,647.54	18,410.44	N/A	N/A	0.22	72.12	15.41
	Sept. 2019	168,580.91	13,410.05	N/A	N/A	0.19	52.20	12.57
	Sept. 2018	138,770.30	11,686.02	N/A	N/A	0.20	65.09	11.87
	Sept. 2017	113,039.14	9,211.30	N/A	N/A	0.36	74.72	12.27
O	Mar. 2022	535.97	48.07	0.09	0.09	0.15	38.34	11.15
	Sept. 2021	312.44	21.75	0.09	0.09	0.09	27.13	14.36
	Sept. 2020	1.27	0.10	0.09	0.09	0.22	72.12	12.24
	Sept. 2019	1.01	0.10	0.09	0.09	0.19	52.20	9.99
	Sept. 2018	0.94	0.10	0.09	0.09	0.20	65.09	9.37
P	Mar. 2022	3,992.03	343.95	2.23	2.28	0.15	38.34	11.61
	Sept. 2021	4,508.14	298.61	2.22	2.27	0.09	27.13	15.10
	Sept. 2020	1,484.60	113.73	2.25	2.30	0.22	72.12	13.05
	Sept. 2019	1,176.82	110.15	2.35	2.40	0.19	52.20	10.68
PF	Mar. 2022	13,106.36	1,098.53	1.16	1.16	0.15	38.34	11.93
	Sept. 2021	10,607.64	687.18	1.15	1.15	0.09	27.13	15.44
	Sept. 2020	983.61	74.54	1.18	1.18	0.22	72.12	13.20
	Sept. 2019	485.62	45.02	1.20	1.20	0.19	52.20	10.79

(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	2.00	52.65	47.35
Series F	1.00	100.00	N/A
Series P	1.75	42.85	57.15
Series PF	0.75	100.00	N/A

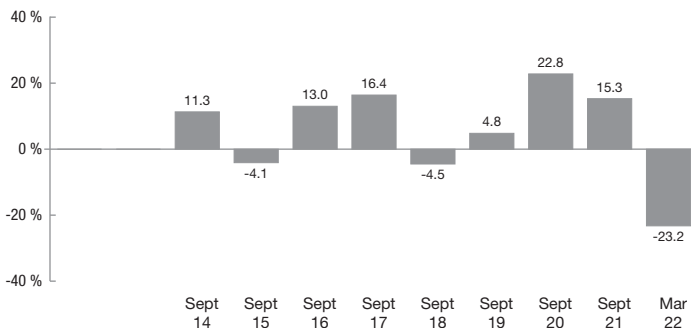
## Past Performance

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.

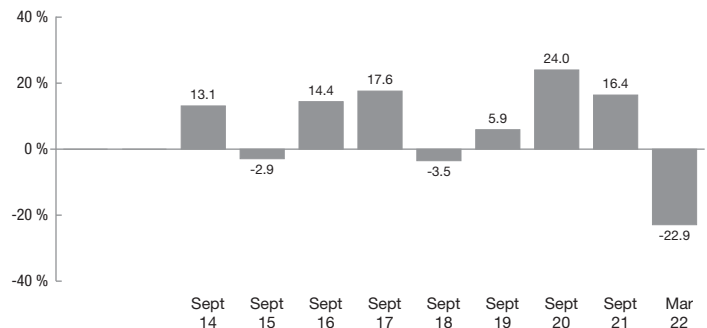
### Year-by-Year Returns

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.

