NEI Managed Asset Allocation 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 Managed Asset Allocation Pool's Series I units returned 8.9% for the six-month period ended March 31, 2023 compared with a return of 9.7% 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 blended benchmark is composed of 25% FTSE Canada Universe Bond Index, 25% Bloomberg Barclays Global Aggregate Index (C$ hedged) and 50% MSCI ACWI NR Index (C$).

The Fund's net asset value increased by 4.81% during the period, from $182,969,798 as at September 30, 2022 to $191,769,351 as at March 31, 2023. This change in net assets is attributed to net unitholder activity of -$7,327,479 and $16,127,032 to investment operations, including market appreciation (depreciation), income and expenses.

Market Overview

In the 6-month period ending March 31, 2023, central banks across the globe stayed hawkish and continued with their aggressive monetary tightening throughout the period in their effort to tame inflation. 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. While inflation has started to recede in North America, the economic backdrop continued to deteriorate with elevated recession concerns and reduced estimates on economic growth.

Global markets posted strong returns with higher than usual volatility over this period despite the risk-off sentiment and the uncertain backdrop. Investors reacted positively to China's decision to ease its zero covid policy and a warmer-than-usual winter weather, triggering more positive investor sentiment that perhaps the risk of recession would fall. For the 6-month period, global equities measured by MSCI All Country World Index returned 16.0%, led by MSCI Europe Index which returned 30.0%, followed by S&P 500 Index in the US which returned 13.4%, and Canada's S&P TSX Index which returned 10.4%.

The fixed income markets also rebounded as bond yields plummeted in March to reflect the market's expectation that central banks may have to ease monetary policies by cutting rates soon in response to economies falling into recession. The sovereign bond yield curve has experienced significant volatility both on the long and short end, with the 2-yr bond yield hitting a high of 5.07% before ending the period at around the same level six months ago at 4.12%. The 10-yr bond yield also had high volatility but ended the period lower at 3.45%. The yield curve inversion, which began in July of last year between the 2-year and 10-year yields, continue to indicate elevated recession risk. Global bonds returned 3.7% and the Canadian fixed income index also rose by 3.3% in this period. On the corporate credit side, Canadian corporate credits index was up by 3.80% while U.S high yields bonds index rose by 7.8%.

Factors That Have Affected Performance

The NEI Managed Asset Allocation Pool (Series I) underperformed its blended benchmark over the period.

The portfolio started the period slightly defensive with neutral allocation to equities, 4% underweight bonds, 3% overweight to equities, and 1% allocation to cash. The defensive posture in equities was progressively increased throughout October as part of US equity weighting was rotated into instruments that are quality and dividend focused, as well as into the healthcare sector due to attractive valuation, by reducing broad US market exposures. Towards the end of October, the market rebounded markedly and the portfolio added to risk by deploying cash into US and global equities. Exposures in emerging market equities was increased on the prospect that China's re-opening will bring upward adjustments to next year's growth recovery. Towards the end of the year, as recession concerns mounted, risk exposures in equities were sold in favor of cash, as equities moved into an overbought level from a fundamental and technical standpoint. The portfolio closed the year with 4% underweight in fixed income, 5% underweight in equities, and 9% in cash.

The portfolio started the year being underweight bonds, underweight equities and 9% allocation to cash. By mid-January, the portfolio moved back to neutral in fixed income, while also reducing US equity exposures in favor of international equities on valuation reasons. By the end of the month, exposures in Canadian fixed income were reduced in favor of US fixed income under the expectation that Canada will pause on rate hikes before US.

In February, the overweight allocations to EM equities were reduced back to neutral as the boost from China's re-opening seemed to be running out of steam. By mid-February, equity allocations were brought back to neutral from the underweight when the markets reached oversold levels near the bottom of their trading range. Throughout the month of March, the allocation to cash was gradually raised to 10% from both equities and fixed income. A more defensive posture was undertaken again given the uncertainty brought forth by bank collapses and the takeover of Credit Suisse. The potential for broader contagion of banking stress and the expectation that it will likely lead to a tightening of lending standards, which could raise the likelihood and magnitude of a recession. The portfolio closed the month with a 45% allocation to equities, 47.5% in fixed income and 7.5% in cash.

The portfolio underperformed in the first quarter of 2023 given it's defensive positioning and overweight in cash allocations amidst elevated recession risks, aggressive monetary tightening which led to a short-lived banking crisis, and equity valuations that do not account for a possible recession.

