



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

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 -20.2% for the twelve months ended September 30, 2022 compared with a return of -13.8% 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 Small Cap Index.

The Fund's net asset value decreased by 27.19% during the period, from \$68,905,264 as at September 30, 2021 to \$50,170,974 as at September 30, 2022. This change in net assets is attributed to net unitholder activity of -\$6,268,812 and -\$12,465,478 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

Over the last twelve months, equity markets continue to labour under three major dislocations that have prompted widespread compression of equity valuations. Repeated Covid-related lockdowns in China, Russia's invasion of Ukraine, and persistently high headline inflation in the US have investors questioning short- and medium-term earnings strength. There is now widespread concern over an economic recession.

The Fund's biggest relative performance contribution for the period came from the Materials sector, where the Fund had zero direct exposure to metals & mining and lumber production industries. US dollar strength has historically been a headwind for commodity prices, which has been the case over recent quarters. In addition, security selection within the sector was particularly strong. Another area of strength was in the Industrials sector where the Fund's security selection contributed positively to relative results.

Areas of performance weakness include security selection within the Information Technology sector as well as an underweight exposure to the outperforming Energy sector. Many technology companies had been trading at very high multiples, rewarded by speculators for their high growth irrespective of their cash flow generation or profitability. Such businesses were most susceptible to valuation compression resulting from rising interest rates and looming fears of recession-tempered growth rates. The portfolio sub-advisor opportunistically added to higher conviction Information Technology and Financials holdings through the period. Broadly, the Energy sector has been benefitting from a resurgence in energy commodity prices.

The portfolio sub-advisor sees the disconnect between these short-term disruptions and the longer-term secular change may create attractive buying opportunities in quality businesses whose valuations have dropped amid the generalized equity decline.

Recent Developments

As economies around the world slowly emerge from the highly unusual global circumstances brought about by the Covid pandemic, many are faced with even more numerous uncertainties than usual. Firstly, recession is a distinct possibility if consumers retrench and readjust their spending. Global political tensions are roiling energy markets and international trade. And finally, inflation is becoming a serious issue. It would be nice to be able to predict what this all means for the equity markets, but history has proven that to be impossible. The only requirement is to select the most successful businesses and have the fortitude to remain committed.

The portfolio sub-advisor believes investment performance did not match corporate performance of the selected businesses making up the portfolio. Many long-standing holdings continued to achieve results commensurate with the trend prevailing during the past few years, although some have expressed concern in forward guidance.

The Fund continues to have zero exposure to metals and lumber production. Its Materials sector exposure is weighted towards packaging manufacturing and distribution businesses.

Energy sector valuations have remained resilient through the volatile market environment. With a recession looming, many are skeptical of the current high commodity prices leading to materially higher industry activity over the coming years. However, the lack of industry commitment to growing production may result in sustained elevated energy commodity prices. As such, oil and gas equipment and technology provider Pason Systems was eliminated from the Fund in favour of better long-term opportunities. Also within the Energy sector, Parex Resources, a well-managed oil company with all its production coming out of Colombia, was added. The company has delivered cashflow per share growth through the commodity cycle and has years of drilling & exploration inventory. The Fund's energy exposure was approximately 11% at the performance period, less than half of the benchmark weight. Most of the energy exposure is in exploration and production companies with strong balance sheets and a line of sight to production growth, fully benefitting from buoyant energy prices.

Following the decline in technology stocks earlier in the period, the portfolio sub-advisor rebuilt positions in higher conviction holdings that were trading at discounts to reasonable valuations. These companies include Magnet Forensics, Kinaxis, Softchoice, Tecsys, and Converge Technology Solutions.

The rising interest rate environment is expected to dampen demand for residential real estate. The portfolio sub-advisor has reduced the Fund's exposure to the residential real estate market with the exit of Real Matters and First National Financial. The sales were partially offset by purchases of CI Financial, Canadian Western Bank and Brookfield Asset Management Reinsurance Partners, all of which are constituents of the Financials sector.

Other new portfolio additions over the past twelve months include Pollard Banknote and Softchoice.

During the last twelve months, the portfolio sub-advisor also eliminated Intertape Polymer, Lifeworks, Enghouse Systems, and MDF Commerce from the Fund.

