



# NEI Canadian Small Cap Equity Fund

## Annual Management Report of Fund Performance

### As at September 30, 2024

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](http://www.neiinvestments.com) or SEDAR+ at [www.sedarplus.ca](http://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

NEI Canadian Small Cap Equity Fund (the "Fund") aims to achieve capital appreciation over the longer term by seeking to invest primarily in the equity securities of faster growing, small-cap Canadian companies.

The Portfolio Sub-Advisor uses a quantitative multi-strategy ranking system to achieve long-term growth of capital through investment in Canadian corporations or Canadian listed corporations. The Portfolio Sub-Advisor generally seeks to identify small or mid-capitalization companies which rank highly across all pillars of the multi-strategy ranking system, such as value, profit & growth and industry relative.

### Risk

The risks of 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 to high 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 Fund's Series A units returned 20.6% for the twelve-month period ended September 30, 2024 compared with a return of 25.1% 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 SmallCap Index.

The Fund's net asset value increased by 4.64% during the period, from \$50,390,813 as at September 30, 2023 to \$52,729,202 as at September 30, 2024. This change in net assets is attributed to net unitholder activity of -\$7,613,702 and \$9,952,091 to investment operations, including market appreciation (depreciation), income and expenses.

## Market Overview

Canadian small-capitalization stocks enjoyed exceptional returns over the past 12 months. Through this period, most sectors contributed positively with more interest rate-sensitive sectors performing well, as growth-oriented Information Technology led the way, alongside strong returns in Financials, Real Estate and gold stocks. While still delivering positive returns, the Energy sector lagged the broader index, driven in part by crude oil prices declining nearly 25% over the past year. Most factor styles have performed favourably, with particularly strong returns from growth, quality and value factors. Only momentum and sentiment style factors exhibited some weakness. Despite the trailing performance, a rolling 12-month return was not particularly extreme for the S&P/TSX SmallCap Index, with many instances of similar or greater returns experienced over the past 20 years. Favourable earnings growth and valuations continued to support a constructive view of the Canadian small-cap space.

## Factors That Have Affected Performance

Over the past year, stock selection decisions in the Energy and Industrials sectors were the largest contributors to relative performance. The largest detractors from performance included stock selection decisions in the Materials and gold sectors.

## Portfolio Changes

Driven by its stock selection process, the Fund's relative sector exposures to gold and Health Care stocks versus the S&P/TSX SmallCap Index was increased. The Fund's relative exposures to stocks in the Information Technology and Energy sectors were decreased. Portfolio risk metrics remain conservative, with forecast volatility below the S&P/TSX SmallCap Index. The portfolio sub-advisor's ensemble approach to quantitative investing seeks to diversify across style and sector and has consistently delivered a portfolio capable of performing well across most market environments.

## Recent Developments

The Fund presently has a quarterly sales growth of 4.1%, well above the level for the S&P/TSX Composite Index at 2.0%. This growth profile has been maintained despite substantially more reasonable valuations, trading at only 10.1 times forward earnings expectations, while the S&P/TSX SmallCap Index trades at 11.8 times and the S&P/TSX Composite Index trades at 14.8 times today. This valuation also looks favourable globally, as the MSCI ACWI Small Cap Index trades at 15.9 times while larger-cap indices like the MSCI World Index and S&P 500 Index trade well above their historical averages at 18.9 times and 25.6 times, respectively. Ultimately, these factors suggest a strong outlook for Canadian small-cap stocks in general, and the Fund in particular, which uses a core, quantitative approach to deliver favourable attributes across value, profitability, sentiment, momentum and quality.

The term of Mr. W. William Woods ended on September 30, 2024. Mr. Woods had served with distinction on the Independent Review Committee ("IRC") since 2015. After consulting with the Manager, the IRC decided to replace Mr. Woods with Mr. Jean Morissette. Mr. Morissette was appointed as a new IRC member effective October 1, 2024, for a one (1) year term. Ms. Caroline Cathcart will continue in her role as an IRC member, and Ms. McCarthy will continue to serve as both an IRC member and the Chair.

