

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 Balanced Private Portfolio's Series W units returned -3.2% for the six months ended March 31, 2022 compared with a return of -1.0% for the benchmark explained below.

Unlike the benchmark return, the Portfolio's returns are after the deduction of fees and expenses paid by the Portfolio. 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 blended benchmark is composed of 50% FTSE Canada Universe Bond Index, 15% S&P/TSX Composite TR Index and 35% MSCI World NR Index (C\$).

The Portfolio's net asset value increased by 12.69% during the period, from \$417,969,880 as at September 30, 2021 to \$471,013,999 as at March 31, 2022. This change in net assets is attributed to net unitholder activity of \$68,888,602 and -\$15,844,483 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

For the six-month period ending March 31, 2022, markets were rocked by volatility ending the period just a notch higher. Despite the Omicron variant and elevated inflation, equities initially rose into the end of the 2021 on the backdrop of strong corporate earnings. The sentiment quickly turned in the new year as headline inflation continued rise to multi-decade highs and developed economy central banks expressed interest in taking on a more aggressive stance in response. Developed economy central banks accelerated their pace of monetary tightening, looking to end quantitative easing earlier than previously anticipated with some kicking off their rate hike cycle. Investor sentiment took another hit as Russia initiated its invasion of Ukraine, further increasing inflation pressures as the region is a large exporter of agriculture and energy. Central banks are caught in a dilemma as economic projections forecast lower growth and higher inflation. Global equities managed to post positive returns as earnings forecasts continued to steadily climb even as inflation and bond yields surged. The MSCI World (C\$) returned 0.78% while the Bloomberg Barclays Global Aggregate (C\$ Hedged) returned -4.92% during the period.

The Bank of Canada wrapped up its quantitative easing asset purchase program, moving it to a reinvestment phase where it would no longer expand its bond holdings, and raised rates for the first time in March since the onset of COVID by 25 basis points to 0.50%. Coronavirus restrictions from the Omicron variant were eased at the end of January. The unemployment rate fell to 5.5% already lower than the 5.7% reading pre-pandemic February 2020 and combined with elevated inflation gave the Bank of Canada confidence to hike rates, hinting that more would come in order to tame inflation. Canadian equities were among the strongest performers for the period as commodity prices surged on shortages due to the rapidly reopening global economies and the Russia-Ukraine war breaking out. The S&P/TSX Composite returned 10.54% and the FTSE Canada Universe Bond returned -5.60%.

In the U.S., the Federal Reserve became increasingly anxious as inflation surged to multi-decade highs. The Fed meeting minutes revealed growing concerns amongst members, to which the Fed announced it was accelerating the rate of the tapering of its asset purchase program. The focus has clearly shifted to the stable price component of the Fed's dual mandate as inflation pressures mount as Fed Chairman Jerome Powell said that U.S. labour market conditions were consistent with maximum employment. The Fed "dot plot" projections saw median projections rise to seven hikes for the year of 2022 and treasury yields soared. The S&P 500 (C\$) returned 4.43% over the period and the Bloomberg Barclays U.S. Aggregate (C\$ Hedged) returned -5.93%.

In Europe, the Bank of England took markets by surprise becoming the world's first major central bank to raise interest rates since the pandemic, quickly followed up by a second and third hike. The European Central Bank confirmed an early end to their pandemic emergency purchase programme, signaling strong concerns about the elevated inflation numbers, even more so than slowing economy growth, and indicated that a rate hike would be on the table later this year. An unreliable supply of gas, falling investments in thermal energy, and maintenance work on nuclear power plants led to a sharp rise in energy prices across the continent, adding to the inflation even prior to the Russia-Ukraine war. The Russia-Ukraine war amplified these shortcomings as the region is heavily reliant on Russian energy. Japanese equities lagged as the country struggled to contain the virus and new waves repeatedly delayed Japan's reopening. The rising geopolitical tension also looks to have taken a toll, as global sentiment took a hit on exports. The MSCI Europe (C\$) returned -3.50% over the period while the MSCI Japan (C\$) returned -11.57%.

Emerging market economies continue to experience a weaker recovery than advanced economies, in the face of slower vaccination progress, less policy support, and more pronounced scarring effects from the pandemic. The Chinese economy continues to feel the burden from the real estate crisis and regulatory crackdowns. The China's National People's Congress held its annual session in early March, setting a target growth rate of 5.5% and listing its main objectives as setting the economy on course for a steady expansion in 2022, prioritizing job creation, and increasing social welfare. However, this growth target looks to be at risk as the country faces a renewed COVID wave. The government's zero COVID tolerance policy has resulted in widespread lockdowns in cities including Shanghai and Shenzhen, as well as the entire Province of Jilin. To add to the matter, the escalation of the Russia-Ukraine conflict and the rising prices of commodities is also hitting investor sentiment. Russian financial securities fell sharply as Western nations imposed sanctions on its key economic drivers, including oil pipelines and the SWIFT payment system. The MSCI Emerging Markets (C\$) returned -9.48%.

