

Annual Report of the Independent Review Committee
of the NEI Investments Funds
Covering the period October 1, 2020, to September 30, 2021

November 3, 2021

Independent Review Committee annual report to Securityholders in the NEI Investments Funds (the “Funds”) set out at the end of this report.

Dear Investor:

In accordance with **National Instrument 81-107 Independent Review Committee for Investment Funds** (“NI 81-107” or the “Instrument”), the Independent Review Committee (the “IRC”) for all of the Funds managed by NEI Investments¹ (the “Manager”) has functioned in accordance with the applicable securities laws, including the Instrument, which requires that an IRC be composed of at least three individuals, each of whom must be independent of the Funds, the Manager and each entity related to the Manager (as defined in the Instrument).

The IRC is pleased to publish its annual report to securityholders, covering the period from October 1, 2020, to September 30, 2021 (“the Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of any such conflict-of-interest matter to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC is to provide a recommendation to the Manager as to whether, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict-of-interest matter to the IRC. In those cases, it has sought to ensure that the

¹ Northwest & Ethical Investments L.P., operating through its general partner, Northwest & Ethical Investments Inc., carrying on business as NEI Investments.

Manager's proposed course of action represents a fair and reasonable result for each of the relevant Funds.

The IRC has engaged Independent Review Inc. to assist it in its duties in accordance with the provisions of the Instrument and the IRC's Written Charter, to provide certain administrative and record keeping functions, and to act as the IRC's independent secretariat.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

Name and municipality of residence	Principal Occupation	Term of Office
Marie Rounding (Chair) Toronto, Ontario	Counsel, Gowling WLG (Canada) LLP (retired) and Corporate Director	Initial appointment effective October 1, 2014. Renewed effective October 1, 2020, until September 30, 2023.
W. William Woods, Toronto, Ontario	Consultant, Independent Director, former CEO of Bermuda Stock Exchange	Initial appointment effective October 1, 2015 Renewed effective October 1, 2021, until September 30, 2024.
Michele McCarthy, Toronto, Ontario	President, McCarthy Law Professional Corp., and President Independent Review Inc.	Initial appointment effective November 6, 2019, for a period for three years.

William Woods' term was renewed on May 12, 2021, for a period of three years effective October 1, 2021. The re-appointment extended William Woods' total years of service beyond the 6-year term limit set out in the Instrument. However, the Manager has provided its consent to, and agreement with, the re-appointment beyond the 6-year term limit in accordance with the provisions of the Instrument.

Compensation and Indemnification

Members' Fees

In aggregate, during the Reporting Period the members of the IRC were paid \$90,000.

Review of Compensation

At least annually, the IRC reviews its compensation considering the following:

- i. the best interests of the Funds;
- ii. that compensation paid to the IRC by the Funds should fairly and reasonably reflect the general and specific benefits accruing to that Fund;
- iii. the nature and extent of the workload of each member of the IRC; and,
- iv. industry best practices including industry averages and surveys on IRC compensation.

The IRC determined that no changes were required in its compensation.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity to the fullest extent permitted by NI 81-107. No indemnities were paid to any IRC Member by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As of September 30, 2021, the IRC Members did not beneficially own, directly or indirectly investments in:

- any units in any of the Funds;
- any interests in the Manager; or,
- any interests in a company or person that provides services to the Manager or to the Funds to the best of their knowledge.

Recommendations and Approvals

On November 5, 2020 - the Manager informed the IRC that Amundi Asset Management ("Amundi"), a sub-advisor to the NEI Global Total Return Bond Fund (the "Fund"), had purchased securities on behalf of the Fund that were related entities of Amundi. The Manager made two referrals to the IRC regarding the Amundi purchases: i) with those purchased in the primary market; and ii) dealing with the securities purchased in the secondary market.

i) Primary Market Purchases - The Manager's proposed resolution is to allow the Fund to continue to hold the securities purchased through the primary market. The primary reason for allowing these securities to remain in the Fund is that the purchase of those securities would be in compliance with the legislative amendments proposed by the OSC ("*Transactions in securities of related issuers – Primary market distributions*"). This amendment was published in September 2019 and essentially proposes to permit primary market distributions under the set of conditions set out in the proposed changes.

The Manager has enhanced its quarterly certification and its due diligence process with respect to related party issuers. Based upon the review of the information provided to the IRC by the Manager and the answers to the questions asked by the IRC, the IRC has concluded that the Manager's proposed course of action would achieve a fair and reasonable result for the Fund.