## Related Party Transactions

Northwest & Ethical Investments L.P. ("NEI LP" and "NEI Investments") 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, CU CUMIS Wealth Holdings LP, 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 Canadian Small Cap Equity Fund

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 2024 (\$)	September 2023 (\$)
Commissions paid by the Fund to DSI	1,779	449

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.

Effective April 1, 2024, Credential Asset Management Inc. and Credential Qtrade Securities Inc. merged into Aviso Financial Inc. As a result, the Fund is now distributed through Aviso Financial 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 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 of Distributions <sup>(3)(4)</sup>	
A	Sept. 2024	33.77	0.83	-1.09	1.02	5.78	6.54	0.00	0.02	0.00	2.47	0.00	2.49	37.87
	Sept. 2023	30.89	0.85	-0.95	3.08	0.48	3.46	0.00	0.00	0.00	0.33	0.00	0.33	33.77
	Sept. 2022	38.70	0.55	-0.99	1.59	-8.02	-6.87	0.00	0.00	0.00	0.00	0.00	0.00	30.89
	Sept. 2021	31.41	0.73	-0.99	11.06	-3.07	7.73	0.00	0.00	0.00	0.00	0.00	0.00	38.70
	Sept. 2020	30.22	0.72	-0.78	-1.03	2.12	1.03	0.00	0.00	0.00	0.00	0.00	0.00	31.41
F	Sept. 2024	15.99	0.39	-0.35	0.48	2.73	3.25	0.00	0.18	0.00	1.17	0.00	1.35	17.92
	Sept. 2023	14.48	0.40	-0.29	1.45	0.16	1.72	0.00	0.00	0.00	0.15	0.00	0.15	15.99
	Sept. 2022	17.97	0.29	-0.27	0.68	-5.29	-4.59	0.00	0.00	0.00	0.00	0.00	0.00	14.48
	Sept. 2021	14.53	0.33	-0.29	5.06	-0.90	4.20	0.00	0.09	0.00	0.00	0.00	0.09	17.97
	Sept. 2020	13.96	0.33	-0.23	-0.47	1.29	0.92	0.00	0.12	0.00	0.00	0.00	0.12	14.53
I	Sept. 2024	17.28	0.42	-0.10	0.52	2.92	3.76	0.00	0.52	0.00	1.27	0.00	1.79	19.29
	Sept. 2023	15.40	0.43	-0.04	1.56	0.20	2.15	0.00	0.00	0.00	0.16	0.00	0.16	17.28
	Sept. 2022	18.80	0.28	-0.01	0.77	-4.36	-3.32	0.00	0.00	0.00	0.00	0.00	0.00	15.40
	Sept. 2021	18.16	0.38	-0.02	5.99	0.90	7.25	0.00	0.52	0.00	3.50	0.00	4.02	18.80
	Sept. 2020	17.34	0.41	-0.01	-0.59	1.44	1.25	0.00	0.33	0.00	0.00	0.00	0.33	18.16
O	Sept. 2024	9.57	0.24	-0.06	0.29	1.62	2.09	0.00	0.25	0.00	0.70	0.00	0.95	10.72
	Sept. 2023	8.53	0.24	-0.03	0.86	0.05	1.12	0.00	0.00	0.00	0.09	0.00	0.09	9.57
	Sept. 2022	10.42	0.16	-0.01	0.42	-2.46	-1.89	0.00	0.00	0.00	0.00	0.00	0.00	8.53
	Sept. 2021	8.39	0.20	-0.02	2.97	-0.97	2.18	0.00	0.16	0.00	0.00	0.00	0.16	10.42
	Sept. 2020	8.03	0.19	-0.01	-0.27	0.61	0.52	0.00	0.17	0.00	0.00	0.00	0.17	8.39
P	Sept. 2024	10.19	0.25	-0.29	0.31	1.69	1.96	0.00	0.05	0.00	0.75	0.00	0.80	11.42
	Sept. 2023	9.28	0.26	-0.25	0.93	0.14	1.08	0.00	0.00	0.00	0.10	0.00	0.10	10.19
	Sept. 2022	11.59	0.16	-0.25	0.48	-2.37	-1.98	0.00	0.00	0.00	0.00	0.00	0.00	9.28
	Sept. 2021	9.38	0.22	-0.26	3.34	-1.18	2.12	0.00	0.01	0.00	0.00	0.00	0.01	11.59
	Sept. 2020	9.01	0.21	-0.20	-0.31	0.68	0.38	0.00	0.01	0.00	0.00	0.00	0.01	9.38
PF	Sept. 2024	12.12	0.30	-0.23	0.36	2.04	2.47	0.00	0.17	0.00	0.89	0.00	1.06	13.57
	Sept. 2023	10.94	0.31	-0.19	1.10	0.08	1.30	0.00	0.00	0.00	0.12	0.00	0.12	12.12
	Sept. 2022	13.54	0.21	-0.17	0.53	-3.64	-3.07	0.00	0.00	0.00	0.00	0.00	0.00	10.94
	Sept. 2021	10.95	0.26	-0.19	3.93	-1.75	2.25	0.00	0.11	0.00	0.00	0.00	0.11	13.54
	Sept. 2020	10.49	0.25	-0.14	-0.36	0.90	0.65	0.00	0.08	0.00	0.00	0.00	0.08	10.95