Over the period, the NEI Global Equity Pool (Series I) was a top contributor, while the NEI Fixed Income Pool (Series I) was a detractor.

Recent Developments

Inflationary pressures have remained stubbornly persistent, moving consumer price indices to multi-decade highs in many regions around the world. Inflation was previously expected to peak in the second quarter of the year, but that may no longer be the case anymore as commodity prices surged as the Ukraine-Russia conflict escalated as Russia initiated an invasion and supply chain disruptions further intensify as China faces widescale lockdowns in face of a renewed wave. Growth projections on the other hand are waning in face of these headwinds. Nonetheless, central banks have pinpointed elevated inflation as the more pressing matter and investors are bracing for higher interest rates. The odds of a recession have no doubt risen, but a recession itself looks unlikely at this time. The underlying economy looks strong with the labour market continuing to post robust gains and corporate earnings continuing to hold strong. That stated, uncertainty is definitely elevated, and as we are still early in the rate hike cycle we expect more volatility to come in the months ahead.

In Canada, the month of March saw indoor capacity limitations lifted and vaccine requirements are now at the discretion of each business and not federally mandated. Travel requirements are also becoming more open. These measures being lifted will lead to increases in jobs and with that likely spending as well, both of which could further drive inflation higher. However, Omicron has shown that route to reopening is not simple and that going forward the path is likely going to have some setbacks. Canadian employment indicators will be key to watch in coming months, and will likely dictate central banks' appetites for interest rate hikes. Continued strong readings could reinforce the notion of 50 basis points hikes to come at future meetings. As of the end of March, markets are pricing as many as eight more hikes to come (25 bps each), which already means that there are multiple 50 bps hikes priced in, but watch for strong job numbers to confirm these expectations.

The U.S. Federal Reserve's latest Summary of Economic Projections saw 2022 growth expectations revised down to 2.8% from 4.0%, while inflation expectations gauged by personal consumption expenditures rose to 4.3% from 2.6%. Despite the slowing growth, the Fed dot plot, which reflects Fed officials' outlook for the Fed Funds Rate, saw the median projection rise to seven hikes for 2022, compared to just three hikes previously forecasted in December. This mounting inflation has the Fed seeing the need for rates to increase above the neutral rate over the next two years in order to counter these elevated levels of inflation, as the Fed looks towards a soft landing for the economy as it looks to tame inflation.

The reality is the economic risks are much greater for Europe than in the U.S. The reliance on Russian energy is one factor, but the E.U.'s economy is also much more dependent on trade, which could be negatively affected by continuing geopolitical problems that could reduce trade as firms look to decrease their foreign exposures to reduce risk. As such, the challenges for Europe are greater than North America, where the corporate landscape looks more favourable. Currently, the economic contagion into other countries from the Russia-Ukraine conflict has been limited. However, these geopolitical risks could see macroeconomic risks expand to other regions. Inflation risks running hotter as Russia and Ukraine are large commodity exporters, and supply disruptions could also further contribute with these new sanctions in place.

Higher commodity prices pose a significant risk to manufacturing hubs that are often concentrated in the emerging market space, such as China. To make matters worse, China is already facing a slowdown due from housing and regulatory tightening. The Chinese government has announced a target growth rate of 5.5%, but markets view it as a stretch goal, unless the country is to unleash more policy support. Global liquidity conditions are also a concern. Although the sanctions are specifically Russia-focused, investors around the world could look to de-risk as their investment appetite wanes, especially as rising geopolitical tensions start seeping into growth, inflation, and interest rate concerns.

Related Party Transactions

Northwest & Ethical Investments L.P. ("NEI LP") is the Manager, Trustee, Portfolio Manager and Registrar of the Portfolio. 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 Portfolio a fixed administration fee in place of certain variable expenses. NEI LP in turn, pays all operating expenses of the Portfolio, other than specified portfolio 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 Portfolio. Desjardins Trust is a wholly-owned subsidiary of the Fédération. The Portfolio may engage in securities lending and repurchase transactions, and Desjardins Trust may act as the Portfolio's securities lending and repurchase transactions agent ("Agent"). Any revenue earned on such transactions is split 60%—40% between the Portfolio and the Agent. Desjardins Securities Inc. ("DSI") is a broker responsible for security transactions on behalf of the Portfolio. DSI is wholly-owned subsidiary of the Fédération.

