



NEI Canadian Small Cap Equity RS Fund

Annual Management Report of Fund Performance

As at September 30, 2022

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.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

Investment Objective and Strategies

The Fund aims to increase the value of your investment over the long term by investing mostly in common shares of small capitalization or "small cap" Canadian companies listed on a stock exchange.

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

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 Small Cap Equity RS Fund's Series A units returned -5.5% for the twelve months ended September 30, 2022 compared with a return of -21.7% 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 benchmark for this Fund is the BMO Small Cap Blended Index (Unweighted).

The Fund's net asset value increased by 3.09% during the period, from \$538,220,545 as at September 30, 2021 to \$554,852,109 as at September 30, 2022. This change in net assets is attributed to net unitholder activity of \$42,877,136 and -\$26,245,572 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

The reporting period has coincided with one of the fastest rising US interest rate cycles in the past three decades. Volatility has increased as concerns on the global economy, inflation and future interest rate path have mounted. Asset returns in both bonds and equities have been negative in Canada, and small caps have underperformed large caps as may be expected in the market environment.

During the reporting period the Fund has not been immune but has outperformed the small cap benchmark. Security selection was a driver of relative performance as the Fund's materials exposure generally includes more defensive business models with relatively resilient demand. In contrast, the benchmark's Materials exposure was down significantly in the reporting period as both gold and copper price levels declined over the past year. Another key driver of relative outperformance was the avoidance of earlier stage weaker businesses in the healthcare sector within the Fund. Security selection within Industrials also played a factor as the Fund's holdings appreciated slightly relative to double digit declines for the comparative benchmark exposure. Energy was an area that detracted from relative performance as the producer-tilted benchmark exposure outpaced the double-digit appreciation seen within the Fund.

The Fund's top contributing investments were Freehold Royalties Ltd, Pason Systems, and IBI Group. The largest detractors were Canadian Western Bank, Lassonde Industries and Cogeco Inc.

Recent Developments

Significant declines across many asset classes in the calendar year-to-date highlight the widespread market concerns and uncertainty. Recent events such as the UK pension fund challenges reflect that risks may lurk in unexpected corners of financial markets. Although North American valuations have compressed, and the Canadian index trades at a discount to long-term averages, key concerns remain on the earning trajectory in the next twelve months. Questions on whether equity valuations are attractive or not hinge on the upcoming earnings reports from bellwether companies, and if the commodity driven earnings strength recently seen in Canada persists.

The starkly higher interest rates also prompt higher chances of a more severe recession. However, a key engine of GDP, the consumer has been supported by low unemployment levels and is thus far showing resilience in the face of headwinds. The Fund is invested in a diverse portfolio of companies that can navigate well under a variety of different economic scenarios.

The portfolio sub-advisor participated in the initial public offering of Definity Financial Corp. (formerly Economical Insurance), which has a 150-year history in the Canadian property & casualty insurance space. Since 2016, under the leadership of a new CEO, the company has accelerated growth and profitability while preparing for its transition to a publicly held corporation. With a more efficient capital structure, significant upside to the company's already strong returns on equity are possible. The company provides further diversification within financials.

Enghouse, a consolidator of software serving verticals primarily in the contact centre, telecommunication, and transportation markets, was also added to the Fund. Enghouse is a growth through acquisition business, demonstrating an above average capital deployment track record compared to most Canadian companies. The company generates ample cash and has a large cash balance.

A new position in Knight Therapeutics adds diversification to the Fund through its healthcare focus. The company has a strong balance sheet and is poised to grow internationally as well as domestically.

Another new position is Richards Packaging, a distributor of packaging materials for consumer staple and healthcare products. They are run by a well-aligned management team that has demonstrated a good track record in allocating capital to generate attractive returns over time. Additionally, they have a strong balance sheet and have relatively resilient cash flows.



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Eliminated positions include ATCO Ltd, Element Fleet Management, Enerflex, Superior Plus Corp, and Westshore Terminals. IBI Group announced they had accepted a takeover offer by Arcadis NV, representing a 30% premium to the pre-announcement closing price. IBI Group provides engineering consulting services to private companies and government organizations. A position in IBI Group had been initiated in February after observing an improved track record under a newer management team.

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 2022 (\$)	September 2021 (\$)
Commissions paid by the Fund to DSI	16,208	3,765

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 Desjardins group 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 past five fiscal years or for the periods since inception, as applicable.