(1) All per unit figures presented in 2024 are referenced to net assets determined in accordance with International Financial Reporting Standards and are derived from the Fund's audited annual financial statements for the period ended September 30, 2024.

(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	Sept. 2024	11,880	314	2.59	2.59	0.53	158.87	37.87
	Sept. 2023	12,499	370	2.59	2.59	0.23	126.15	33.77
	Sept. 2022	13,021	422	2.60	2.60	0.08	28.38	30.89
	Sept. 2021	34,593	894	2.59	2.59	0.09	26.21	38.70
	Sept. 2020	35,906	1,143	2.61	2.61	0.06	21.52	31.41
F	Sept. 2024	15,089	842	1.60	1.60	0.53	158.87	17.92
	Sept. 2023	14,991	937	1.60	1.60	0.23	126.15	15.99
	Sept. 2022	14,458	998	1.61	1.65	0.08	28.38	14.48
	Sept. 2021	2,153	120	1.63	1.69	0.09	26.21	17.97
	Sept. 2020	3,845	265	1.64	1.70	0.06	21.52	14.53
I	Sept. 2024	9,491	492	N/A	N/A	0.53	158.87	19.29
	Sept. 2023	9,697	561	N/A	N/A	0.23	126.15	17.28
	Sept. 2022	9,768	634	N/A	N/A	0.08	28.38	15.40
	Sept. 2021	13,243	704	N/A	N/A	0.09	26.21	18.80
	Sept. 2020	105,682	5,819	N/A	N/A	0.06	21.52	18.16
O	Sept. 2024	1	-	0.06	0.06	0.53	158.87	10.72
	Sept. 2023	1	-	0.06	0.06	0.23	126.15	9.57
	Sept. 2022	1	-	0.06	0.06	0.08	28.38	8.53
	Sept. 2021	1	-	0.06	0.06	0.09	26.21	10.42
	Sept. 2020	1	-	0.06	0.06	0.06	21.52	8.39
P	Sept. 2024	5,516	483	2.24	2.24	0.53	158.87	11.42
	Sept. 2023	4,480	440	2.22	2.22	0.23	126.15	10.19
	Sept. 2022	4,806	518	2.21	2.21	0.08	28.38	9.28
	Sept. 2021	15,659	1,351	2.22	2.22	0.09	26.21	11.59
	Sept. 2020	10,656	1,136	2.25	2.25	0.06	21.52	9.38
PF	Sept. 2024	10,753	792	1.34	1.34	0.53	158.87	13.57
	Sept. 2023	8,724	720	1.34	1.34	0.23	126.15	12.12
	Sept. 2022	8,116	742	1.35	1.35	0.08	28.38	10.94
	Sept. 2021	3,256	240	1.32	1.32	0.09	26.21	13.54
	Sept. 2020	1,488	136	1.35	1.35	0.06	21.52	10.95

(1) Management expense ratio is based on total expenses charged to the Fund (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. See Management Fees for more information.