Effective June 28, 2022, the management fee rates were reduced from 1.20% to 1.15% for Series F.

Related Party Transactions

Northwest & Ethical Investments L.P. ("NEI LP") is the Manager, Trustee, Portfolio Manager and Registrar of the Fund. Northwest & Ethical Investments Inc., the general partner of NEI LP, is a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is also the sole limited partner of NEI LP. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. Desjardins Financial Holding Inc. is a wholly-owned subsidiary of the Fédération des caisses Desjardins du Québec ("Fédération").

NEI LP charges the Fund a fixed administration fee in place of certain variable expenses. NEI LP in turn, pays all operating expenses of the Fund, other than specified fund costs (e.g. the fees and expense of the Independent Review Committee ("IRC"), taxes, and brokerage commissions) which include payments to related parties. These services are in the normal course of operations and are measured at an exchange amount that is consistent with other independent parties. Desjardins Trust Inc. ("Desjardins Trust") is the custodian of the Fund. Desjardins Trust is a wholly-owned subsidiary of the Fédération. The Fund may engage in securities lending and repurchase transactions, and Desjardins Trust may act as the Fund's securities lending and repurchase transactions agent ("Agent"). Any revenue earned on such transactions is split 60%—40% between the Fund and the Agent. Desjardins Securities Inc. ("DSI") is a broker responsible for security transactions on behalf of the Fund. DSI is a wholly-owned subsidiary of the Fédération.

The Fund's sub-advisors may place a portion of their fund transactions with brokerage firms which are affiliates of NEI LP, provided that the affiliate's trade execution abilities and costs are comparable to those of non-affiliated qualified brokerage firms.

The Fund is distributed through Credential Asset Management Inc., Credential Qtrade Securities Inc., and members of the 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.



NEI Canadian Small Cap Equity Fund

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 Distributions ⁽³⁾⁽⁴⁾
A	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
	Sept. 2019	39.09	0.78	-0.86	1.64	-7.01	-5.45	0.00	0.00	0.00	4.28	0.00	4.28	30.22
	Sept. 2018	36.74	0.54	-1.06	5.19	-2.28	2.39	0.00	0.00	0.00	0.00	0.00	0.00	39.09
F	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
	Sept. 2019	17.90	0.36	-0.24	0.75	-3.25	-2.38	0.00	0.00	0.00	1.98	0.00	1.98	13.96
	Sept. 2018	16.67	0.25	-0.32	2.37	-1.06	1.24	0.00	0.00	0.00	0.00	0.00	0.00	17.90
I	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
	Sept. 2019	21.54	0.47	-0.03	0.91	-2.16	-0.81	0.00	0.02	0.00	2.25	0.00	2.27	17.34
	Sept. 2018	19.75	0.30	-0.04	2.82	-1.18	1.90	0.00	0.02	0.00	0.00	0.00	0.02	21.54
O	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
	Sept. 2019	10.12	0.21	-0.02	0.43	-1.34	-0.72	0.00	0.00	0.00	1.11	0.00	1.11	8.03
	Sept. 2018	10.00	0.04	-0.02	1.37	-1.27	0.12	0.00	0.00	0.00	0.00	0.00	0.00	10.12
P	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
	Sept. 2019	10.00	0.20	-0.18	0.47	0.43	0.92	0.00	0.00	0.00	1.27	0.00	1.27	9.01
PF	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
	Sept. 2019	10.00	0.25	-0.13	0.54	0.43	1.09	0.00	0.00	0.00	0.03	0.00	0.03	10.49

