



## 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](http://www.neiinvestments.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Performance

### Results of Operations

The NEI Environmental Leaders Fund's Series A units returned 21.9% for the six-month period ended March 31, 2023 compared with a return of 16.0% for the benchmark explained below.

Unlike the benchmark return, the Fund's returns are after the deduction of fees and expenses paid by the Fund. Performance differences between series of units are mainly attributable to management fees charged to each series. Refer to the Past Performance section for the details of returns by series.

The benchmark for this Fund is the MSCI ACWI NR Index (C\$).

The Fund's net asset value increased by 19.97% during the period, from \$1,180,155,060 as at September 30, 2022 to \$1,415,780,345 as at March 31, 2023. This change in net assets is attributed to net unitholder activity of -\$30,246,278 and \$265,871,563 to investment operations, including market appreciation (depreciation), income and expenses.

### Market Overview

Global Equity markets advanced during the 6-month period ending March 31, 2023, despite various macroeconomic risks such as heightened uncertainty around the outlook for economic activity, hawkish central bank policy to combat persistent inflation, and the contagion concerns stemming from US regional bank failures, which had led to indiscriminate selling of quality and growth throughout most of 2022. Against this backdrop, the Fund meaningfully outperformed the MSCI ACWI benchmark.

### Factors That Have Affected Performance

The Fund's Industrial and Information Technology exposure was a primary contributor to returns on an absolute basis. De-rated Efficient IT holdings benefitted from a rotation back into quality growth companies with the market rewarding businesses with improved supply chain conditions, a favorable demand outlook, and high degrees of free cash flow growth, leading to strong returns from simulation software, semiconductor, and cloud computing holdings.

Relative outperformance vs. the MSCI ACWI during the period was a function of positive sector allocation and security selection. Zero exposure to Financials was a bright spot for the Fund, as regional bank contagion risk caused the sector to underperform. Additionally, the Fund benefitted from little to no exposure to weaker sectors like Consumer Discretionary and Consumer Staples, and overweight exposure to outperforming sectors like Industrials and Information Technology. This was partially offset by overweight exposure to Utilities which underperformed the broader market, and no exposure to Communication Services, which outperformed the broader market.

Stock selection within Industrials also positively contributed to outperformance. Resilient and growing end-market demand, as well as margin expansion stemming from abating supply chain headwinds, led to outperformance from Industrial Energy Efficiency and Building Energy Efficiency holdings. Strong gains from Water Utility holdings led to outperformance within the Utilities sector. Environmental testing and monitoring holdings maintained healthy fundamentals across end markets and geographies, leading to outperformance in the health care sector. Security selection within Materials modestly detracted from returns, as lower volumes, rising input costs, and destocking headwinds led to underperformance from natural ingredients and food packaging holdings. Security selection within Information Technology also modestly detracted, given a lack of exposure to some of the larger positions in the cap weighed index (Nvidia) which posted exceptionally higher returns for the period.

On a regional basis, the Fund's overweight exposure to Europe also positively contributed to relative returns given the outperformance vs. other regions during the 6-month period.

### 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 four companies including Microsoft, Waste Management, and Koninklijke, on topics such as human capital, biodiversity, and net-zero commitments.

The RI team voted against management on 31% of the proxy items at 16 annual general meetings. They supported 89% of nine shareholder resolutions filed on ESG topics such as executive compensation policies, tax transparency, and management of climate risks.

### Recent Developments

Economic data has been mixed over the period, but manufacturing PMI sentiment surveys have turned positive in most countries. China has seen a strong recovery post the lifting of zero COVID policies, which may act as a buffer against slower growth in developed markets. Consumer and job data in the US, until very recently, has been better than expected. However, housing, construction and commercial real estate are potentially at risk from tighter credit and higher rates, and this has reignited concerns of a recession. For investors focused on sustainable investments, policy support continues to provide tailwinds in some areas. Demand from the Inflation Reduction Act (IRA) appears to be feeding into some companies' order books. The EU response to the IRA, The Green Deal, set out ambitious targets to scale up net zero manufacturing in the region, although attention is focused on member state reactions on financing and details on the proposed EU sovereignty fund. With remaining uncertainty around the implications of regional bank contagion risk, the market also continues to face headwinds such as persistent inflation, interest rates and the potential impact on the real economy.