After reasonable enquiry and relying on the Manager's memorandum and supporting documentation as well as information provided before and during the meeting the IRC unanimously determined that the Manager's proposed course of action to continue to hold the related party securities purchased by Amundi on the primary market achieves a fair and reasonable result for the Fund.

ii) *Secondary Market Purchases:* The Manager’s proposed resolution is to permit the Fund to continue to hold the securities purchased through the secondary market. The Manager recommended that it should be allowed to continue to hold the securities since they are constituents of the Index that the Fund follows. If it were not allowed to hold these securities, then the Fund would not track the index. The Manager has instituted several additional guidelines to minimize the conflict.

After reasonable enquiry and relying on the Manager’s memorandum and supporting documentation as well as information provided before and during the meeting the IRC unanimously determined that the Manager’s proposed course of action to continue to hold the related party securities purchased by Amundi on the secondary market achieved a fair and reasonable result for the Fund.

On November 5, 2020 - the Manager proposed the following fund mergers:

Terminating Fund	Continuing Fund
1. NEI U.S. Equity Fund	NEI U.S. Equity RS Fund
2. NEI International Equity Fund	NEI International Equity RS Fund
3. NEI Select Income Portfolio	NEI Select Income RS Portfolio
4. NEI Select Income & Growth Portfolio	NEI Select Income & Growth RS Portfolio
5. NEI Select Balanced Portfolio	NEI Select Balanced RS Portfolio
6. NEI Select Growth & Income Portfolio	NEI Select Growth & Income RS Portfolio
7. NEI Select Growth Portfolio	NEI Select Growth RS Portfolio
8. NEI Select Maximum Growth Portfolio	NEI Select Maximum Growth RS Portfolio
9. NEI Tactical Yield Portfolio	NEI Balanced Yield Portfolio

The Manager noted that the primary reason for the proposed fund mergers was strategic in nature and related to Manager’s goal to move towards a Responsible Investing focused line-up over a two to three-year horizon. Another reason for the proposed mergers was to address clear product redundancies (having two funds in the same category) and harmonize NEI’s current line-up of portfolios such that there was only one portfolio per risk profile. These redundancies were primarily attributable to legacy issues associated with historical mergers of the Ethical Funds and Northwest Funds complexes in 2009 and the OceanRock (“ORI”) and NEI fund complexes in late 2018. In completing these mergers, the Manager reviewed the overlap in the mandates and directed the transition manager to prune the issuers within each mandate to conform to the ESG mandate in the Continuing Fund in each case. Based upon the review of the information provided to the IRC by the Manager and the answers to the questions asked by the IRC, the IRC has concluded that the Manager’s proposed course of action would achieve a fair and reasonable result for the Fund. After reasonable enquiry and based on the information provided to the IRC by the Manager, both verbally and in writing, prior to and during the meeting, and the information set out herein generally the IRC unanimously determined that the Manager’s proposed course of action to merge the funds as above noted provides a fair and reasonable

result for each of the Terminating Funds.

On November 5, 2020 - The Manager proposed to convert NEI Global High Yield Bond Fund (“GHYB”) and NEI Global Value Fund (“GVF”) (the “Funds”) to full ESG mandates, meaning that, subject to unitholder approvals, these funds would then follow NEI’s Responsible Investing approach as described in the prospectus. These changes constituted a change in fundamental investment objectives. Based upon the review of the information provided to the IRC by the Manager and the answers to the questions asked by the IRC, the IRC has concluded that the Manager’s proposed course of action would achieve a fair and reasonable result for the Fund. After reasonable enquiry and based on the information provided to the IRC by the Manager, both verbally and in writing, prior to and during the meeting, and the information set out herein generally the IRC unanimously determined that the Manager’s proposed course of action to change the fundamental investment objectives of the Funds provides a fair and reasonable result for each of the Funds.

On May 12, 2021, the Manager proposed to merge the NEI Growth & Income Fund (“Terminating Fund”) into the NEI Select Growth & Income RS Portfolio (“Continuing Fund”). The Manager indicated that, subject to securing all requisite approvals, the fund would be merged in November 2021. The Manager indicated to the IRC that the primary reason for the proposed fund merger was strategic in nature and related to Manager’s goal to move towards a product line-up focused on Responsible Investing. Based upon the review of the information provided to the IRC by the Manager and the answers to the questions asked by the IRC, the IRC has concluded that the Manager’s proposed course of action would achieve a fair and reasonable result for the NEI Select Growth & Income RS Portfolio.