(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 Manager receives management fees, before HST, from the Fund, which are calculated daily and based 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 (%)	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	1.95	66.07	33.93
Series F	1.15	100.00	N/A
Series P	1.70	55.86	44.14
Series PF	0.95	100.00	N/A

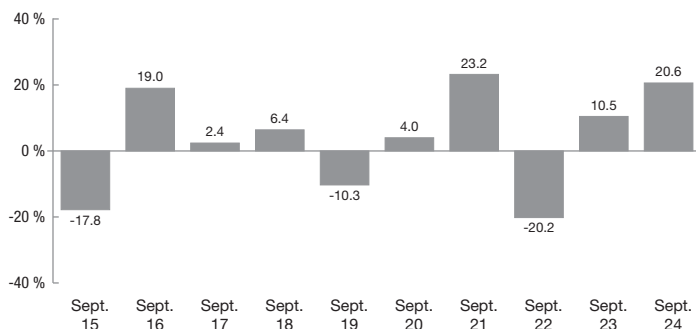
## Past Performance

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.

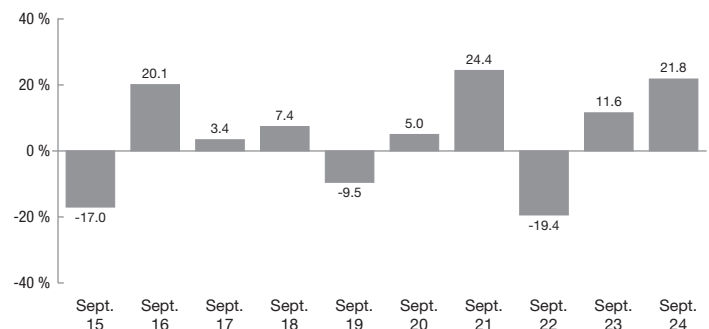
### Year-by-Year Returns

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.

