



NEI Canadian Small Cap Equity RS Fund

Semi-annual Management Report of Fund Performance

As at March 31, 2024

This Semi-annual Management Report of Fund Performance contains financial highlights but does not contain either semi-annual or annual financial statements of the investment fund. You can obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-888-809-3333, by writing us at Northwest & Ethical Investments L.P., 151 Yonge Street Suite 1200, Toronto, ON M5C 2W7 or by visiting our website at www.neiinvestments.com or SEDAR+ at www.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

Results of Operations

The NEI Canadian Small Cap Equity RS Fund's Series A units returned 13.1% for the six-month period ended March 31, 2024 compared with a return of 14.4% 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 increased by 3.48% during the period, from \$545,049,135 as at September 30, 2023 to \$564,027,474 as at March 31, 2024. This change in net assets is attributed to net unitholder activity of -\$55,642,372 and \$74,620,711 to investment operations, including market appreciation (depreciation), income and expenses.

Market Overview

The main economic themes impacting performance over this time period included central bank signaling in the fourth quarter that rate cuts may be on the horizon, which supported equity market strength late in the year. In the second half of the period, more persistent inflation than expected and a shift in market expectations of fewer rate cuts from central banks prevailed. Despite this, equity markets have been buoyant with the tech-heavy S&P 500 Index leading the way, growth stocks outperforming value in North America, and assets like Bitcoin increasing approximately 150% over the past six months. An increase in gold prices also contributed to rapid appreciation within the resource-centric Canadian small-capitalization equity space.

Factors That Have Affected Performance

Over the period, relative outperformance was driven by better performance in the Energy and Consumer Discretionary sectors that offset weaker performance in Materials, Financials, and Health Care. Lower energy prices weighed heavily on the producer-heavy benchmark in the first half of the period, while positive corporate activity among more diverse Energy exposures contributed to strong performance. Underperformance in Materials was driven by an underweight allocation to this sector and by more defensive sector exposures that includes packaging and distribution-oriented business, along with well-capitalized businesses that may offer less torque (and downside) to various commodity price levels.

The Fund's top contributing investments in the last six months ending March 31, 2024, were Secure Energy Services Ltd., Stella-Jones Inc., and Aritzia Inc. The largest detractors were National Research Corp., Melcor Developments Ltd., and Martinrea International Inc..

Portfolio Changes

Sleep Country Canada Holdings Inc. was introduced into the Fund. Sleep Country is the leading retailer of mattresses and sleep accessories in Canada. The company owns a national distribution footprint, good brand awareness through both brick-and-mortar stores and ownership of ecommerce banners like Endy and Casper, and has a good track record of growth and profitability. Near-term results may continue to be weaker for the company as mattresses are large-ticket items that can be deferred to an extent; however, this demand is likely delayed rather than destroyed, and should resume as economic conditions improve. Moreover, the portfolio sub-advisor believes there is a sufficient margin of safety here both in valuation and in a conservatively management balance sheet.

The Fund exited both Logistec Corp. and Neighbourly Pharmacy Inc. as they were both taken private. Logistic was a long-term holding for the Fund, as a provider of essential marine services at approximately 60 ports across North America through its terminal network. The company had high insider ownership and a good record of compounding through cycles. The takeout offer was at approximately 50% premium to pre-announcement price allowing an opportunity to realize some of the underappreciated value that the shares were trading at previously.

Environmental, Social, And Governance (ESG) Activities

In addition to any ESG-related commentary made in the sections above, other ESG-related activities undertaken in the period are described here.

NEI's Responsible Investing (RI team) engaged seven companies including AltaGas Ltd., Leon's Furniture Ltd., and Winpak Ltd., on topics such as net-zero commitments and transition plans, and diversity, equity and inclusion.

The RI team voted against management on 50% of the proxy items at seven annual general meetings and/or special meetings. There were no shareholder resolutions on the ballots.

Recent Developments

Recent North American equity gains have most likely been driven by multiple expansion, as the market takes comfort in the increasing narrative of an economic soft landing or minimal economic turbulence in the upcoming quarters. While the markets are "forward looking", predicting economic conditions consistently or relying on continued multiple expansion seems less reliable than investing in undervalued franchises with attractive compounding potential and dividend/income generation flexibility.