While sentiment improved towards the end of the quarter, the macroeconomic backdrop remains challenging, and volatility may continue as there is uncertainty about how recent events may affect economic activity. Against this backdrop the Fund remains focused on finding companies with strong pricing power, innovative business solutions and attractive valuations. Environmental and sustainable equities continue to see policy support, and the portfolio sub-advisor believes that higher energy prices and a renewed focus on energy security are supportive of opportunities across a wide range of sustainable solutions. The Fund remains well balanced between economically resilient businesses and businesses positioned for cyclical growth to safely navigate the different phases of the macroeconomic cycle, including the opportunity to pass-on inflationary pressures. The focus remains on high quality companies with resilient operational business profiles, demonstrable pricing power and above average earnings growth, underpinned by the secular drivers of environmental markets. Entering the Q1 results reporting season, the portfolio sub-advisor is closely monitoring the quality of the earnings, but overall expect Fund earnings growth to be superior to the broader market.

### 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.

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 (\$) <sup>(1)</sup>

Series	Period	Net Assets, Beginning of Period	Increase (Decrease) from Operations					Distributions					Net Assets, End of Period		
			Total Revenue	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total Increase (Decrease) from Operations <sup>(2)</sup>	From Income (Excluding Dividends)	From Dividends	From Underlying Funds	From Capital Gains	Return of Capital		Total Distributions <sup>(3)(4)</sup>	
A	Mar. 2023	14.07	0.09	-0.20	0.26	2.94	3.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.15
	Sept. 2022	18.09	0.25	-0.44	-0.17	-3.66	-4.02	0.00	0.00	0.00	0.07	0.00	0.07	14.07	
	Sept. 2021	15.03	0.33	-0.48	0.84	2.22	2.91	0.00	0.00	0.00	0.00	0.00	0.00	18.09	
	Sept. 2020	12.73	0.26	-0.38	-0.19	2.60	2.29	0.00	0.00	0.00	0.00	0.00	0.00	15.03	
	Sept. 2019	12.51	0.26	-0.35	0.16	0.29	0.36	0.00	0.00	0.00	0.09	0.00	0.09	12.73	
	Sept. 2018	11.78	0.28	-0.35	0.13	0.42	0.48	0.00	0.00	0.00	0.05	0.00	0.05	12.51	
F	Mar. 2023	15.01	0.10	-0.12	0.28	3.17	3.43	0.00	0.00	0.00	0.00	0.00	0.00	18.39	
	Sept. 2022	19.10	0.26	-0.27	-0.18	-3.87	-4.06	0.00	0.02	0.00	0.07	0.00	0.09	15.01	
	Sept. 2021	15.78	0.34	-0.30	0.89	2.26	3.19	0.00	0.10	0.00	0.00	0.00	0.10	19.10	
	Sept. 2020	13.21	0.27	-0.23	-0.20	2.72	2.56	0.00	0.00	0.00	0.00	0.00	0.00	15.78	
	Sept. 2019	12.85	0.26	-0.22	0.17	0.29	0.50	0.00	0.02	0.00	0.09	0.00	0.11	13.21	
	Sept. 2018	12.03	0.28	-0.21	0.13	0.38	0.58	0.00	0.07	0.00	0.05	0.00	0.12	12.85	
I	Mar. 2023	16.16	0.11	-0.02	0.30	3.40	3.79	0.00	0.06	0.00	0.00	0.00	0.06	19.86	
	Sept. 2022	20.42	0.28	-0.04	-0.19	-4.17	-4.12	0.00	0.14	0.00	0.08	0.00	0.22	16.16	
	Sept. 2021	16.67	0.42	-0.04	0.96	1.93	3.27	0.00	0.16	0.00	0.00	0.00	0.16	20.42	
	Sept. 2020	13.75	0.31	-0.04	-0.22	5.88	5.93	0.00	0.00	0.00	0.00	0.00	0.00	16.67	
	Sept. 2019	13.24	0.27	-0.04	0.18	0.27	0.68	0.00	0.07	0.00	0.09	0.00	0.16	13.75	
	Sept. 2018	12.28	0.29	-0.04	0.14	0.71	1.10	0.00	0.13	0.00	0.06	0.00	0.19	13.24	
O	Mar. 2023	12.55	0.09	-0.02	0.23	2.58	2.88	0.00	0.05	0.00	0.00	0.00	0.05	15.42	
	Sept. 2022	15.85	0.22	-0.04	-0.15	-3.35	-3.32	0.00	0.09	0.00	0.06	0.00	0.15	12.55	
	Sept. 2021	13.01	0.30	-0.04	0.74	1.81	2.81	0.00	0.19	0.00	0.00	0.00	0.19	15.85	
	Sept. 2020	10.74	0.24	-0.03	-0.16	2.11	2.16	0.00	0.00	0.00	0.00	0.00	0.00	13.01	
	Sept. 2019	10.32	0.27	-0.04	0.14	0.01	0.38	0.00	0.02	0.00	0.07	0.00	0.09	10.74	
	Sept. 2018	10.00	0.03	-0.02	0.11	0.20	0.32	0.00	0.00	0.00	0.00	0.00	0.00	10.32	
P	Mar. 2023	14.40	0.10	-0.18	0.27	2.99	3.18	0.00	0.00	0.00	0.00	0.00	0.00	17.58	
	Sept. 2022	18.45	0.25	-0.39	-0.17	-3.84	-4.15	0.00	0.00	0.00	0.07	0.00	0.07	14.40	
	Sept. 2021	15.28	0.34	-0.43	0.86	2.03	2.80	0.00	0.00	0.00	0.00	0.00	0.00	18.45	
	Sept. 2020	12.90	0.27	-0.34	-0.20	2.61	2.34	0.00	0.00	0.00	0.00	0.00	0.00	15.28	
	Sept. 2019	12.63	0.27	-0.31	0.17	0.28	0.41	0.00	0.00	0.00	0.09	0.00	0.09	12.90	
	Sept. 2018	11.84	0.28	-0.32	0.13	0.71	0.80	0.00	0.01	0.00	0.05	0.00	0.06	12.63	
PF	Mar. 2023	15.25	0.10	-0.09	0.28	3.21	3.50	0.00	0.02	0.00	0.00	0.00	0.02	18.70	
	Sept. 2022	19.35	0.27	-0.21	-0.18	-4.02	-4.14	0.00	0.04	0.00	0.07	0.00	0.11	15.25	
	Sept. 2021	15.96	0.35	-0.24	0.90	2.24	3.25	0.00	0.13	0.00	0.00	0.00	0.13	19.35	
	Sept. 2020	13.32	0.28	-0.19	-0.20	2.69	2.58	0.00	0.00	0.00	0.00	0.00	0.00	15.96	
	Sept. 2019	12.92	0.26	-0.18	0.17	0.16	0.41	0.00	0.02	0.00	0.09	0.00	0.11	13.32	
	Sept. 2018	12.08	0.28	-0.18	0.13	0.41	0.64	0.00	0.08	0.00	0.05	0.00	0.13	12.92	

