

Semi-annual Management Report of Fund Performance

As at March 31, 2023

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 Canadian Bond Fund's Series A units returned 3.2% for the six-month period ended March 31, 2023 compared with a return of 3.3% 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 FTSE Canada Universe Bond Index.

The Fund's net asset value decreased by 1.33% during the period, from \$1,220,013,421 as at September 30, 2022 to \$1,203,741,807 as at March 31, 2023. This change in net assets is attributed to net unitholder activity of -\$62,111,522 and \$45,839,908 to investment operations, including market appreciation (depreciation), income and expenses.

Market Overview

Over the past six months, central banks across the globe remained hawkish as they continued with the most aggressive hiking cycle in order to control inflation, which broadly remained persistent. The US Federal Reserve (Fed) raised its key policy rate by 1.75% in the past six months to 5.00%. Bank of Canada (BoC) raised its policy rate by 1.25% in the past six months to 4.50% before taking a pause to assess the impact of its hiking cycle on the Canadian economy.

First quarter of 2023 witnessed a strong rebound for bonds as markets priced in a dovish central bank for the remainder of the year. As markets priced in future rate cuts, yields dropped benefitting longer duration bonds the most. Coming into the first quarter of 2023, different yield curve relationships flattened/inverted. While volatile, the trend continued in the first two months of the year, especially in the short to mid end. However, the difference between the long-term and short-term yields, as noted by 30-year and 5-year spreads, steepened by the end of first quarter, especially since the banking crisis unfolded in the US and Europe.

Factors That Have Affected Performance

The Fund's yield curve positioning contributed to the relative performance with the overweight positioning in 7- to 10-year nodes contributing the most, duration-adjusted. Mid-term yields fell the most during the period compared to longer-term yields, which benefited portfolio's bullet structure.

Spreads tightened from their September high levels, especially in the first quarter of 2023 before re-widening as the banking crisis unraveled in the US and Europe. Overall, the spreads are still trading higher when compared to historical levels. The Fund's overweight positioning in the corporate sector and specifically financial bonds proved to be a contributor to the relative performance as higher beta issues outperformed lower beta issues in the last six months.

The Fund's underweight positioning in the Provincial sector detracted from performance. The Fund's underweight exposure to Province of Quebec issues proved to be the biggest detractor, over the past six months. Offsetting some of the underperformance, the Fund's overweight position in Province of British Columbia issues contributed positively to the relative performance.

Portfolio Changes

Given the current macro backdrop and the aggressive readjustments in some of the yield curve relationships, the Fund has transitioned from a barbell structure to a bullet structure (concentrated on the 5-, 7- and 10-year segment of the yield curve) in the past few quarters.

ESG Activities

The following environmental, social, and governance (ESG) activities are some of those undertaken during the period related to the Fund's ESG-related investment objectives and strategies.

NEI's Responsible Investing & ESG Services team (RI team) engaged 11 companies including AltaGas, Bank of Nova Scotia, and Loblaws, on topics such as deforestation, net-zero commitments, and supply chain risks.

Recent Developments

Central banks across the globe, particularly in North America, have been aggressive with their interest rate policies, driving interest rates higher. This resulted in yield curve inversions in shorter tenors not seen in decades. With global monetary policy tightening throughout the last calendar year, the material adjustment to higher yields, wider credit spreads, and extremes in many yield curve relationships provide relative value opportunities going forward.

As rates rose aggressively in the past twelve months, inflation remained persistent. The portfolio sub-advisor has started to see the impact of one of the most aggressive hiking cycles in decades on the latest inflation data. While pricing pressures are broadly easing, core prices remain sticky and it remains critical to determine how much of this is driven by demand vs. supply. The portfolio sub-advisor expects BoC to remain on hold through the end of the year as its focus shifts to a potential for economic contraction in the second half of the year.

This macroeconomic backdrop of continued decline in inflation and growth slowdown supports curve steepener, which is best expressed in the Fund as a bullet structure (higher concentration in the middle end of the yield curve relative short- and long-end). The portfolio sub-advisor believes a modest overweight duration exposure may benefit the Fund from the lagged effects of monetary tightening. The portfolio sub-advisor is currently maintaining an overweight position in the credit risk as credit spreads remain near historical highs. However, the portfolio sub-advisor is cognizant of the downside risk in the credit market and actively monitoring current macroeconomic and business cycle.