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As a result, the Fund continues to seek to minimize risk of permanent capital loss, while increasing the odds of capturing business and earnings growth from some of Canada's leading franchises. Currently approximately 5/10 Canadians will purchase mattresses through Sleep Country or Leon's Furniture, 9/10 overnight packages in Canada are delivered by Cargojet Inc., and 4/10 utility poles in North America to be sourced through Stella Jones. While in the short term Canadian consumers may be pressured, looking through the valley, the portfolio sub-advisor believes it is probable that each of these businesses will reflect higher earnings power and stable or increased market shares over the next 5-10 years. Over the upcoming year(s), the portfolio sub-advisor will continue to add to the roster of leading franchises in the Fund, and benefit from holdings such as Pet Valu Holdings Ltd., Definity Financial Corp., and Canadian Western Bank, continuing to grow the Fund's share of consumer and commercial customer's wallets. Importantly, the Fund will continue to strive to maintain lower balance sheet and valuation risks relative to the average Canadian small-cap company.

Effective January 01, 2024, the benchmark was changed from BMO Small Cap Blended Index (Unweighted) to S&P/TSX Small Cap Index.

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.

	March 2024 (\$)	March 2023 (\$)
Commissions paid by the Fund to DSI	6,021	7,645

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 Canadian Small Cap Equity RS Fund

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 six-month period ended March 31, 2024 and 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	Mar. 2024	30.81	0.48	-0.43	1.18	2.76	3.99	0.00	0.10	0.00	1.04	0.00	1.14	33.66
	Sept. 2023	29.37	0.94	-0.86	1.98	0.70	2.76	0.00	0.24	0.00	0.92	0.00	1.16	30.81
	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
F	Mar. 2024	19.75	0.31	-0.15	0.75	1.78	2.69	0.00	0.30	0.00	0.67	0.00	0.97	21.46
	Sept. 2023	18.80	0.60	-0.30	1.27	0.34	1.91	0.00	0.37	0.00	0.59	0.00	0.96	19.75
	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
I	Mar. 2024	29.27	0.45	0.00	1.11	2.69	4.25	0.04	0.86	0.00	0.99	0.00	1.89	31.56
	Sept. 2023	28.05	0.91	-0.01	1.87	0.54	3.31	0.07	1.08	0.00	0.88	0.00	2.03	29.27
	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
O	Mar. 2024	11.87	0.18	-0.01	0.45	1.06	1.68	0.01	0.32	0.00	0.40	0.00	0.73	12.83
	Sept. 2023	11.36	0.36	-0.01	0.76	0.07	1.18	0.00	0.44	0.00	0.36	0.00	0.80	11.87
	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
P	Mar. 2024	12.36	0.19	-0.15	0.47	1.10	1.61	0.00	0.09	0.00	0.42	0.00	0.51	13.48
	Sept. 2023	11.79	0.38	-0.30	0.80	0.20	1.08	0.00	0.15	0.00	0.37	0.00	0.52	12.36
	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	Mar. 2024	12.76	0.21	-0.08	0.49	1.12	1.74	0.00	0.22	0.00	0.43	0.00	0.65	13.85
	Sept. 2023	12.16	0.37	-0.16	0.82	0.18	1.21	0.00	0.26	0.00	0.40	0.00	0.66	12.76
	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 2024 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's semi-annual financial statements for the period ended March 31, 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 (%) ⁽¹⁾	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) ⁽²⁾	Portfolio Turnover Rate (%) ⁽³⁾	Net Asset Value per Unit (\$)
A	Mar. 2024	153,952	4,574	2.70	2.70	0.03	4.81	33.66
	Sept. 2023	150,484	4,884	2.70	2.70	0.03	12.12	30.81
	Sept. 2022	156,775	5,338	2.70	2.70	0.06	18.70	29.37
	Sept. 2021	203,815	6,340	2.70	2.70	0.08	32.76	32.15
	Sept. 2020	182,035	7,930	2.72	2.72	0.07	16.53	22.96
	Sept. 2019	244,076	9,821	2.70	2.70	0.06	25.22	24.85
	F	Mar. 2024	39,027	1,818	1.47	1.47	0.03	4.81
Sept. 2023		35,311	1,788	1.47	1.47	0.03	12.12	19.75
Sept. 2022		33,026	1,756	1.47	1.51	0.06	18.70	18.80
Sept. 2021		21,729	1,055	1.47	1.52	0.08	32.76	20.59
Sept. 2020		20,094	1,371	1.48	1.54	0.07	16.53	14.65
Sept. 2019		31,866	2,018	1.47	1.52	0.06	25.22	15.79
I		Mar. 2024	232,200	7,358	N/A	N/A	0.03	4.81
	Sept. 2023	245,947	8,402	N/A	N/A	0.03	12.12	29.27
	Sept. 2022	259,503	9,251	N/A	N/A	0.06	18.70	28.05
	Sept. 2021	199,769	6,538	N/A	N/A	0.08	32.76	30.56
	Sept. 2020	88,245	4,086	N/A	N/A	0.07	16.53	21.60
	Sept. 2019	95,458	4,138	N/A	N/A	0.06	25.22	23.07
	O	Mar. 2024	2,415	188	0.05	0.05	0.03	4.81
Sept. 2023		2,093	176	0.05	0.05	0.03	12.12	11.87
Sept. 2022		1,602	141	0.05	0.05	0.06	18.70	11.36
Sept. 2021		1,923	155	0.05	0.05	0.08	32.76	12.41
Sept. 2020		1,194	136	0.06	0.06	0.07	16.53	8.76
Sept. 2019		1	-	0.06	0.06	0.06	25.22	9.24
P		Mar. 2024	80,389	5,964	2.32	2.32	0.03	4.81
	Sept. 2023	71,131	5,754	2.32	2.32	0.03	12.12	12.36
	Sept. 2022	68,446	5,806	2.32	2.32	0.06	18.70	11.79
	Sept. 2021	78,489	6,087	2.32	2.32	0.08	32.76	12.89
	Sept. 2020	54,097	5,886	2.38	2.38	0.07	16.53	9.19
	Sept. 2019	62,013	6,250	2.46	2.46	0.06	25.22	9.92
	PF	Mar. 2024	56,044	4,045	1.21	1.21	0.03	4.81
Sept. 2023		40,082	3,142	1.21	1.21	0.03	12.12	12.76
Sept. 2022		35,501	2,921	1.21	1.21	0.06	18.70	12.16
Sept. 2021		32,495	2,452	1.20	1.20	0.08	32.76	13.25
Sept. 2020		19,931	2,120	1.22	1.22	0.07	16.53	9.40
Sept. 2019		22,258	2,207	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 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 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 (%)	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	2.10	54.99	45.01
Series F	1.05	100.00	N/A
Series P	1.85	45.87	54.13
Series PF	0.85	100.00	N/A

