NEI Canadian Equity Pool

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 Equity Pool's Series I units returned 16.1% for the six-month period ended March 31, 2023 compared with a return of 10.8% 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 S&P/TSX Composite TR Index.

The Fund's net asset value increased by 43.97% during the period, from $84,408,006 as at September 30, 2022 to $121,519,523 as at March 31, 2023. This change in net assets is attributed to net unitholder activity of $20,374,604 and $16,736,913 to investment operations, including market appreciation (depreciation), income and expenses.

Market Overview

For financial markets, the fourth quarter of 2022 was about recovery, with both bonds and stocks recording a positive quarter, thanks mainly to investors' general sense of relief that the pace of rising inflation has finally started to slow. Central banks continued their campaign to catch up with pervasive inflation, delivering another 1% in policy rate increases in Canada and 1.25% in the United States and the Eurozone. Even the Bank of Japan, the last holdout amongst developed economies in tightening monetary policy, opened the door to an eventual increase in its policy rate.

The first quarter of the year proved to be very volatile, particularly for the bond market, which experienced interest rate changes that have not been seen since the 1980s. In comparison, broad equity market indices rose, with the upside in technology companies masking fairly large declines in the banking sector. The failure of two US regional banks and the forced merger between UBS and Credit Suisse were the main catalysts for the volatility, but underlying the events was the dramatic rise of nominal and real interest rates in the past year. Weaker business models tend to be the first to run into problems when financing costs rise.

Despite the financial market volatility, the economic picture was relatively steady: growth is decelerating, yet not to a level of contraction as many had expected. Inflation continues to decline, although not at a fast-enough pace to stop some central banks from raising overnight rates. The US Federal Reserve raised the lending rate from 4.5% to 5%, while the Bank of Canada instigated one interest rate increase of 0.25% (from 4.25% to 4.5%) in the quarter.

Factors That Have Affected Performance

Notable contributors to the Fund's performance this quarter were Lifeworks Inc (+43%), Thomson Reuters Corporation (+32%) and SNC Lavalin Group Inc. (+11%). SNC's recent quarter showed strong revenue growth of 11% and solid bookings, which augur well for future growth as they continue to win mandates. The REM train project in Montreal continued to perform well, on time and budget, and the portfolio sub-advisor expects an orderly wind-down of the problematic fixed-price business over the coming quarters. Despite the stock move in the quarter, the portfolio sub-advisor believes SNC trades at a substantial discount to intrinsic value. Recent quarterly results at Stantec (+27%) and WSP (+8%) also highlighted the solid organic and resilient growth prospects for these companies due to pent-up demand in aging infrastructure investments, re-shoring of domestic production and climate change. The US stimulus bills are expected to contribute positively to the secular growth of engineering service companies.

The Fund's relative outperformance was also helped by the absence of TD Bank (-7%), which did not perform well in the first quarter of 2023. The US banking situation and resultant nervousness around deposits impacted multiples and the value of TD's stake in Schwab. In addition, missing the deadline on closing the First Horizon acquisition is also raising concerns about their ability to close the transaction.

Negative contributors for the year included Shopify (-23%), Bank of Nova Scotia (-20%) and Brookfield (-16%). Brookfield's underperformance seems to be attributed to the impact that long-term interest rates may have on inflows into alternative assets and the value of its real estate portfolios, as it is an important office landlord in major city centres (New York, London, and Toronto). While there is evidence of important property price declines in some markets, the portfolio sub-advisor believes interest rates would have to be much higher than current levels to stem inflows into alternative assets. Lower property prices (higher cap rates) likely represent acquisition opportunities for Brookfield.

On a relative basis, not holding Constellation Software (+20%) was a modest negative, and the position in Magna (-7%), was a minor detractor. Magna is well positioned for the long term, but the industry continues to suffer from semiconductor supply chain constraints, preventing them from operating at full potential and normal margins.

Portfolio Changes

During Q4 2022, the Fund initiated a position in TC Energy, a pipeline that is more exposed to natural gas, with exports to the U.S. expected to grow quite rapidly until 2030. TC Energy is a leading North American energy infrastructure operator with over 70 years of history. It has three core businesses – predominantly Natural Gas Pipelines, Liquids Pipelines and Power and Storage. TC Energy operates a utility-like business model. The portfolio consists of long-life infrastructure assets that covers strategic North American corridors and are supported by long-term commercial arrangements and/or rate regulation, generating predictable and sustainable cash flows and earnings with very little exposure to commodities pricing (96% of cash flows are regulated/fee-based). TC Energy has a $34 billion secured capital program and is expected to sanction $5+ billion of growth projects in the next several years while looking to enhance balance sheet strength and flexibility through its asset divesture program.

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.