After reasonable enquiry and based on the information provided to the IRC by the Manager, both verbally and in writing, prior to and during the meeting, and the information set out herein generally the IRC unanimously determined that the Manager’s proposed course of action to merge the NEI Growth & Income Fund into the NEI Select Growth & Income RS Portfolio achieves a fair and reasonable result for the NEI Select Growth & Income RS Portfolio:

On May 12, 2021, the Manager proposed amendments to the Investment Policy Statement, Investment Objectives, and Strategies to pivot to a global growth ESG (Responsible Investing) mandate for the NEI Global Equity Fund (“GEF” or the “Fund”). The change in investment objectives for the Fund is part of its overarching business strategy all its funds to 100% adherence to Responsible Investing.

The current investment objective is: *“The Fund aims for long-term growth by investing primarily in foreign equity securities across all market capitalizations. The Fund is usually invested in large and medium sized well-capitalized foreign (including the United States) companies, which are listed on principal global stock exchanges. The balance of the Fund’s assets is short-term fixed income securities.”*

The Manager indicated that the proposed changes provided an opportunity to re-position GEF as an explicit ESG option that can provide targeted exposure to the growth factor. This would improve balance across NEI’s suite of products and provide building blocks for ESG portfolios that would complement other funds in the NEI Select RS Portfolios.

The new investment objective is: *“The Fund seeks to achieve long term growth by investing in a global portfolio of equities, which include common stock and other equity securities of issuers located in countries of throughout developed and emerging markets.”*

Based upon the review of the information provided to the IRC by the Manager and the answers to the

questions asked by the IRC, the IRC has concluded that the Manager's proposed course of action achieves a fair and reasonable result for the NEI Global Equity Fund.

After discussion, based on the reasonable enquiries, the IRC determined that the Manager's proposed course of action to change the investment objectives for NEI Global Equity Fund achieves a fair and reasonable result for the NEI Global Equity Fund.

Standing Instructions Approved

The IRC has approved five Standing Instructions (Sis), which constitute a written approval or recommendation from the IRC that permit the Manager to proceed with the specific action(s) set out in the SIs on an ongoing basis, without having to refer the conflict-of-interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. In each case, the SIs require the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: *Omnibus*. This SI deals with several conflicts of interest matters including:

1. Expenses charged to the Funds
2. Expense allocations
3. Excessive trading policy
4. Trade allocations
5. Net asset value error correction policy
6. Correcting other material securityholder transaction errors
7. Seeking best execution
8. Soft dollar arrangements
9. Favouritism policy
10. Proxy voting policy
11. Sub-advisory services provided by related parties
12. Changing sub-advisors
13. Monitoring sub-advisors
14. Employee personal trading policy
15. Trading policies for sub-advisors
16. Short-term trading and late trading policy
17. Services provided by related parties
18. Trading policies including broker selection and trade allocations

The Manager relied on SI No. 1 during the Reporting Period.

Standing Instruction No. 2: *Portfolio Pricing Issues: Fair Valuing Securities.*

The Manager relied on SI No. 2 during the Reporting Period.

Standing Instruction No. 3: *Related Party Issues: A Fund Purchases Securities Underwritten by a Company Related to the Manager or to a Sub-Advisor.*

The Manager did not rely on SI No. 3 during the Reporting Period.

Standing Instruction No. 4: *Related Party Issues: Inter-fund Trades* The Manager did not rely on SI No. 4 during the Reporting Period.

Standing Instruction No. 5: *A Fund Purchases Securities (Whether Debt or Equity) Issued by a Company Related to a Sub- advisor (Adopted June 5, 2020)*

The Manager relied on SI No. 5 during the Reporting Period.

This report is available on the Manager's website at NEIinvestments.com or you may request a copy, at no cost to you, by contacting the Manager at (416) 594-6633 or 1-888-809-3333 or by emailing the Manager at clientservice@NEIinvestments.com. This document and other information about the NEI Funds are available on www.sedar.com.