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 a wholly-owned subsidiary of the Fédération.

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 2023 (\$)	March 2022 (\$)
Amounts received from underlying funds	874,041	2,373,053

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 Fédération 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 ended March 31, 2023 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⁾	
A	Mar. 2023	8.24	0.14	-0.07	-0.14	0.33	0.26	0.07	0.00	0.01	0.00	0.10	0.18	8.33
	Sept. 2022	9.75	0.31	-0.15	-0.25	-1.03	-1.12	0.00	0.00	0.17	0.13	0.09	0.39	8.24
	Sept. 2021	10.58	0.29	-0.16	0.06	-0.61	-0.42	0.11	0.00	0.01	0.12	0.17	0.41	9.75
	Sept. 2020	10.23	0.33	-0.17	0.26	0.31	0.73	0.14	0.00	0.02	0.01	0.23	0.40	10.58
	Sept. 2019	9.81	0.32	-0.16	0.15	0.51	0.82	0.15	0.00	0.01	0.00	0.24	0.40	10.23
	Sept. 2018	10.24	0.31	-0.16	-0.08	-0.04	0.03	0.12	0.00	0.03	0.00	0.31	0.46	9.81
F	Mar. 2023	8.25	0.17	-0.04	-0.14	0.33	0.32	0.12	0.00	0.01	0.00	0.05	0.18	8.36
	Sept. 2022	9.70	0.32	-0.09	-0.24	-1.00	-1.01	0.00	0.00	0.14	0.25	0.00	0.39	8.25
	Sept. 2021	10.46	0.29	-0.10	0.06	-0.61	-0.36	0.18	0.00	0.01	0.14	0.08	0.41	9.70
	Sept. 2020	10.06	0.32	-0.11	0.26	0.26	0.73	0.20	0.00	0.02	0.01	0.16	0.39	10.46
	Sept. 2019	9.58	0.31	-0.10	0.15	0.49	0.85	0.20	0.00	0.01	0.00	0.18	0.39	10.06
	Sept. 2018	9.92	0.30	-0.10	-0.08	-0.03	0.09	0.17	0.00	0.03	0.00	0.21	0.41	9.58
I	Mar. 2023	10.63	0.19	0.00	-0.18	0.41	0.42	0.18	0.00	0.01	0.00	0.00	0.19	10.88
	Sept. 2022	12.27	0.40	0.00	-0.31	-1.32	-1.23	0.33	0.00	0.07	0.00	0.00	0.40	10.63
	Sept. 2021	13.06	0.36	0.00	0.07	-0.64	-0.21	0.33	0.00	0.01	0.14	0.00	0.48	12.27
	Sept. 2020	12.32	0.40	0.00	0.32	0.39	1.11	0.35	0.00	0.02	0.01	0.00	0.38	13.06
	Sept. 2019	11.50	0.37	0.00	0.18	0.68	1.23	0.33	0.00	0.02	0.00	0.00	0.35	12.32
	Sept. 2018	11.63	0.36	0.00	-0.09	-0.03	0.24	0.31	0.00	0.03	0.00	0.00	0.34	11.50
O	Mar. 2023	9.07	0.16	0.00	-0.15	0.36	0.37	0.15	0.00	0.01	0.00	0.00	0.16	9.27
	Sept. 2022	10.48	0.34	0.00	-0.27	-1.17	-1.10	0.28	0.00	0.07	0.00	0.00	0.35	9.07
	Sept. 2021	11.17	0.31	-0.01	0.06	-0.62	-0.26	0.29	0.00	0.01	0.12	0.00	0.42	10.48
	Sept. 2020	10.55	0.34	0.00	0.27	0.32	0.93	0.30	0.00	0.02	0.01	0.00	0.33	11.17
	Sept. 2019	9.88	0.30	0.00	0.15	0.02	0.47	0.31	0.00	0.02	0.00	0.00	0.33	10.55
	Sept. 2018	10.00	0.07	0.00	-0.08	-0.04	-0.05	0.04	0.00	0.03	0.00	0.00	0.07	9.88
P	Mar. 2023	8.52	0.15	-0.06	-0.14	0.32	0.27	0.08	0.00	0.01	0.00	0.09	0.18	8.62
	Sept. 2022	10.05	0.32	-0.12	-0.25	-1.08	-1.13	0.00	0.00	0.20	0.12	0.09	0.41	8.52
	Sept. 2021	10.87	0.30	-0.14	0.06	-0.62	-0.40	0.15	0.00	0.01	0.11	0.16	0.43	10.05
	Sept. 2020	10.49	0.33	-0.15	0.27	0.36	0.81	0.16	0.00	0.02	0.01	0.22	0.41	10.87
	Sept. 2019	10.00	0.25	-0.12	0.16	0.45	0.74	0.12	0.00	0.01	0.00	0.21	0.34	10.49
	Sept. 2018	10.00	0.25	-0.12	0.16	0.45	0.74	0.12	0.00	0.01	0.00	0.21	0.34	10.49
PF	Mar. 2023	8.73	0.15	-0.03	-0.14	0.32	0.30	0.11	0.00	0.01	0.00	0.07	0.19	8.87
	Sept. 2022	10.24	0.33	-0.07	-0.26	-1.09	-1.09	0.00	0.00	0.26	0.05	0.11	0.42	8.73
	Sept. 2021	11.01	0.30	-0.08	0.06	-0.60	-0.32	0.21	0.00	0.01	0.08	0.14	0.44	10.24
	Sept. 2020	10.55	0.33	-0.08	0.27	0.31	0.83	0.23	0.00	0.02	0.01	0.15	0.41	11.01
	Sept. 2019	10.00	0.25	-0.06	0.16	0.46	0.81	0.18	0.00	0.01	0.00	0.15	0.34	10.55
	Sept. 2018	10.00	0.25	-0.06	0.16	0.46	0.81	0.18	0.00	0.01	0.00	0.15	0.34	10.55