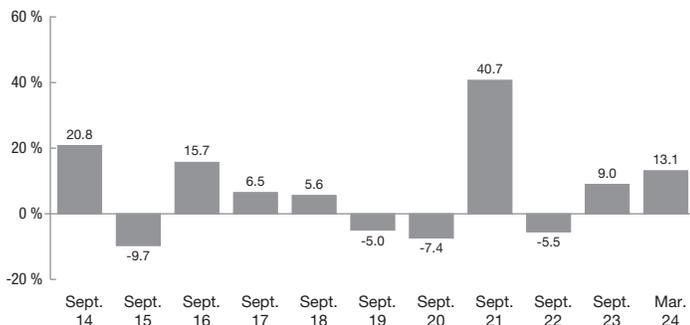
Past Performance

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.

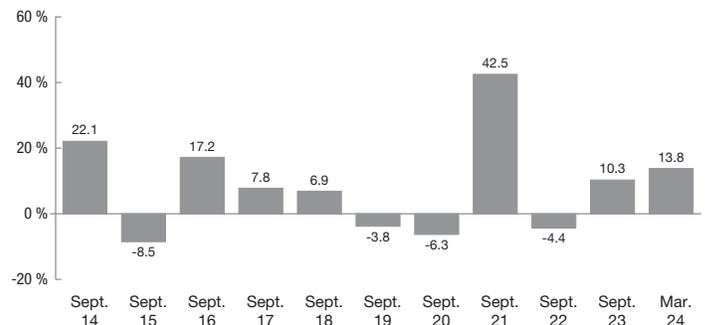
Year-by-Year Returns

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 with the exception of 2024, which shows the six-month return for the period ended March 31, 2024. 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.