Net Assets per Unit (\$)⁽¹⁾

Series	Period	Net Assets, Beginning of Period	Increase (Decrease) from Operations					Distributions					Net Assets, End of Period	
			Total Revenue	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total Increase (Decrease) from Operations ⁽²⁾	From Income (Excluding Dividends)	From Dividends	From Underlying Funds	From Capital Gains	Return of Capital		Total of Distributions ⁽³⁾⁽⁴⁾
A	Sept. 2022	32.15	0.84	-0.87	1.54	-3.00	-1.49	0.00	0.30	0.00	0.75	0.00	1.05	29.37
	Sept. 2021	22.96	1.06	-0.80	1.19	8.18	9.63	0.00	0.13	0.00	0.00	0.00	0.13	32.15
	Sept. 2020	24.85	0.81	-0.65	0.08	-2.07	-1.83	0.00	0.05	0.00	0.00	0.00	0.05	22.96
	Sept. 2019	27.94	0.84	-0.69	0.89	-3.03	-1.99	0.00	0.08	0.00	1.45	0.00	1.53	24.85
	Sept. 2018	27.18	0.79	-0.75	2.90	-1.48	1.46	0.00	0.09	0.00	0.66	0.00	0.75	27.94
F	Sept. 2022	20.59	0.54	-0.31	0.97	-2.50	-1.30	0.00	0.44	0.00	0.48	0.00	0.92	18.80
	Sept. 2021	14.65	0.68	-0.29	0.76	5.20	6.35	0.00	0.23	0.00	0.00	0.00	0.23	20.59
	Sept. 2020	15.79	0.51	-0.23	0.05	-1.23	-0.90	0.00	0.16	0.00	0.00	0.00	0.16	14.65
	Sept. 2019	17.79	0.54	-0.24	0.57	-2.57	-1.70	0.00	0.26	0.00	0.93	0.00	1.19	15.79
	Sept. 2018	17.28	0.50	-0.27	1.84	-0.91	1.16	0.00	0.24	0.00	0.42	0.00	0.66	17.79
I	Sept. 2022	30.56	0.82	-0.02	1.45	-3.46	-1.21	0.00	0.92	0.00	0.71	0.00	1.63	28.05
	Sept. 2021	21.60	1.12	-0.03	1.15	6.21	8.45	0.02	0.52	0.00	0.00	0.00	0.54	30.56
	Sept. 2020	23.07	0.76	-0.02	0.07	-1.95	-1.14	0.02	0.35	0.00	0.00	0.00	0.37	21.60
	Sept. 2019	26.18	0.79	-0.01	0.81	-2.13	-0.54	0.03	0.73	0.00	1.59	0.00	2.35	23.07
	Sept. 2018	26.14	0.69	-0.02	2.71	-1.63	1.75	0.00	1.25	0.00	0.78	0.00	2.03	26.18
O	Sept. 2022	12.41	0.32	-0.02	0.59	-1.31	-0.42	0.00	0.41	0.00	0.29	0.00	0.70	11.36
	Sept. 2021	8.76	0.43	-0.02	0.46	2.86	3.73	0.00	0.20	0.00	0.00	0.00	0.20	12.41
	Sept. 2020	9.24	0.32	-0.01	0.03	-0.74	-0.40	0.00	0.02	0.00	0.00	0.00	0.02	8.76
	Sept. 2019	10.23	0.31	-0.01	0.33	-0.87	-0.24	0.00	0.13	0.00	0.53	0.00	0.66	9.24
	Sept. 2018	10.00	0.08	-0.01	1.09	-0.93	0.23	0.00	0.00	0.00	0.00	0.00	0.00	10.23
P	Sept. 2022	12.89	0.34	-0.30	0.62	-1.27	-0.61	0.00	0.16	0.00	0.30	0.00	0.46	11.79
	Sept. 2021	9.19	0.44	-0.28	0.48	3.11	3.75	0.00	0.07	0.00	0.00	0.00	0.07	12.89
	Sept. 2020	9.92	0.33	-0.23	0.03	-0.91	-0.78	0.00	0.03	0.00	0.00	0.00	0.03	9.19
	Sept. 2019	10.00	0.28	-0.20	0.35	0.31	0.74	0.00	0.01	0.00	0.46	0.00	0.47	9.92
PF	Sept. 2022	13.25	0.35	-0.17	0.63	-1.48	-0.67	0.00	0.26	0.00	0.31	0.00	0.57	12.16
	Sept. 2021	9.40	0.46	-0.15	0.49	3.09	3.89	0.00	0.14	0.00	0.00	0.00	0.14	13.25
	Sept. 2020	10.08	0.33	-0.12	0.03	-0.99	-0.75	0.00	0.08	0.00	0.00	0.00	0.08	9.40
	Sept. 2019	10.00	0.28	-0.11	0.35	0.46	0.98	0.00	0.01	0.00	0.41	0.00	0.42	10.08

(1) All per unit figures presented in 2022 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, 2022.

