NEI

NEI Canadian Equity Pool

Annual Management Report of Fund Performance

As at September 30, 2023

This 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.sedarplus.ca.

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

Investment Objective and Strategies

The Fund’s investment objectives are to achieve long-term capital growth by investing its assets primarily in equity and equity related securities of Canadian companies.

The Fund follows a responsible approach to investing, as described in the Simplified Prospectus of the Fund.

Risk

The risks associated with investing in the Fund remain as discussed in the Simplified Prospectus. The Fund is suitable for investors investing for the long term, with a medium tolerance for risk. Any changes in the Fund have not affected the overall level of risk of the Fund.

Results of Operations

The NEI Canadian Equity Pool’s Series I units returned 14.1% for the twelve-month period ended September 30, 2023 compared with a return of 9.5% 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 38.55% during the period, from $84,408,006 as at September 30, 2022 to $116,950,000 as at September 30, 2023. This change in net assets is attributed to net unitholder activity of $17,739,604 and $14,802,390 to investment operations, including market appreciation (depreciation), income and expenses.

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Market Overview

Good economic news is sometimes not good for the markets. We saw this occur over the past quarter, where both bond and equity markets declined as the economy continued to show resilience and strength. In response, the Bank of Canada (BoC) and the U.S. Federal Reserve Board (Fed) both raised their policy rate by 0.25% (to 5% and 5.5%, respectively) and kept their options open for more increases. Markets had been wrestling with the seemingly imminent possibility of a recession but, during the quarter, shifted their view to an economic soft-landing scenario (a slowdown without a recession). Investors now believe that policy interest rates will likely need to stay high for longer in order to keep inflation in check. Increased federal debt financing needs and political dysfunction in the U.S. also contributed to increased uncertainty in bond markets.

The renewed increase in oil prices contributed to the sentiment that inflation will remain a concern despite the general decline in price pressures. Besides China, which continues to experience disappointing growth, the rise in yields was seen on a global scale. The Japanese bond market was a notable participant in the bond market decline as the Bank of Japan seems to finally be extracting itself from the aggressive easing campaign of the last few decades. The yield increases were weighted to longer-term bonds as the shift in expectations from a recession to a soft landing implies that high interest rates will remain for longer, pushing the higher rates further out on the yield curve.

Factors That Have Affected Performance

Despite Materials and Energy continuing to detract from the Fund's performance, strong returns from the Information Technology and Consumer Discretionary sectors, and a lack of exposure to Utilities, more than offset their negative impact during the fourth quarter of 2022. Among the main contributors to performance were Restaurant Brands International Inc., Magna International Inc. and CAE Inc. Restaurant Brands reported robust system sales growth of 11%. Added to these impressive results, the stock is compelling at a notable discount to peers, which should drive differentiated returns ahead. Negative contributors for the quarter included CCL Industries Inc., Brookfield and the Fund's lack of exposure to Energy. Global special packaging company CCL's weakness came despite reporting strong results and fundamentals, largely due to cautious comments from management on near-term growth as a result of macroeconomic risks. That said, CCL is largely exposed to non-discretionary categories which are less economically sensitive, and historically has used difficult economic environments to consolidate at high returns on capital.

The Fund had a strong quarter in the first quarter of 2023. Industrials was the best-performing sector, driven by significant overweight allocation and strong performance from all three engineering companies. Information Technology was the second most important contributor to performance, with strong price appreciation from Open Text Corp., CGI Inc., Shopify Inc. and Kinaxis Inc. The underweight position in Energy served the Fund well this quarter, while an underweight allocation to Utilities slightly detracted from performance. The engineering companies in the portfolio had an impressive quarter, with SNC-Lavalin Group Inc., Stantec Inc. and WSP Global Inc. all gaining significantly. SNC's recent quarter showed strong revenue growth of 11% and solid bookings, which bodes well for future growth as it continues to win mandates. Recent quarterly results at Stantec and WSP Global 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 U.S. stimulus bills are expected to contribute positively to the secular growth of engineering service companies.

The Fund continued to outperform the benchmark in the second quarter of 2023. Underweight allocations to Energy and Materials contributed to performance, with the declining oil and gas prices, and price declines in other commodities, such as precious metals and potash. The Fund's overweight position in Information Technology stocks contributed to performance, as it was the best-performing sector for the past two consecutive quarters. The Fund also saw contributions from Industrials, particularly Boyd Group Services Inc. and Stantec.

The Canadian equity portfolio underperformed the benchmark in the third quarter of 2023. The Fund's underweight exposure to Energy detracted from performance as oil prices rose amid a further tightening of supply. Two underperforming positions in Information Technology were also notable detractors from performance and were only partially offset by strength in the Fund's Industrials holdings. The Fund's underweight allocation to commodity companies was a result of the portfolio sub-advisor belief that companies in secularly growing industries should provide better long-term returns with lower risk and volatility.