(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 (%) <sup>(1)</sup>	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) <sup>(2)</sup>	Portfolio Turnover Rate (%) <sup>(3)</sup>	Net Asset Value per Unit (\$)
A	Mar. 2023	354,449	20,672	2.37	2.37	0.05	11.63	17.15
	Sept. 2022	297,280	21,133	2.43	2.45	0.06	26.99	14.07
	Sept. 2021	349,331	19,306	2.58	2.64	0.10	18.11	18.09
	Sept. 2020	212,583	14,143	2.59	2.65	0.07	29.60	15.03
	Sept. 2019	163,098	12,812	2.57	2.63	0.05	17.33	12.73
	Sept. 2018	133,999	10,711	2.50	2.63	0.11	74.99	12.51
	F	Mar. 2023	252,834	13,748	1.22	1.22	0.05	11.63
Sept. 2022		214,800	14,314	1.29	1.29	0.06	26.99	15.01
Sept. 2021		242,142	12,677	1.44	1.44	0.10	18.11	19.10
Sept. 2020		134,133	8,502	1.44	1.44	0.07	29.60	15.78
Sept. 2019		104,201	7,889	1.43	1.43	0.05	17.33	13.21
Sept. 2018		91,459	7,116	1.35	1.51	0.11	74.99	12.85
I		Mar. 2023	309,064	15,559	N/A	N/A	0.05	11.63
	Sept. 2022	255,199	15,792	N/A	N/A	0.06	26.99	16.16
	Sept. 2021	306,441	15,010	N/A	N/A	0.10	18.11	20.42
	Sept. 2020	97,926	5,873	N/A	N/A	0.07	29.60	16.67
	Sept. 2019	10,528	766	N/A	N/A	0.05	17.33	13.75
	Sept. 2018	10,048	759	N/A	N/A	0.11	74.99	13.24
	O	Mar. 2023	91,336	5,922	0.06	0.06	0.05	11.63
Sept. 2022		67,947	5,414	0.06	0.06	0.06	26.99	12.55
Sept. 2021		72,959	4,603	0.06	0.06	0.10	18.11	15.85
Sept. 2020		31,864	2,449	0.06	0.06	0.07	29.60	13.01
Sept. 2019		13,414	1,248	0.06	0.06	0.05	17.33	10.74
Sept. 2018		1	-	0.06	0.06	0.11	74.99	10.32
P		Mar. 2023	155,279	8,832	2.02	2.02	0.05	11.63
	Sept. 2022	126,728	8,801	2.09	2.09	0.06	26.99	14.40
	Sept. 2021	150,587	8,160	2.24	2.24	0.10	18.11	18.45
	Sept. 2020	68,243	4,466	2.25	2.25	0.07	29.60	15.28
	Sept. 2019	43,047	3,338	2.24	2.24	0.05	17.33	12.90
	Sept. 2018	29,040	2,299	2.22	2.26	0.11	74.99	12.63
	PF	Mar. 2023	252,818	13,520	0.88	0.88	0.05	11.63
Sept. 2022		218,202	14,313	0.96	0.96	0.06	26.99	15.25
Sept. 2021		254,782	13,165	1.10	1.10	0.10	18.11	19.35
Sept. 2020		132,124	8,278	1.11	1.11	0.07	29.60	15.96
Sept. 2019		100,544	7,549	1.11	1.11	0.05	17.33	13.32
Sept. 2018		89,318	6,912	1.07	1.11	0.11	74.99	12.92