(1) All per unit figures presented in 2023 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, 2023.

(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⁾⁽⁴⁾	Net Asset Value per Unit (\$)
A	Mar. 2023	61,801	7,420	1.62	1.62	0.00	19.24	8.33
	Sept. 2022	63,035	7,646	1.62	1.62	0.00	64.75	8.24
	Sept. 2021	85,363	8,755	1.62	1.62	0.00	33.41	9.75
	Sept. 2020	104,095	9,840	1.62	1.62	0.00	55.56	10.58
	Sept. 2019	109,901	10,745	1.61	1.61	0.00	97.85	10.23
	Sept. 2018	133,024	13,565	1.61	1.61	0.00	81.26	9.81
	F	Mar. 2023	7,790	932	1.01	1.01	0.00	19.24
Sept. 2022		7,912	960	1.02	1.02	0.00	64.75	8.25
Sept. 2021		8,847	912	1.03	1.03	0.00	33.41	9.70
Sept. 2020		21,249	2,031	1.03	1.03	0.00	55.56	10.46
Sept. 2019		23,510	2,337	1.02	1.02	0.00	97.85	10.06
Sept. 2018		27,566	2,876	1.03	1.03	0.00	81.26	9.58
I		Mar. 2023	1,070,461	98,426	N/A	N/A	0.00	19.24
	Sept. 2022	1,087,576	102,286	N/A	N/A	0.00	64.75	10.63
	Sept. 2021	1,141,130	93,006	N/A	N/A	0.00	33.41	12.27
	Sept. 2020	700,766	53,669	N/A	N/A	0.00	55.56	13.06
	Sept. 2019	657,083	53,327	N/A	N/A	0.00	97.85	12.32
	Sept. 2018	346,660	30,133	N/A	N/A	0.00	81.26	11.50
	O	Mar. 2023	7,893	851	0.04	0.04	0.00	19.24
Sept. 2022		8,336	919	0.04	0.04	0.00	64.75	9.07
Sept. 2021		12,324	1,176	0.04	0.04	0.00	33.41	10.48
Sept. 2020		13,249	1,186	0.04	0.04	0.00	55.56	11.17
Sept. 2019		13,289	1,259	0.05	0.05	0.00	97.85	10.55
Sept. 2018		1	-	0.05	0.05	0.00	81.26	9.88
P		Mar. 2023	32,527	3,774	1.34	1.34	0.00	19.24
	Sept. 2022	30,722	3,606	1.35	1.35	0.00	64.75	8.52
	Sept. 2021	37,929	3,775	1.35	1.35	0.00	33.41	10.05
	Sept. 2020	37,251	3,427	1.37	1.37	0.00	55.56	10.87
	Sept. 2019	25,139	2,397	1.43	1.43	0.00	97.85	10.49
	PF	Mar. 2023	23,270	2,623	0.73	0.73	0.00	19.24
Sept. 2022		22,432	2,569	0.73	0.73	0.00	64.75	8.73
Sept. 2021		23,377	2,283	0.72	0.72	0.00	33.41	10.24
Sept. 2020		11,784	1,070	0.73	0.73	0.00	55.56	11.01
Sept. 2019		7,684	729	0.74	0.74	0.00	97.85	10.55

(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.