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Recent Developments

There were plenty of reasons to expect a much weaker equity market given everything that happened in this 6-month period, but somehow the equity markets were able to look past bank failures, rate hikes, and slashed earnings estimates with a surprising level of optimism, betting on the strength of economic data and the Fed to start cutting rates as soon as mid-year 2023. The fixed income market, however, seems to be living on a different planet, speculating that the banking crisis will lead to tighter lending standards, raising the probability of recession, which in turn alleviates the need for higher rates. The treasury markets saw dramatic volatility. The treasury yield curve became deeply inverted in this period with 2yr yields exceeding 10yr yields by over 107bps in early March, before ending the period at a more moderate level at 55bps.

Strength in recent data stems primarily from the re-opening of China as well as the warmer than usual winter in Europe and North America. The sustainability of the resilience is debatable as the lagged and varied impact of monetary tightening over the past 12 months is yet to be felt in the economy, putting central bankers at a tough position amidst inflation rates that are still above the neutral rate. This is keeping us in a defensive positioning in the portfolios, waiting for better clarity on paths of rates and economic growth.

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 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 did not rely on an approval, positive recommendation or standing instruction from the Fund's IRC with respect to any related party transactions.

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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	9.47	0.09	-0.01	-0.07	0.83	0.84	0.00	0.11	0.00	0.00	0.00	0.11	10.19
	Sept. 2022	11.48	0.26	-0.03	-0.43	-1.21	-1.41	0.00	0.23	0.00	0.44	0.00	0.67	9.47
	Sept. 2021	10.52	0.24	-0.02	0.58	0.28	1.08	0.00	0.19	0.00	0.02	0.00	0.21	11.48
	Sept. 2020	10.03	0.20	-0.03	-0.24	0.69	0.62	0.00	0.17	0.00	0.00	0.00	0.17	10.52
	Sept. 2019	10.00	0.07	-0.01	-0.04	0.03	0.05	0.00	0.03	0.00	0.00	0.00	0.03	10.03

(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	191,769	18,813	N/A	N/A	0.02	35.91	10.19
	Sept. 2022	182,970	19,325	N/A	N/A	0.03	108.20	9.47
	Sept. 2021	190,558	16,605	N/A	N/A	0.02	87.81	11.48
	Sept. 2020	104,971	9,982	N/A	N/A	0.03	84.29	10.52
	Sept. 2019	14,128	1,408	N/A	N/A	0.07	28.47	10.03

(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.

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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.

In addition to the fees and expenses directly payable by the Fund, certain fees and expenses may be payable by some underlying third party funds. The Fund indirectly bears its proportionate share of such fees and expenses. However, the Fund does not pay any management fees or similar expenses that, in the view of the Manager, a reasonable person would consider duplicate a fee payable by an underlying fund for the same service.

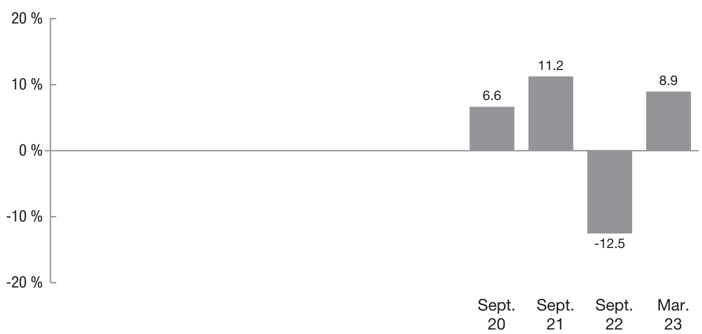
Past Performance

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



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Summary of Investment Portfolio as at March 31, 2023

Total Net Asset Value: $191,769,351

	Top Holdings	%
1	BMO Aggregate Bond Index ETF	24.2
2	iShares Core MSCI EAFE ETF	13.4
3	WisdomTree U.S. Quality Dividend Growth Fund ETF	12.3
4	Vanguard Total International Bond ETF	11.7
5	Invesco S&P 500 ESG Index ETF	11.2
6	SPDR S&P 500 ETF Trust	6.5
7	Cash and Equivalents	6.3
8	Vanguard Total Bond Market ETF	4.3
9	iShares Core MSCI Emerging Markets ETF	4.0
10	SPDR Portfolio Intermediate Corporate Bond ETF	2.2
11	iShares iBoxx $ Investment Grade Corporate Bond ETF	2.1
12	iShares Core S&P/TSX Capped Composite Index ETF	0.9
13	Invesco S&P/TSX Composite ESG Index ETF	0.6
	Total	99.7

Net Asset Value Mix	%
Unit Trust	93.4
Cash and Equivalents	6.3
Other	0.3
Total	100.0

Sector Allocation	%
Index-Based Investments	93.4
Cash and Equivalents	6.3
Other	0.3
Total	100.0

Geographic Distribution	%
United States	56.5
Canada	36.9
Cash and Equivalents	6.3
Other Countries	0.3
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.