(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 (\$)
A	Sept. 2022	156,775.11	5,338.31	2.70	2.70	0.06	18.70	29.37
	Sept. 2021	203,815.42	6,339.85	2.70	2.70	0.08	32.76	32.15
	Sept. 2020	182,035.37	7,929.63	2.72	2.72	0.07	16.53	22.96
	Sept. 2019	244,076.08	9,821.09	2.70	2.70	0.06	25.22	24.85
	Sept. 2018	374,945.80	13,421.52	2.70	2.70	0.07	35.74	27.94
F	Sept. 2022	33,025.91	1,756.31	1.47	1.51	0.06	18.70	18.80
	Sept. 2021	21,728.89	1,055.28	1.47	1.52	0.08	32.76	20.59
	Sept. 2020	20,094.12	1,371.26	1.48	1.54	0.07	16.53	14.65
	Sept. 2019	31,865.72	2,018.33	1.47	1.52	0.06	25.22	15.79
	Sept. 2018	65,910.33	3,705.37	1.47	1.52	0.07	35.74	17.79
I	Sept. 2022	259,502.74	9,251.32	N/A	N/A	0.06	18.70	28.05
	Sept. 2021	199,768.71	6,537.91	N/A	N/A	0.08	32.76	30.56
	Sept. 2020	88,245.13	4,086.10	N/A	N/A	0.07	16.53	21.60
	Sept. 2019	95,457.67	4,137.68	N/A	N/A	0.06	25.22	23.07
	Sept. 2018	57,600.49	2,200.34	N/A	N/A	0.07	35.74	26.18
O	Sept. 2022	1,601.68	141.05	0.05	0.05	0.06	18.70	11.36
	Sept. 2021	1,923.38	154.97	0.05	0.05	0.08	32.76	12.41
	Sept. 2020	1,194.04	136.26	0.06	0.06	0.07	16.53	8.76
	Sept. 2019	1.00	0.11	0.06	0.06	0.06	25.22	9.24
	Sept. 2018	1.02	0.10	0.06	0.06	0.07	35.74	10.23
P	Sept. 2022	68,445.81	5,806.31	2.32	2.32	0.06	18.70	11.79
	Sept. 2021	78,488.70	6,086.94	2.32	2.32	0.08	32.76	12.89
	Sept. 2020	54,097.13	5,886.04	2.38	2.38	0.07	16.53	9.19
	Sept. 2019	62,012.67	6,249.67	2.46	2.46	0.06	25.22	9.92
PF	Sept. 2022	35,500.86	2,920.58	1.21	1.21	0.06	18.70	12.16
	Sept. 2021	32,495.44	2,451.59	1.20	1.20	0.08	32.76	13.25
	Sept. 2020	19,930.84	2,119.79	1.22	1.22	0.07	16.53	9.40
	Sept. 2019	22,257.67	2,207.14	1.26	1.26	0.06	25.22	10.08

(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 (%) ⁽¹⁾	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	2.10	55.43	44.57
Series F	1.05	100.00	N/A
Series P	1.85	45.95	54.05
Series PF	0.85	100.00	N/A

(1) Effective June 28, 2022, the management fee rates were reduced from 1.10% to 1.05% for Series F.

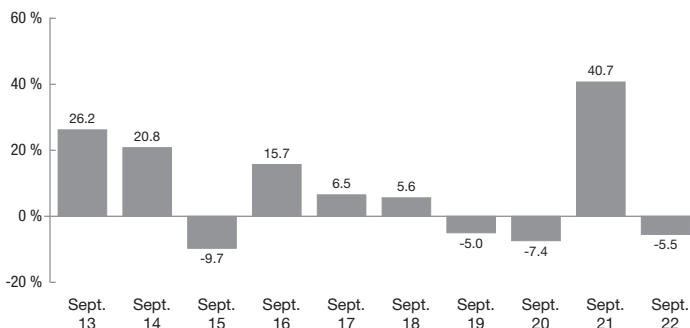
Past Performance

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.

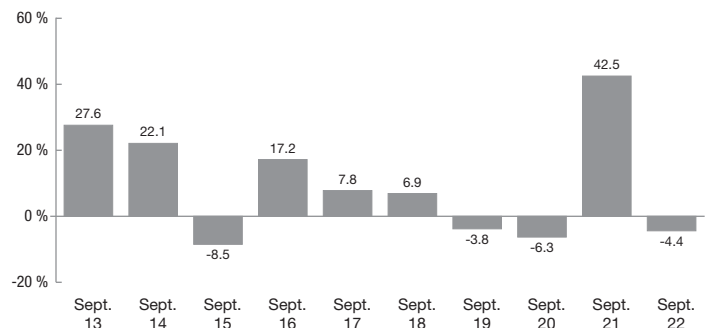
Year-by-Year Returns

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. 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.