TC Energy exhibits strong corporate governance, including board oversight of ESG issues. Compensation practices have improved over time with increasing PSUs and decreasing options, and ESG metrics should be more meaningfully linked to executive compensation in 2023.

On the environmental side, TRP operates in a carbon-intense business but it has significant opportunities to improve its emissions profile, which it has committed to doing through its climate targets and the inclusion of GHG profile as part of its capital allocation filter. Overall, the portfolio sub-advisor's climate scenario analysis concludes that natural gas demand should support TRP's performance in the medium term, complemented by its growing involvement in energy storage and low-carbon energy. The portfolio sub-advisor will carefully monitor TRP's absolute and intensity emissions trends and performance versus peers, the impacts of evolving climate science and commitments on TRP's ability to get infrastructure approved and built, and trends both in natural gas demand and in TRP's diversification of its portfolio to ensure longer-term resilience and avoid the risk of stranded assets, as well as engaging to encourage the disclosure of Scope 3 emissions and setting of absolute emissions reduction targets.

The spill from its Keystone pipeline in December 2022 reversed its improving trend in asset integrity performance. Although it was larger than historical spills, the impact is still very small in the context of the number of barrels the pipeline transports and fortunately the incident did not impact any drinking water or spill into the river. TRP acted quickly to stop the spill, noted that it took only seven minutes from leak to closing the pipeline. We are encouraged that the clean-up effort is well underway and the pipeline has restarted at reduced pressure. The portfolio sub-advisor's recent engagement on this issue indicates that the Company and Board take these leaks very seriously, and they will continue to raise any concerns and closely monitor the effectiveness of its integrity program and safety metrics.

In terms of social factors, community relations is a key topic with respect to TRP's ability to build or expand its infrastructure. TC Energy has improved its approach to community relations, in particular with Indigenous rights holders in Canada, releasing an Indigenous Reconciliation Action Plan. Of note, it has signed option agreements to sell a 10% equity interest in the CGL project to Indigenous communities. In the portfolio sub-advisor's engagement on this issue with TRP, it was evident that it is committed to ongoing Reconciliation work, most notably through its Indigenous Advisory Council, its signing of CGL agreements with all elected First Nations Leaders and efforts to engage with Hereditary Chiefs, its work to develop a company-wide equity sharing framework that exceeds jurisdictional requirements, and a commitment to fostering leader-to-leader relationships with local Indigenous leaders. This is another topic on which the portfolio sub-advisor expects to continue to engage with the company.

NEI's Responsible Investing & ESG Services team (RI team) engaged eight companies including Gildan Activewear, Empire Co., and Magna International, on topics such as supply chain risks, deforestation, and human rights due diligence.

The RI team voted against management on 68% of the proxy items at five annual general meetings. They supported 83% of 6 shareholder resolutions filed on ESG topics such as ethics of artificial intelligence, racial disparity, and the setting of science-based emissions targets.

Recent Developments

Credit lending conditions were already tightening before the problems with the US regional banks surfaced. However, the bank failures will add to this trend, which means recession risks have increased. In the portfolio sub-advisor's view, it will not be a particularly difficult recession as they also expect a decline in inflation, leaving room for central banks to reduce interest rates. The risk is that, should inflation remain persistent, central banks will be constrained from lowering interest rates or helping with bank liquidity. The amount of interest rate increases already moving through the economy and a more cautious lending environment tilt the evidence towards a falling inflation scenario, which is a more positive environment for financial assets.

After a challenging first half of 2022, higher-quality equities have re-rated to more normalized levels in many markets, presenting attractive opportunities. However, with a potentially slower economic backdrop, the importance of careful security selection is paramount.

As an asset manager and steward of their clients' capital, the portfolio sub-advisor will continue to focus on the fundamentals of the businesses they follow. They may sell some positions that they feel have poor prospects of recovery, and they will buy, hopefully at discounted prices, some companies they feel are more resilient or will come out the other side even stronger.

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 ($)	March 2022 ($)
Commissions paid by the Fund to DSI	-	392

The Fund's sub-advisors may place a portion of their fund transactions with brokerage firms which are affiliates of NEI LP, provided that the affiliate's trade execution abilities and costs are comparable to those of non-affiliated qualified brokerage firms.

The Fund is currently only distributed by NEI on an exempt-market basis.

NEI LP has established the IRC for the Fund in accordance with the requirements of National Instrument 81-107 – Independent Review Committee for Investment Funds in order to review conflicts of interest as they relate to investment fund management. The Fund received standing instructions from the IRC with respect to the following related party transactions: trades in securities (whether debt or equity) of a company related to a sub-advisor.