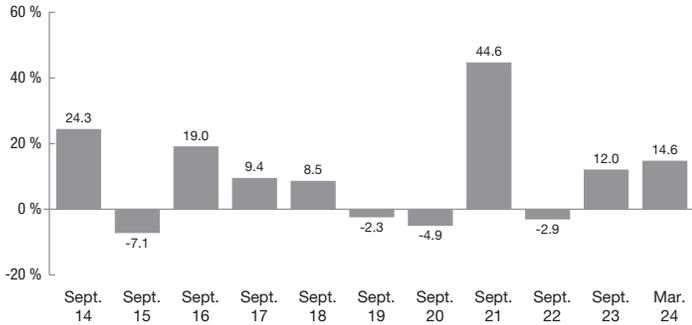
Series A



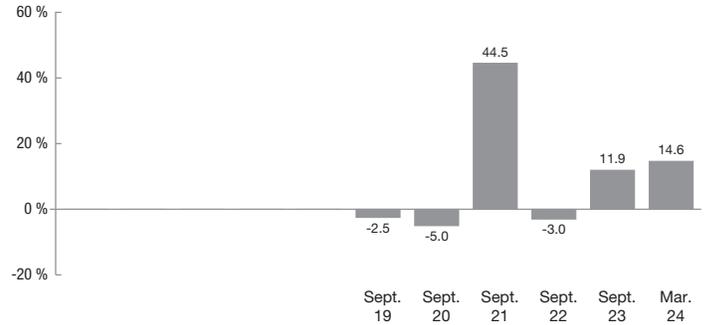
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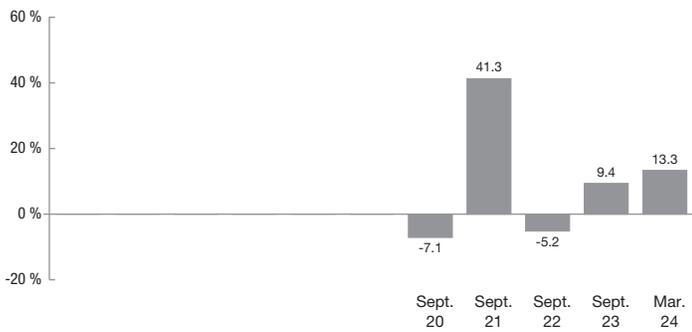
Series I



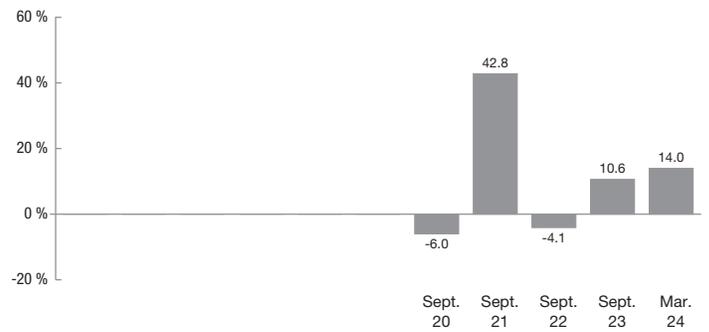
Series O



Series P



Series PF



Summary of Investment Portfolio as at March 31, 2024

Total Net Asset Value: \$564,027,474

Top Holdings	%
Canadian Western Bank	4.5
Winpak	4.3
AltaGas	4.3
Stella-Jones	4.1
Parkland	4.0
Information Services, Class A	3.9
Secure Energy Services	3.9
Mullen Group	3.7
iA Financial Group	3.6
E-L Financial	3.6
Guardian Capital Group, Class A	3.4
Calian Group	3.4
Richelieu Hardware	3.1
Lassonde Industries, Class A	2.9
Pet Valu Holdings	2.8
Definity Financial	2.7
Andlauer Healthcare Group	2.7
Cash and Equivalents	2.4
Major Drilling Group International	2.4
Cargojet	2.3
Aritzia	2.3
Leon's Furniture	2.1
Transcontinental, Class A	2.0
Evertz Technologies	2.0
GDI Integrated Facility Services	1.9
Total	78.3

Net Asset Value Mix	%
Equity	95.0
Unit Trust	2.6
Cash and Equivalents	2.4
Total	100.0

Sector Allocation	%
Financials	17.8
Industrials	17.2
Energy	13.4
Materials	12.8
Consumer Discretionary	9.9
Real Estate	6.8
Health Care	5.7
Utilities	4.3
Information Technology	3.6
Consumer Staples	2.9
Cash and Equivalents	2.4
Communication Services	1.8
Index-Based Investments	1.4
Total	100.0

Geographic Distribution	%
Canada	96.4
Cash and Equivalents	2.4
Other Countries	1.2
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 Fund's net asset value.

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