(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	13,021.11	421.59	2.60	2.60	0.08	28.38	30.89
	Sept. 2021	34,592.86	893.90	2.59	2.59	0.09	26.21	38.70
	Sept. 2020	35,905.58	1,142.99	2.61	2.61	0.06	21.52	31.41
	Sept. 2019	42,002.85	1,389.85	2.59	2.59	0.19	101.93	30.22
	Sept. 2018	70,841.30	1,812.39	2.60	2.60	0.18	85.56	39.09
F	Sept. 2022	14,458.42	998.48	1.61	1.65	0.08	28.38	14.48
	Sept. 2021	2,153.43	119.86	1.63	1.69	0.09	26.21	17.97
	Sept. 2020	3,844.65	264.61	1.64	1.70	0.06	21.52	14.53
	Sept. 2019	3,798.93	272.18	1.63	1.68	0.19	101.93	13.96
	Sept. 2018	6,070.38	339.12	1.63	1.69	0.18	85.56	17.90
I	Sept. 2022	9,768.40	634.21	N/A	N/A	0.08	28.38	15.40
	Sept. 2021	13,242.54	704.23	N/A	N/A	0.09	26.21	18.80
	Sept. 2020	105,682.38	5,819.43	N/A	N/A	0.06	21.52	18.16
	Sept. 2019	101,635.89	5,862.52	N/A	N/A	0.19	101.93	17.34
	Sept. 2018	68,670.93	3,187.69	N/A	N/A	0.18	85.56	21.54
O	Sept. 2022	1.03	0.12	0.06	0.06	0.08	28.38	8.53
	Sept. 2021	1.25	0.12	0.06	0.06	0.09	26.21	10.42
	Sept. 2020	0.99	0.12	0.06	0.06	0.06	21.52	8.39
	Sept. 2019	0.93	0.12	0.06	0.06	0.19	101.93	8.03
	Sept. 2018	1.01	0.10	0.06	0.06	0.18	85.56	10.12
P	Sept. 2022	4,805.74	517.61	2.21	2.21	0.08	28.38	9.28
	Sept. 2021	15,659.17	1,351.32	2.22	2.22	0.09	26.21	11.59
	Sept. 2020	10,656.30	1,135.92	2.25	2.25	0.06	21.52	9.38
	Sept. 2019	10,605.74	1,177.47	2.29	2.29	0.19	101.93	9.01
PF	Sept. 2022	8,116.28	741.58	1.35	1.35	0.08	28.38	10.94
	Sept. 2021	3,256.02	240.44	1.32	1.32	0.09	26.21	13.54
	Sept. 2020	1,488.41	135.87	1.35	1.35	0.06	21.52	10.95
	Sept. 2019	1,207.98	115.20	1.37	1.37	0.19	101.93	10.49

(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	1.95	65.47	34.53
Series F	1.15	100.00	N/A
Series P	1.70	55.88	44.12
Series PF	0.95	100.00	N/A

(1) Effective June 28, 2022, the management fee rates were reduced from 1.20% to 1.15% for Series F.

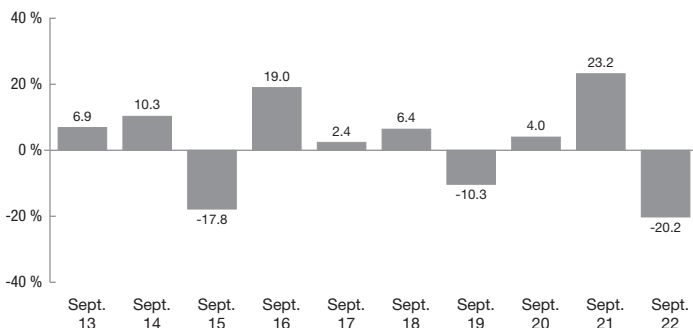
Past Performance

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.

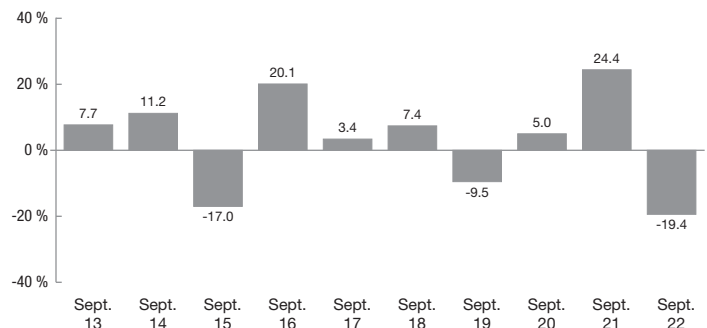
Year-by-Year Returns

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.