(4) At the close of business on October 29, 2018, the Meritas Canadian Bond Fund was merged into the NEI Canadian Bond Fund. The portfolio turnover rates exclude the value of securities acquired and sold to realign the Fund's holdings.

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	1.15	58.59	41.41
Series F	0.65	100.00	N/A
Series P	1.00	50.00	50.00
Series PF	0.40	100.00	N/A

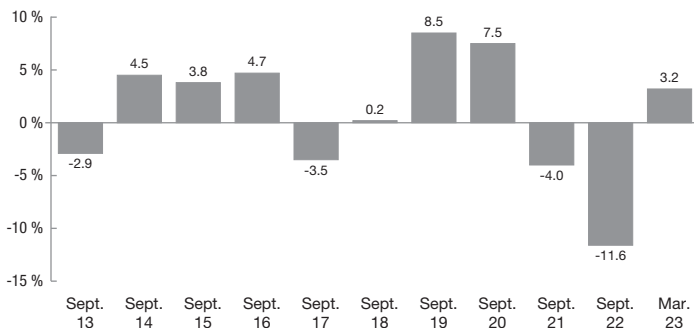
Past Performance

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.

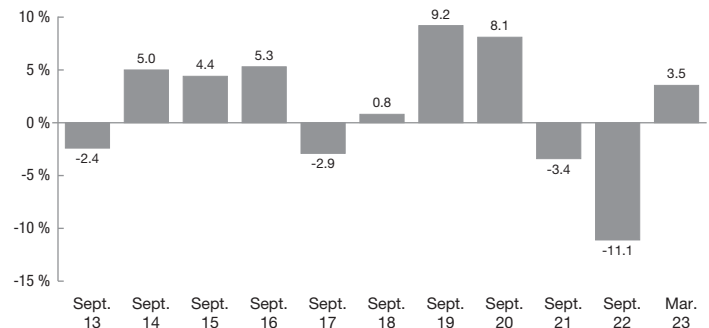
Year-by-Year Returns

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 2023, which shows the six-month return for the period ended March 31, 2023. 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.

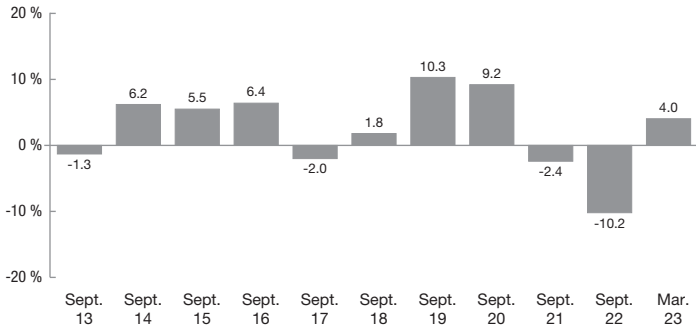
Series A



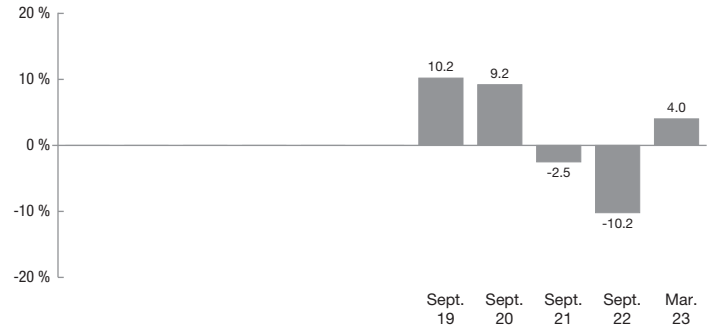
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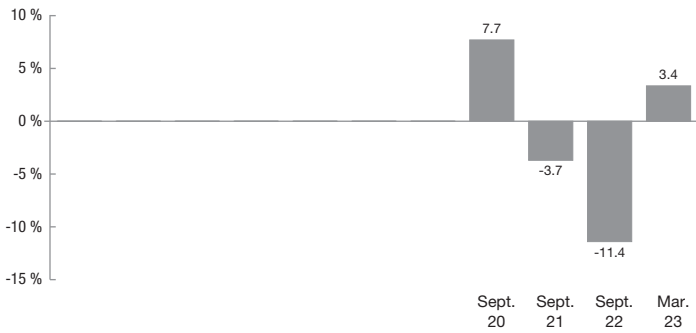
Series I