The Manager is required to advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to related party transactions (a) are aligned with the investment objectives, investment strategies, risk profile and other important details of the Fund for which the investment is being proposed; (b) are made by the Manager free from any influence by any entities related to the Manager; (c) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (d) are made in compliance with the Manager's policies and procedures.

Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance. The Fund relied on the IRC's standing instructions regarding related party transactions during this reporting period.

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.

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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)

			Increase (Decrease) from Operations					Distributions						
Series	Period	Net Assets, Beginning 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)	Net Assets, End of Period
I	Mar. 2023	10.69	0.13	0.00	0.12	1.42	1.67	0.01	0.17	0.00	0.29	0.00	0.47	11.90
	Sept. 2022	12.58	0.22	0.00	0.33	-2.20	-1.65	0.00	0.22	0.00	0.08	0.00	0.30	10.69
	Sept. 2021	9.60	0.26	0.00	0.16	2.68	3.10	0.00	0.20	0.00	0.00	0.00	0.20	12.58
	Sept. 2020	10.04	0.28	-0.01	-0.12	-0.59	-0.44	0.00	0.05	0.00	0.00	0.00	0.05	9.60
	Sept. 2019	10.00	0.08	-0.01	0.00	0.22	0.29	0.00	0.00	0.00	0.00	0.00	0.00	10.04

(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 $)	Number of Units Outstanding (000's)	Management Expense Ratio (%)(1)	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%)(2)	Portfolio Turnover Rate (%)(3)	Net Asset Value per Unit ($)
I	Mar. 2023	121,520	10,211	N/A	N/A	0.03	13.06	11.90
	Sept. 2022	84,408	7,892	N/A	N/A	0.02	13.84	10.69
	Sept. 2021	84,990	6,753	N/A	N/A	0.03	15.98	12.58
	Sept. 2020	46,490	4,845	N/A	N/A	0.08	21.33	9.60
	Sept. 2019	8,148	812	N/A	N/A	0.09	1.15	10.04

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, as well as withholding taxes) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
(2) The trading expense ratio represents total commissions and other Fund transaction costs expressed as an annualized percentage of daily average net asset value during the period.
(3) The portfolio turnover rate indicates how actively the Fund's sub-advisor manages its investment holdings. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. The Fund does not pay management fees for Series I. Series I unitholders pay a negotiated fee directly to NEI Investments.

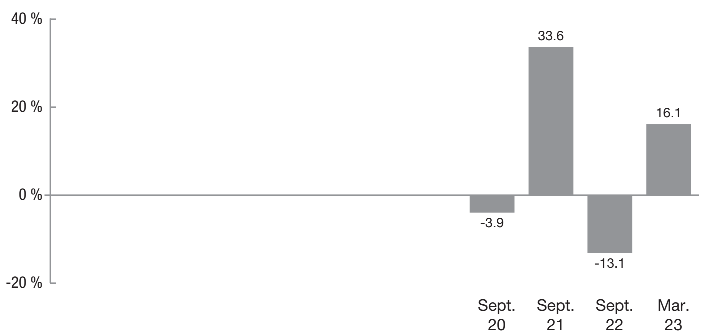
Past Performance

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 chart shows 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 chart indicates how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

Series I



NEI Canadian Equity Pool

Summary of Investment Portfolio as at March 31, 2023

Total Net Asset Value: $121,519,523

	Top Holdings	%
1	Canadian National Railway Company	7.4
2	Scotiabank	4.7
3	Brookfield, Class A	4.6
4	Thomson Reuters	4.5
5	CGI, Class A	4.4
6	Open Text	4.1
7	Metro	3.9
8	CCL Industries, Class B	3.8
9	Intact Financial Corporation	3.5
10	Shopify, Class A	3.5
11	Stantec	3.5
12	TC Energy	3.5
13	Gildan Activewear	3.4
14	Restaurant Brands International	3.4
15	WSP Global	3.3
16	SNC-Lavalin Group	2.9
17	Magna International, Class A	2.8
18	Descartes Systems Group	2.7
19	Manulife Financial	2.6
20	Premium Brands Holdings	2.6
21	Franco-Nevada	2.5
22	Boyd Group Services	2.4
23	Cash and Equivalents	2.3
24	Empire Company, Class A	2.2
25	National Bank of Canada	2.2
	Total	86.7

Net Asset Value Mix	%
Equity	97.7
Cash and Equivalents	2.3
Total	100.0

Sector Allocation	%
Industrials	24.1
Financials	20.6
Information Technology	18.8
Consumer Staples	10.6
Consumer Discretionary	9.5
Materials	7.4
Energy	3.5
Real Estate	3.2
Cash and Equivalents	2.3
Total	100.0

Geographic Distribution	%
Canada	97.7
Cash and Equivalents	2.3
Total	100.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. Updates are available quarterly.