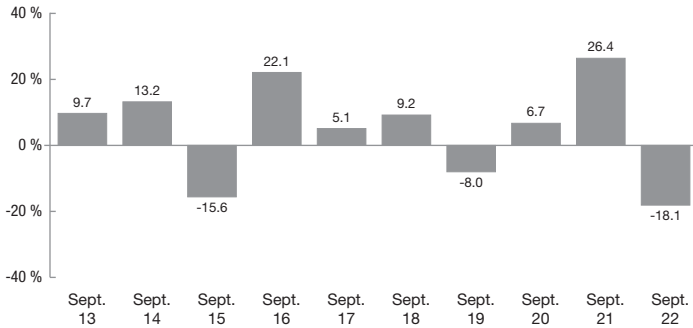
Series A



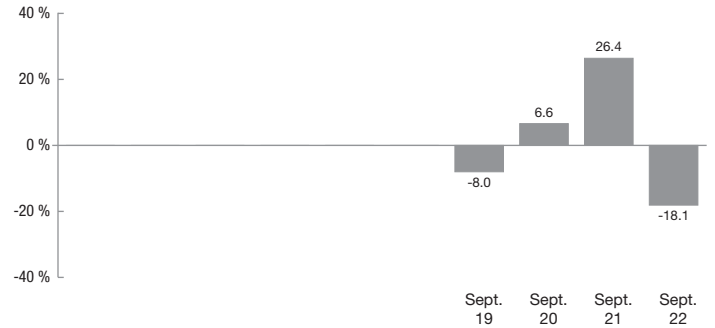
Series F



Series I



Series O



Series P



Series PF





NEI Canadian Small Cap Equity Fund

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 Small Cap Index.

The S&P TSX Small Cap Index is a float-adjusted and market cap weighted index comprised of equities in the small cap range.

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 Small Cap Index	-13.8	6.5	2.4	3.2	**
NEI Canadian Small Cap Equity Fund, Series A	-20.2	0.7	-0.5	1.4	N/A
NEI Canadian Small Cap Equity Fund, Series F	-19.4	1.7	0.5	2.4	N/A
NEI Canadian Small Cap Equity Fund, Series I	-18.1	3.4	2.1	4.1	N/A
NEI Canadian Small Cap Equity Fund, Series O	-18.1	3.3	N/A	N/A	0.6
NEI Canadian Small Cap Equity Fund, Series P	-19.9	1.1	N/A	N/A	2.0
NEI Canadian Small Cap Equity Fund, Series PF	-19.2	2.0	N/A	N/A	2.9

^{*}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: 2.3%, Series P: 6.4%, Series PF: 6.4%.

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Summary of Investment Portfolio as at September 30, 2022

Total Net Asset Value: \$50,170,974

Top Holdings		%
1	Canadian Western Bank	5.3
2	ATS Automation Tooling Systems	4.9
3	Kinaxis	4.8
4	Converge Technology Solutions	4.7
5	Guardian Capital Group, Class A	4.7
6	Premium Brands Holdings	4.4
7	EQB	4.0
8	Headwater Exploration	3.8
9	Badger Infrastructure Solution	3.8
10	Descartes Systems Group	3.7
11	Richelieu Hardware	3.5
12	Winpak	3.4
13	Stella-Jones	3.2
14	Softchoice	3.1
15	Magnet Forensics	2.9
16	Cogeco	2.9
17	Tecsys	2.8
18	Parex Resources	2.6
19	Freehold Royalties	2.6
20	Knight Therapeutics	2.6
21	HLS Therapeutics	2.5
22	Richards Packaging Income Fund	2.5
23	Calian Group	2.3
24	Slate Grocery REIT	2.2
25	GDI Integrated Facility Services	2.2
	Total	85.4

Net Asset Value Mix		%
Equity	93.4	
Unit Trust	4.8	
Cash and Equivalents	1.8	
Total	100.0	

Sector Allocation		%
Information Technology	24.0	
Financials	16.9	
Industrials	16.7	
Energy	11.0	
Materials	6.6	
Consumer Staples	6.5	
Health Care	5.1	
Index-Based Investments	4.7	
Consumer Discretionary	3.8	
Communication Services	2.9	
Cash and Equivalents	1.8	
Total	100.0	

Geographic Distribution		%
Canada	96.3	
Other Countries	1.9	
Cash and Equivalents	1.8	
Total	100.0	

"Unit Trust" includes REITs, ETFs, and other similarly structured investment vehicles.

"Other Countries" geographic category includes all countries individually representing less than 5% of the Portfolio's net asset value.

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