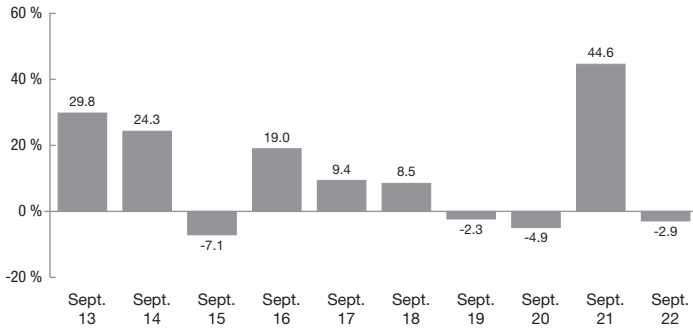
Series A



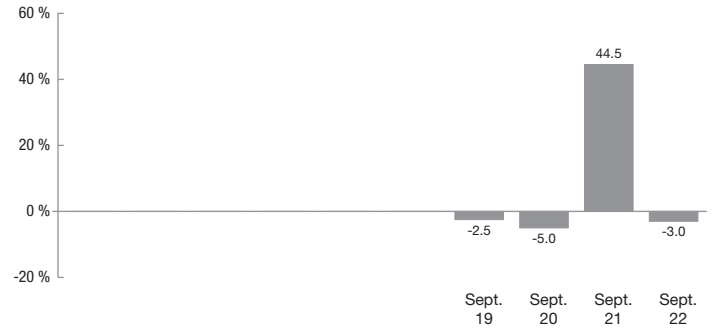
Series F



Series I



Series O



Series P



Series PF



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 BMO Small Cap Blended Index (Unweighted).

The BMO Small Cap Blended Index (Unweighted) is made up of 400 companies with a market capitalization of less than 0.1% of the total capitalization of the S&P/TSX Composite Total Return 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 ^(*) (%)
BMO Small Cap Blended Index (Unweighted)	-21.7	9.5	3.1	2.8	**
NEI Canadian Small Cap Equity RS Fund, Series A	-5.5	7.2	4.3	7.7	N/A
NEI Canadian Small Cap Equity RS Fund, Series F	-4.4	8.5	5.6	9.0	N/A
NEI Canadian Small Cap Equity RS Fund, Series I	-2.9	10.1	7.2	10.7	N/A
NEI Canadian Small Cap Equity RS Fund, Series O	-3.0	10.0	N/A	N/A	6.9
NEI Canadian Small Cap Equity RS Fund, Series P	-5.2	7.6	N/A	N/A	7.1
NEI Canadian Small Cap Equity RS Fund, Series PF	-4.1	8.8	N/A	N/A	8.3

*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 O: 3.2%, Series P: 7.9%, Series PF: 7.9%.



NEI Canadian Small Cap Equity RS Fund

Summary of Investment Portfolio as at September 30, 2022

Total Net Asset Value: \$554,852,109

Top Holdings		%
1	Winpak	5.7
2	iA Financial Group	5.5
3	Stella-Jones	5.5
4	E-L Financial	4.6
5	Cash and Equivalents	4.6
6	Mullen Group	4.3
7	Canadian Western Bank	3.8
8	Parkland	3.8
9	AltaGas	3.7
10	Freehold Royalties	3.2
11	Secure Energy Services	3.2
12	Richelieu Hardware	2.8
13	Information Services, Class A	2.7
14	Aritzia	2.5
15	Major Drilling Group International	2.4
16	Guardian Capital Group, Class A	2.3
17	Transcontinental, Class A	2.2
18	Winmark	2.2
19	Lassonde Industries, Class A	2.2
20	Knight Therapeutics	2.1
21	Cogeco	2.1
22	Definity Financial	2.0
23	PrairieSky Royalty	2.0
24	Melcor Developments	1.9
25	National Research	1.9
	Total	79.2

Net Asset Value Mix	%
Equity	93.9
Cash and Equivalents	4.6
Unit Trust	1.5
Total	100.0

Sector Allocation	%
Financials	18.3
Materials	15.8
Industrials	14.1
Energy	14.0
Consumer Discretionary	9.4
Real Estate	5.9
Health Care	4.8
Cash and Equivalents	4.6
Information Technology	3.8
Utilities	3.7
Consumer Staples	3.3
Communication Services	2.0
Index-Based Investments	0.3
Total	100.0

Geographic Distribution	%
Canada	91.3
Cash and Equivalents	4.6
Other Countries	4.1
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.