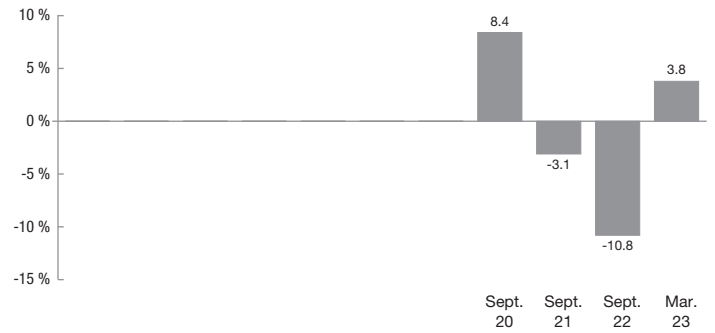
Series O



Series P



Series PF



Summary of Investment Portfolio as at March 31, 2023

Total Net Asset Value: \$1,203,741,807

Top Holdings		%
1	Sun Life Financial, 2.800%, floating rate from 2028-11-21, 2033-11-21	5.2
2	Province of Ontario, 5.850%, 2033-03-08	4.6
3	NEI Global Total Return Bond Fund, Series I	4.5
4	Province of Ontario, 1.900%, 2051-12-02	4.1
5	Government of Canada, 1.500%, 2031-06-01	4.0
6	Province of Ontario, 3.750%, 2032-06-02	3.8
7	Bank of Montreal, 3.190%, 2028-03-01	2.7
8	Canada Housing Trust, Series 97, 1.400%, 2031-03-15	2.7
9	Canadian Imperial Bank of Commerce, 4.200%, floating rate from 2027-04-07, 2032-04-07	2.0
10	Great-West Lifeco, 2.379%, 2030-05-14	1.9
11	Province of British Columbia, 2.950%, 2028-12-18	1.9
12	Province of Saskatchewan, 5.800%, 2033-09-05	1.9
13	Province of Ontario, 2.050%, 2030-06-02	1.7
14	Canada Housing Trust, Series 67, 1.950%, 2025-12-15	1.7
15	Bell Canada, Series M48, 3.800%, 2028-08-21	1.6
16	Province of British Columbia, 5.700%, 2029-06-18	1.6
17	Canadian Imperial Bank of Commerce, 3.300%, 2025-05-26	1.5
18	Toronto-Dominion Bank, 3.060%, floating rate from 2027-01-26, 2032-01-26	1.5
19	Manulife Financial, 2.818%, floating rate from 2030-05-13, 2035-05-13	1.4
20	Province of Ontario, 2.800%, 2048-06-02	1.4
21	Province of Saskatchewan, 2.650%, 2027-06-02	1.4
22	Province of British Columbia, 6.350%, 2031-06-18	1.4
23	Rogers Communications, 4.250%, 2032-04-15	1.3
24	Canada Housing Trust, Series 92, 1.750%, 2030-06-15	1.3
25	Fairfax Financial Holdings, 4.230%, 2029-06-14	1.1
	Total	58.2

Net Asset Value Mix ⁽¹⁾		%
Fixed Income		98.7
Cash and Equivalents		1.2
Mortgage-Backed Securities		0.1
Total		100.0

Sector Allocation ⁽¹⁾		%
Corporate Bonds		53.5
Provincial and Crown Corporations Bonds		29.2
Federal Bonds		13.9
Foreign Government Bonds		1.5
Cash and Equivalents		1.2
U.S. Government Bonds		0.5
Mortgage-Backed Securities		0.1
Supranational Bonds		0.1
Total		100.0

Geographic Distribution ⁽¹⁾		%
Canada		94.9
Other Countries		3.9
Cash and Equivalents		1.2
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.