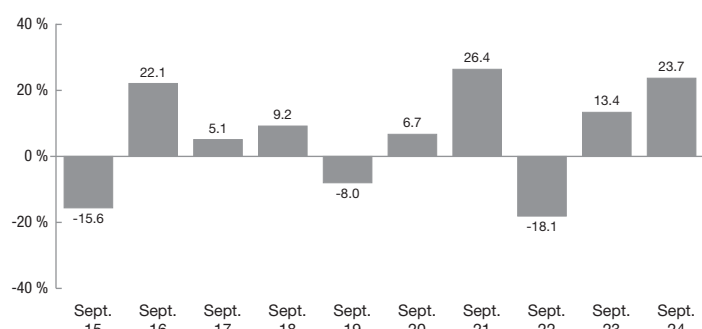
**Series A**



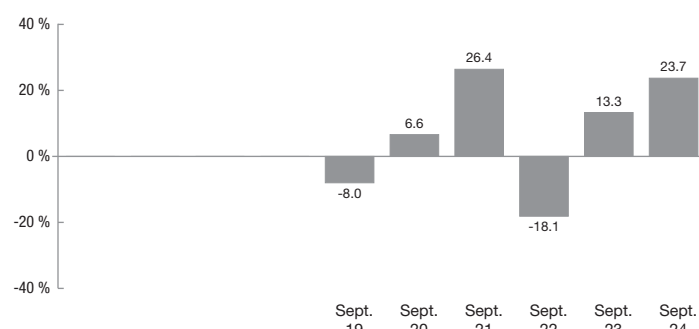
**Series F**



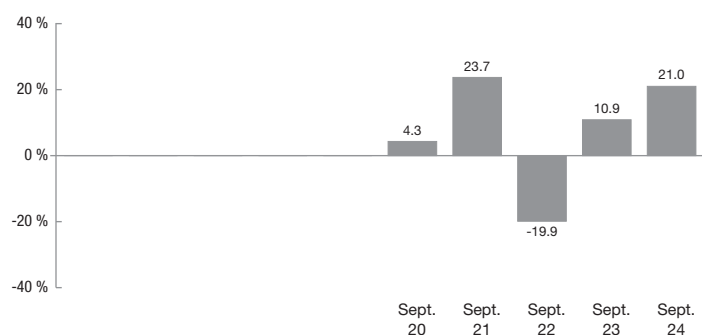
**Series I**



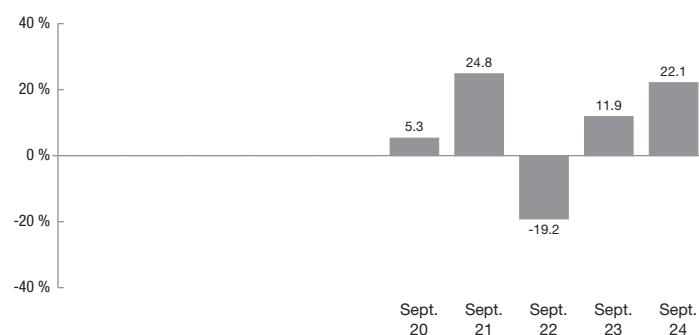
**Series O**



**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 S&P/TSX SmallCap Index.

The S&P/TSX SmallCap Index provides an investable index for the Canadian small cap market. The index is float adjusted and market cap weighted and was developed with industry input as the ideal benchmark for those with small cap exposure of the Canadian equity market.

While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the above-noted index. As a result, the Fund may experience periods when its performance is not aligned with this 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 <sup>(*)</sup> (%)
S&P/TSX SmallCap Index	25.1	4.9	10.1	5.0	**
NEI Canadian Small Cap Equity Fund, Series A	20.6	2.1	6.4	2.7	N/A
NEI Canadian Small Cap Equity Fund, Series F	21.8	3.1	7.4	3.7	N/A
NEI Canadian Small Cap Equity Fund, Series I	23.7	4.7	9.2	5.4	N/A
NEI Canadian Small Cap Equity Fund, Series O	23.7	4.7	9.1	N/A	6.0
NEI Canadian Small Cap Equity Fund, Series P	21.0	2.4	6.8	N/A	6.6
NEI Canadian Small Cap Equity Fund, Series PF	22.1	3.3	7.7	N/A	7.5

<sup>(\*)</sup>Since inception returns are not provided for series that have been in existence for more than 10 years.

<sup>(\*\*)</sup>The return of the benchmark since inception for each applicable series is as follows: Series O: 6.3%, Series P: 9.4%, Series PF: 9.4%.

Reproduction of any S&P Global Market Intelligence (including affiliates thereof, as applicable) information, data or material, including ratings or index returns ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell, or hold such investment or security, does not address the suitability of any investment or security and should not be relied on as investment advice.





# NEI Canadian Small Cap Equity Fund

## Summary of Investment Portfolio as at September 30, 2024

**Total Net Asset Value: \$52,729,202**

Top Holdings	%	Sector Allocation	%
CES Energy Solutions	3.7	Materials	29.7
Eldorado Gold	3.6	Energy	14.1
Cash and Equivalents	3.3	Industrials	11.4
Dundee Precious Metals	3.1	Financials	9.8
North West Company	3.1	Health Care	7.0
Tamarack Valley Energy	3.0	Consumer Staples	6.2
Stella-Jones	2.9	Information Technology	4.9
Torex Gold Resources	2.8	Real Estate	4.9
Transcontinental, Class A	2.6	Communication Services	4.0
Wesdome Gold Mines	2.6	Cash and Equivalents	3.3
Centerra Gold	2.5	Index-Based Investments	2.7
Cogeco Communications	2.5	Consumer Discretionary	2.0
Propel Holdings	2.5	Total	100.0
Bird Construction	2.5	The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. Updates are available quarterly.	
TerraVest Industries	2.2		
Silvercorp Metals	2.2		
goeasy	2.1		
Chemtrade Logistics Income Fund	2.0		
Trican Well Service	1.9		
EQB	1.8		
CI Financial	1.8		
Sienna Senior Living	1.8		
Boardwalk Real Estate Investment Trust	1.7		
Hammond Power Solutions	1.6		
Adentra	1.5		
Total	61.3		