Where applicable the amounts paid in commission by the Portfolio 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	10,679,012	4,218,992

The Portfolio's sub-advisors may place a portion of their 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 Portfolio is distributed through Credential Asset Management Inc. and Credential Qtrade Securities Inc. 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 Portfolio 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 Portfolio did not rely on an approval, positive recommendation or standing instruction from the Portfolio'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 Portfolio 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 Portfolio and are intended to help you understand the Portfolio'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⁾
W	Mar. 2022	10.02	0.23	-0.09	0.00	-0.48	-0.34	0.00	0.00	0.14	0.05	0.07	0.26	9.45
	Sept. 2021	9.81	0.20	-0.18	0.00	0.64	0.66	0.00	0.00	0.02	0.02	0.46	0.50	10.02
	Sept. 2020	9.92	0.14	-0.18	0.00	0.47	0.43	0.00	0.00	0.00	0.00	0.50	0.50	9.81
	Sept. 2019	10.00	0.05	-0.04	0.00	0.06	0.07	0.00	0.00	0.01	0.00	0.12	0.13	9.92
WF	Mar. 2022	10.25	0.24	-0.04	0.00	-0.55	-0.35	0.00	0.00	0.20	0.04	0.02	0.26	9.72
	Sept. 2021	9.93	0.21	-0.08	0.00	0.64	0.77	0.00	0.00	0.13	0.02	0.36	0.51	10.25
	Sept. 2020	9.95	0.14	-0.08	0.00	0.41	0.47	0.00	0.00	0.06	0.00	0.44	0.50	9.93
	Sept. 2019	10.00	0.03	-0.02	0.00	0.07	0.08	0.00	0.00	0.02	0.00	0.11	0.13	9.95

(1) All per unit figures presented in 2022 are referenced to net assets determined in accordance with IFRS and are derived from the Portfolio'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 Portfolio.

(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 Portfolio.

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 (\$)
	Sept. 2021	361,474.29	36,078.93	1.81	1.81	0.00	0.38	10.02
	Sept. 2020	196,883.30	20,074.61	1.83	1.83	0.08	5.88	9.81
	Sept. 2019	24,234.24	2,442.39	1.96	1.96	0.10	0.00	9.92
WF	Mar. 2022	75,914.29	7,809.40	0.75	0.75	0.00	0.02	9.72
	Sept. 2021	56,495.59	5,511.36	0.75	0.75	0.00	0.38	10.25
	Sept. 2020	28,572.51	2,876.71	0.77	0.77	0.08	5.88	9.93
	Sept. 2019	6,286.65	632.10	0.81	0.81	0.10	0.00	9.95

(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 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 Portfolio's sub-advisor manages its investment holdings. A portfolio turnover rate of 100% is equivalent to the Portfolio 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 Portfolio 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 Portfolio.

Management Fees

The Manager is responsible for the management, supervision and administration of the Portfolio. The Manager receives from the Portfolio management fees, before HST, calculated daily on the net asset value of the Portfolio at an annual rate shown below.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Portfolio. 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 Portfolio held by the dealer’s clients. No trailer fees are paid in respect of any Series WF units of the Portfolio.

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.

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 Portfolio:

	Management Fee (%)	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series W	1.55	35.48	64.52
Series WF	0.55	100.00	N/A

Past Performance

The performance information provided will not necessarily indicate how the Portfolio will perform in the future. The information shown assumes that distributions made by the Portfolio in the periods shown were reinvested in additional units of the relevant series of the Portfolio. 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 Portfolio for each period shown and illustrate how the Portfolio'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 W



Series WF



Summary of Investment Portfolio as at March 31, 2022

Total Net Asset Value: \$471,013,999

Top Holdings		%
1	NEI Fixed Income Pool, Series I	36.7
2	NEI Global Equity Pool, Series I	30.4
3	NEI Managed Asset Allocation Pool, Series I	19.9
4	NEI Canadian Equity Pool, Series I	10.0
5	NEI Global Impact Bond Fund, Series I	3.0
	Total	100.0

Net Asset Value Mix ⁽¹⁾		%
	Equity	39.7
	Fixed Income	35.7
	Unit Trust	19.7
	Cash and Equivalents	3.7
	Mortgage-Backed Securities	1.0
	Other	0.2
	Total	100.0

Sector Allocation ⁽¹⁾		%
	Index-Based Investments	19.7
	Corporate Bonds	15.4
	Information Technology	10.2
	Federal Bonds	9.4
	Financials	8.4
	Provincial and Crown Corporations Bonds	8.2
	Industrials	4.4
	Health Care	3.9
	Cash and Equivalents	3.7
	Consumer Staples	3.6
	Consumer Discretionary	3.1
	Communication Services	2.8
	Foreign Government Bonds	1.5
	Energy	1.3
	Mortgage-Backed Securities	1.0
	Materials	0.9
	Utilities	0.8
	Supranational Bonds	0.7
	U.S. Government Bonds	0.4
	Real Estate	0.3
	Other	0.2
	Municipal Bonds	0.1
	Total	100.0

Geographic Distribution ⁽¹⁾	%
Canada	48.0
United States	32.3
Other Countries	16.0
Cash and Equivalents	3.7
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).

"Unit Trust" includes REITs, ETFs, and other similarly structured investment vehicles.

"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. For the prospectus and other information about the underlying investment fund(s) held in the portfolio, visit www.neiinvestments.com or www.sedar.com.