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, as well as withholding taxes) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other Fund transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(3) The portfolio turnover rate indicates how actively the Fund's sub-advisor manages its investment holdings. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. The Manager receives from the Fund management fees, before HST, calculated daily on the net asset value of the Fund at an annual rate shown below. The Fund does not pay management fees for Series I and O units. Series I and O unitholders pay a negotiated fee directly to NEI Investments.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Fund. In addition, the Manager may pay a trailer fee to dealers out of this management fee. The trailer fee is a percentage of the average daily value of the units of the Fund held by the dealer’s clients. No trailer fees are paid in respect of any Series F and PF units of the Fund.

The following table shows the major services paid for out of management fees as a percentage of the management fee for all applicable series of the Fund:

	Management Fee (%) <sup>(1)</sup>	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	1.90	48.60	51.40
Series F	0.90	100.00	N/A
Series P	1.65	39.38	60.62
Series PF	0.65	100.00	N/A

(1) Effective February 1, 2022, the management fee rates were reduced from 2.00% to 1.90% for Series A, from 1.00% to 0.90% for Series F, from 1.75% to 1.65% for Series P and from 0.75% to 0.65% for Series PF.

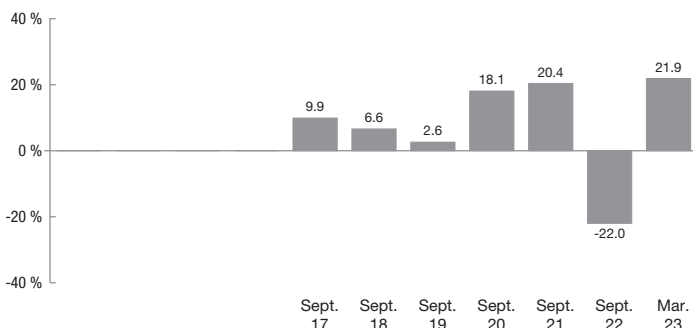
## Past Performance

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.

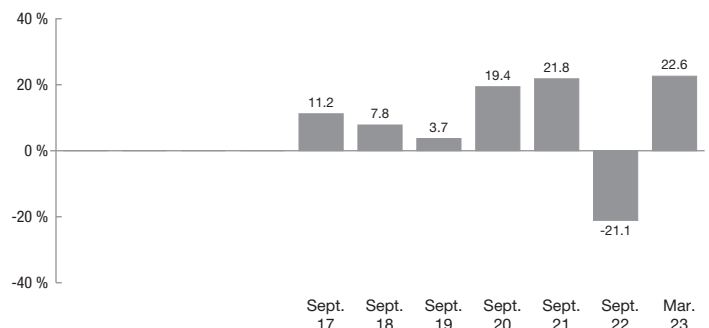
### Year-by-Year Returns

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.