Year-to-date, the Fund outperformed its benchmark, driven mainly by strong contribution from nearly every sector, offsetting the challenge from an underweight exposure to Energy. Industrials were a large part of the outperformance, with notable strength in AtkinsRéalis (name change from SNC-Lavalin in September). For the quarter, the main contributors were AtkinsRéalis, WSP Global, and CAE. AtkinsRéalis reported industry-leading organic growth from its engineering segment, and investors are now starting to correctly price the orderly wind down of the less attractive fixed-price contracts. WSP continued to produce excellent results and should benefit from the global government infrastructure spending. CAE benefited from recovering air travel globally, and higher utilization rates in its training centres, and a recovery in its defense division profitability.

The main detractors during the third quarter of 2023 were exposure to Energy and holdings in Open Text and CCL. The decision by the Organization of the Petroleum Exporting Countries to further control supply in the face of weakening demand to maintain prices elevated is the main reason for the outperformance of Energy stocks. CCL, the world leader in specialty labels, produced an underwhelming quarter due to weakness in end markets and strong growth following the pandemic. Many customers overstocked labels due to supply chain constraints and are now working down inventory levels, which has moderated demand. Open Text's stock decline was mainly related to higher interest rates rather than anything specific to the company. Following its acquisition of Micro Focus International PLC, the integration has been progressing well, results have been in line with expectations, and the company's leverage ratio is trending down.

Portfolio Changes

During the second quarter of 2023, the portfolio sub-advisor continued to build the Fund's TC Energy Inc. position on weakness, benefiting from a 7% yield while they waited for the sale of assets to materialize, which they believed would be a catalyst for the stock. They also added to the Fund's our position in Brookfield Corp. on the basis that its substantial discount to net asset value more than reflects any weakness in commercial real estate or private equity that they see on the horizon. Lastly, the portfolio sub-advisor added to Colliers International Group Inc., a company with excellent management and solid historical shareholder value creation that is cyclically under pressure due to current real estate industry concerns. They trimmed positions in Shopify Inc., Thomson Reuters Corp., and CGI Inc. as improved valuations resulted in lowered expected returns. The portfolio sub-advisor also opportunistically initiated a position in Tourmaline Oil Corp. this quarter. They believe that natural gas will play an important role as a transition fuel, and they expect Tourmaline to benefit as North American liquified natural gas export capacity doubles by the end of the decade.

Given the substantial year-to-date price appreciation, the portfolio sub-advisor took the opportunity to trim overweight position in AtkinsRéalis. They also reduced exposure to Shopify following the market's favourable reaction to the sale of its fulfillment business and its year-to-date price appreciation, as well as the expectation of some valuation volatility, particularly if the economy slows materially and digital spending contracts. The Fund added to its position on price weakness in Definity Financial Corp., the recently demutualized property and casualty insurance company, on price weakness, and continued to build the position in Tourmaline.

ESG Activities

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

NEI's Responsible Investing & ESG Services team (RI team) engaged 12 companies including CGI Inc., Gildan Activewear Inc., and Saputo Inc., on topics such as digital rights, animal welfare, and supply chain risks.

The RI team voted against management on 48% of the proxy items at 33 annual general meetings. They supported 61% of 18 shareholder resolutions filed on ESG topics such as human rights impacts on migrant workers, ethics of artificial intelligence, and racial equity.

Recent Developments

The portfolio sub-advisor expects that some factors will contribute to a slowdown in economic momentum. Specifically, the delayed impact of previous interest rate increases, diminished support from excess government spending, and significantly reduced household savings. These factors are in evidence, and, as a result, we are seeing increased financial stress in the private sector, with delinquency rates rising as well as corporate bankruptcies. Government policy, both monetary and fiscal, will be a determining influence on the severity of the downturn. On the monetary policy side, the portfolio sub-advisor expects the more dominant the soft-landing scenario becomes, the greater the risk of a recession, as interest rates are further increased or held high for a longer period in a soft-landing scenario. For fiscal policy, the bias is towards less stimulus as the political environment is fractious, suggesting any incremental spending agreement is unlikely.

In the near future, the portfolio sub-advisor expects the upcoming bias towards bad economic news to be good for markets, just as good economic news has been bad for markets. Interest rates are now at their highest level in at least 15 years, providing ample room to decline should the growth and inflation momentum surprise to the downside. As to the timing, the portfolio sub-advisor would note that in this current cycle, emerging markets led the way with interest rate increases ahead of developed markets, and now their central banks are starting to cut interest rates. Given their economies are generally more sensitive to the global business cycle, this suggests the global economic cycle has turned down. It is also not unusual for the expectations of a soft economic landing to peak just before a recession.

Bond market valuations are also becoming attractive, with real interest rates more than double the average level of the ten years before the pandemic. One of the major shifts in global bond markets is Japan's eventual exit from its zero-interest rate policy. It is likely to have a negative impact on bond markets globally, but some of that pressure has already been priced into markets. The technical setup for the bond market suggests the near-term momentum is for higher yields, but eventually, that will change as we expect that the fundamental evidence will overwhelm the technical pressure.