"Marie Rounding"

Marie Rounding, Chair

EFFECTIVE SEPTEMBER 30, 2021

	FUNDS	FONDS
1.	NEI Balanced Private Portfolio	Portefeuille privé NEI équilibré
2.	NEI Balanced Yield Portfolio	Portefeuille NEI rendement équilibré
3.	NEI Canadian Bond Fund	Fonds d'obligations canadiennes NEI
4.	NEI Canadian Dividend Fund	Fonds de dividendes canadiens NEI
5.	NEI Canadian Equity Fund	Fonds d'actions canadiennes NEI
6.	NEI Canadian Equity RS Fund	Fonds d'actions canadiennes ER NEI
7.	NEI Canadian Small Cap Equity Fund	Fonds d'actions canadiennes petite capitalisation NEI
8.	NEI Canadian Small Cap Equity RS Fund	Fonds d'actions canadiennes petite capitalisation ER NEI
9.	NEI Conservative Yield Portfolio	Portefeuille NEI Rendement conservateur
10.	NEI Emerging Markets Fund	Fonds des marchés émergents NEI
11.	NEI Environmental Leaders Fund	Fonds leaders en environnement NEI
12.	NEI ESG Canadian Enhanced Index Fund <i>(Formerly NEI Jantzi Social Index® Fund)</i>	Fonds indiciel canadien amélioré ESG NEI <i>(Auparavant, Fonds indiciel Jantzi SocialIMD NEI)</i>
13.	NEI Global Dividend RS Fund	Fonds de dividendes mondial ER NEI
14.	NEI Global Equity Fund	Fonds d'actions mondiales NEI
15.	NEI Global Equity RS Fund	Fonds d'actions mondiales ER NEI
16.	NEI Global High Yield Bond Fund	Fonds d'obligations mondiales à rendement élevé NEI
17.	NEI Global Impact Bond Fund	Fonds d'obligation d'impact mondial NEI
18.	NEI Global Sustainable Balanced Fund <i>(Formerly NEI Balanced RS Fund)</i>	Le Fonds équilibré durable mondial NEI <i>(Auparavant, Fonds équilibré ER NEI)</i>
19.	NEI Global Total Return Bond Fund	Fonds d'obligations mondiales à rendement global NEI
20.	NEI Global Value Fund	Fonds de valeur mondial NEI

	FUNDS	FONDS
21.	NEI Growth and Income Fund	Fonds croissance et revenu NEI
22.	NEI Growth Private Portfolio	Portefeuille privé NEI croissance
23.	NEI Income & Growth Private Portfolio	Portefeuille privé NEI revenu et croissance
24.	NEI Income Private Portfolio	Portefeuille privé NEI revenu
25.	NEI International Equity RS Fund	Fonds d'actions internationales ER NEI
26.	NEI Money Market Fund	Fonds de marché monétaire NEI
27.	NEI Select Balanced RS Portfolio	Portefeuille NEI ER Sélect équilibré
28.	NEI Select Growth & Income RS Portfolio	Portefeuille NEI ER Sélect croissance et revenu
29.	NEI Select Growth RS Portfolio	Portefeuille NEI ER Sélect croissance
30.	NEI Select Income & Growth RS Portfolio	Portefeuille NEI ER Sélect revenu et croissance
31.	NEI Select Income RS Portfolio	Portefeuille NEI ER Sélect revenu
32.	NEI Select Maximum Growth RS Portfolio	Portefeuille NEI ER Sélect croissance maximale
33.	NEI U.S Dividend Fund	Fonds de dividendes américains NEI
34.	NEI U.S Equity RS Fund	Fonds d'actions américaines ER NEI
35.	NEI Fixed Income Pool	Mandat NEI revenu fixe
36.	NEI Global Equity Pool	Mandat NEI actions mondiales
37.	NEI Managed Asset Allocation Pool	Mandat NEI répartition d'actifs sous gestion
38.	NEI Canadian Equity Pool	Mandat NEI actions canadiennes

Schedule A
IRC Members who sit on IRCs for other Fund Families as of September 30, 2021

Marie Rounding served as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Emerge Canada Inc.

Michèle McCarthy served as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by EHP Partners Inc.;

Investment funds that are reporting issuers managed by Hazelview Securities Inc.

Investment funds that are reporting issuers managed by Picton Mahoney Asset Management Inc.;

Investment funds that are reporting issuers managed by PIMCO Canada Corp.;

Investment funds that are reporting issuers managed by Sprott Asset Management Inc.; and

Retired from the Investment funds that are reporting issuers managed by Integra Capital Limited *as of December 31, 2020.*

W. William Woods served as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by 3iQ;

Investment funds that are reporting issuers managed by Educators Financial Group Inc.; Investment funds that are reporting issuers managed by Next Edge Capital Corp.; *(Retired December 31, 2021);*

Certain investments funds managed by Ninepoint Partners LP;

Investment funds that are reporting issuers managed by Picton Mahoney Asset Management Inc. *(Retired December 31, 2020);*

Investment funds that are reporting issuers managed by Russell Investments Canada Limited; and

Investment funds that are reporting issuers managed by Spartan Fund Management;