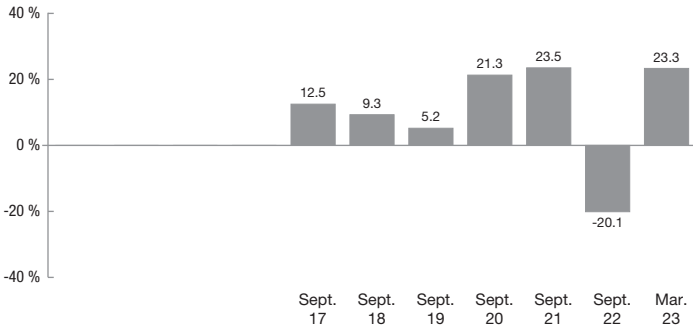
**Series A**



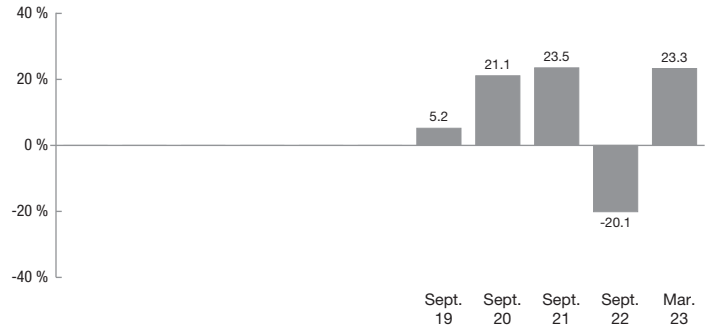
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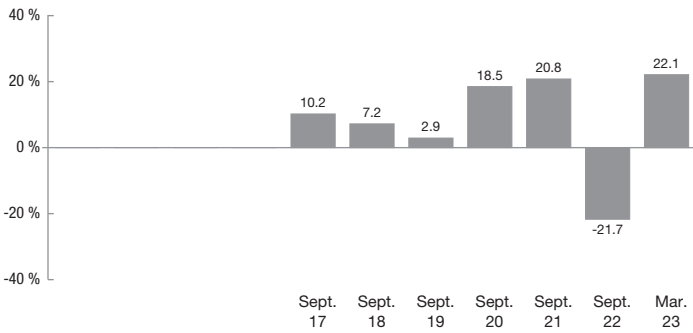
**Series I**



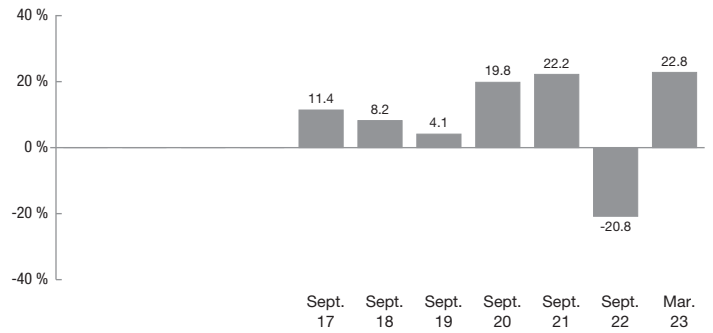
**Series O**



**Series P**



**Series PF**



## Summary of Investment Portfolio as at March 31, 2023

Total Net Asset Value: \$1,415,780,345

Top Holdings		%
1	Waste Management	4.4
2	Linde	4.3
3	Republic Services	3.6
4	Ansys	3.1
5	Agilent Technologies	3.1
6	Schneider Electric	3.1
7	Air Liquide	3.0
8	Veolia Environnement	2.9
9	GEA Group	2.8
10	American Water Works Company	2.6
11	Texas Instruments	2.5
12	Microsoft	2.5
13	Koninklijke DSM	2.4
14	Pentair	2.4
15	IDEX	2.4
16	Autodesk	2.3
17	Orsted	2.3
18	Aptiv	2.3
19	Waters	2.3
20	Enrofins Scientific	2.1
21	Siemens	2.1
22	United Rentals	2.0
23	Equinix	2.0
24	Trane Technologies	2.0
25	ASML Holding	2.0
	Total	66.5

Net Asset Value Mix		%
Equity	97.2	
Unit Trust	2.0	
Cash and Equivalents	0.8	
Total	100.0	

Sector Allocation		%
Industrials	37.2	
Information Technology	24.5	
Materials	15.2	
Health Care	8.9	
Utilities	7.9	
Consumer Discretionary	3.5	
Real Estate	2.0	
Cash and Equivalents	0.8	
Total	100.0	

Geographic Distribution		%
United States	48.9	
Other Countries	27.4	
France	9.0	
Ireland	8.7	
Taiwan	5.2	
Cash and Equivalents	0.8	
Total	100.0	

"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.