As we look forward for equity markets, there will be several key variables to monitor, including the evolution of the economic conditions in China, inflationary dynamics, the outlook for interest rates, and the potential for a recession. Despite these macroeconomic issues, the portfolio sub-advisor remains focused on mitigating these variables through thoughtful long-term security selection.

The term of Marie Rounding ended on September 30, 2023. Ms. Rounding has served with distinction on the Independent Review Committee ("IRC") since 2014. After consulting with the Manager, the IRC determined it would replace Ms. Rounding with Caroline Cathcart. Ms. Cathcart was appointed as a new IRC member effective October 01, 2023, for a one-year term. As Ms. Rounding acted as the IRC chair after her term ended, Ms. McCarthy was appointed IRC Chair, effective October 5, 2023, and replaced Ms. Rounding in this role.

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.

	September 2023 ($)	September 2022 ($)
Commissions paid by the Fund to DSI	56	392

The Fund's sub-advisors may place a portion of the Fund’s portfolio 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.

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 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	Sept. 2023	10.69	0.26	0.00	0.22	0.99	1.47	0.01	0.17	0.00	0.29	0.00	0.47	11.70
	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 audited annual financial statements for the period ended September 30, 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	Sept. 2023	116,950	9,995	N/A	N/A	0.02	16.80	11.70
	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 portfolio 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.

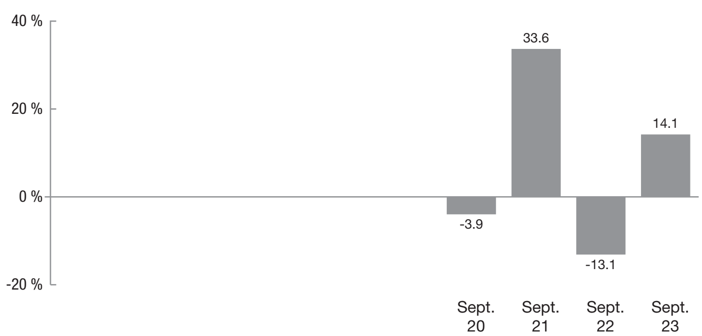
Past Performance

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. 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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Annualized Compound Returns

The following table shows the annual compound returns for all series of the Fund. All returns are in Canadian dollars, on a total return basis, net of fees. For comparison, the returns for the benchmark are included. A discussion regarding the relative performance of the Fund is found in the Results of Operations section of this report and a description of indexes can be found in the Annualized Compound Returns section of this report.

The benchmark for this Fund is the S&P/TSX Composite TR Index.

The S&P/TSX Composite is the headline index for the Canadian equity market. It consists of the largest companies on the Toronto Stock Exchange (TSX). The Index is comprised of the S&P/TSX 60 Index and the S&P/TSX Completion Index.

While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. Please see the "Results of Operations" section of this report for a discussion of recent performance results.

Group/Investment	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception(*) (%)
S&P/TSX Composite TR Index	9.5	9.9	N/A	N/A	**
NEI Canadian Equity Pool, Series I	14.1	9.9	N/A	N/A	6.0

*Since inception returns are not provided for series that have been in existence for more than 10 years.
**The return of the benchmark since inception for each applicable series is as follows: Series I: 7.3%.

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Summary of Investment Portfolio as at September 30, 2023

Total Net Asset Value: $116,950,000

	Top Holdings	%
1	Canadian National Railway Company	7.1
2	Brookfield, Class A	5.2
3	Scotiabank	4.4
4	SNC-Lavalin Group	4.1
5	Open Text	3.9
6	Metro	3.8
7	CGI, Class A	3.8
8	WSP Global	3.8
9	Intact Financial Corporation	3.7
10	TC Energy	3.6
11	Stantec	3.5
12	Restaurant Brands International	3.5
13	Cash and Equivalents	3.5
14	Thomson Reuters	3.4
15	CCL Industries, Class B	3.4
16	Shopify, Class A	3.2
17	Gildan Activewear	3.0
18	Magna International, Class A	3.0
19	Boyd Group Services	2.8
20	Manulife Financial	2.7
21	Descartes Systems Group	2.6
22	Premium Brands Holdings	2.5
23	Empire Company, Class A	2.4
24	Franco-Nevada	2.4
25	National Bank of Canada	2.1
	Total	87.4

Net Asset Value Mix	%
Equity	96.5
Cash and Equivalents	3.5
Total	100.0

Sector Allocation	%
Industrials	24.7
Financials	21.6
Information Technology	16.9
Consumer Staples	9.9
Consumer Discretionary	9.4
Materials	6.7
Energy	4.4
Cash and Equivalents	3.5
Real Estate	2.9
Total	100.0

Geographic Distribution	%
Canada	96.5
Cash and Equivalents	3.5
Total	100.0

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