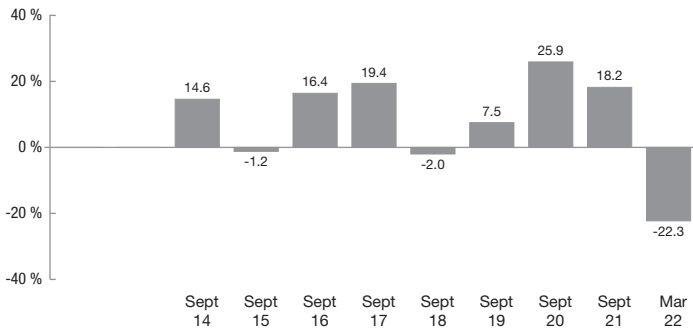
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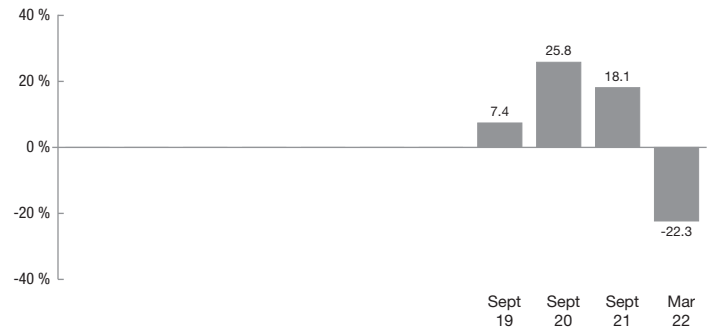
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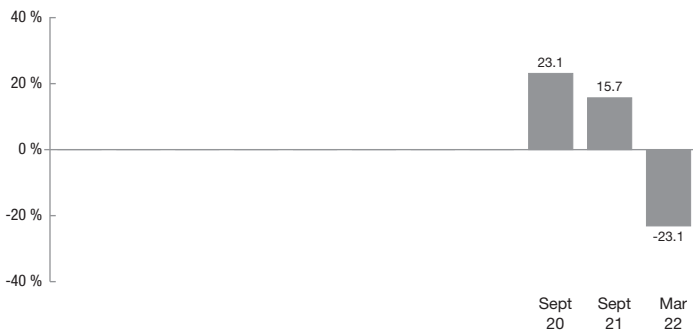
**Series I**



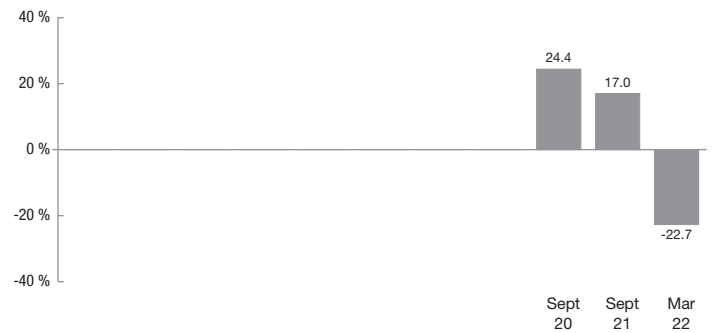
**Series O**



**Series P**



**Series PF**



There was an investment objective change effective May 6, 2013 for Series A, Series F and Series I that could have materially impacted performance during the period. Performance restarted as a result of Fund mergers in 2013.

On or about July 13, 2020, the Portfolio sub-advisor began to apply parts of the Manager’s responsible approach to investing to the Fund. Performance for the periods before and after this change could have differed had the change not occurred or occurred at a different date.



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

Total Net Asset Value: \$427,045,515

Top Holdings		%
1	Taiwan Semiconductor Manufacturing Company, ADR	8.3
2	Samsung Electronics	7.3
3	Tencent Holdings	5.5
4	Bank Rakyat Indonesia	4.1
5	MercadoLibre	3.4
6	Bank Central Asia	3.0
7	Reliance Industries	2.8
8	Cash and Equivalents	2.8
9	Infosys, ADR	2.8
10	JD.com, ADR	2.6
11	Meituan-Dianping, Class B	2.6
12	Bajaj Finance	2.6
13	Globant	2.3
14	Localiza Rent a Car	2.3
15	Capitec Bank Holdings	2.2
16	Samsung Biologics	2.2
17	SK Hynix	2.1
18	Techtronic Industries	2.0
19	NAVER	1.9
20	Cathay Financial Holdings	1.9
21	Sea, ADR	1.8
22	Muangthai Capital	1.7
23	Itaú Unibanco Banco Multiplo	1.6
24	Walmart de Mexico SAB de CV	1.6
25	AIA Group	1.5
	Total	72.9

Net Asset Value Mix		%
Equity	97.2	
Cash and Equivalents	2.8	
Total	100.0	

Sector Allocation		%
Information Technology	32.1	
Financials	25.6	
Consumer Discretionary	11.0	
Communication Services	9.1	
Industrials	7.5	
Health Care	7.5	
Energy	2.8	
Cash and Equivalents	2.8	
Consumer Staples	1.6	
Total	100.0	

Geographic Distribution		%
Cayman Islands	20.1	
South Korea	17.2	
Other Countries	16.9	
Taiwan	12.5	
India	12.0	
Indonesia	7.2	
Hong Kong	5.9	
Brazil	5.4	
Cash and Equivalents	2.8	
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.