



NEI Canadian Small Cap Equity Fund

Semi-annual Management Report of Fund Performance

As at March 31, 2022

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.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

Results of Operations

The NEI Canadian Small Cap Equity Fund's Series A units returned -0.6% for the six months ended March 31, 2022 compared with a return of 11.7% 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 S&P/TSX Small Cap Index.

The Fund's net asset value decreased by 6.69% during the period, from \$68,905,264 as at September 30, 2021 to \$64,297,214 as at March 31, 2022. This change in net assets is attributed to net unitholder activity of -\$4,395,000 and -\$213,050 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

During the past six months, global markets witnessed a meaningful acceleration in inflationary forces, exacerbated by the breakout of war in Eastern Europe, which has raised the spectre of an aggressive interest rate cycle by key global central banks going forward. Within this backdrop, the markets experienced a strong rotation into traditional inflation beneficiaries such as Energy and Materials at the expense of the higher growth and more highly valued sectors including Consumer Discretionary, Healthcare and Information Technology.

The Fund's biggest performance headwind for the Q1/2022 quarter came from being underweight the Energy sector, where the Russia-Ukraine conflict caused a large increase in oil and gas prices.

Another area of weakness was the Information Technology sector where a broad sector selloff pulled a number of the Fund's technology names lower. As the quarter came to a close, reported year-end financial and operating results proved the pessimism was unwarranted. In fact, most of the Fund's technology holdings communicated 2022 outlooks that suggested their profitable growth trajectory remains very much intact.

The Materials sector performance was supported by a strong metals commodity price environment but the Fund did not hold any companies in the metals sub-sector. That said, the Fund's Materials performance outpaced that of the Index, driven primarily by an investment in Intertape Polymer. In early March, the specialty plastics and packaging manufacturer announced that it entered into an agreement to be acquired by a private equity firm at an 82% premium and the market price increased immediately to substantially reflect the take-out price.

Recent Developments

Inflation is proving to be more bothersome in reality than it was in prospect. Interest rates and commodity prices have increased to multiyear highs and still show scant evidence of the trend abating. The portfolio sub-advisor remains committed to a long duration investing approach, seeking to invest in businesses that have long, well established track records of successful growth resulting from superior business models run by committed, wise, and trustworthy management teams.

Fund activity over the past three months was much higher than the preceding few quarters, owing to the sale of Intertape Polymer (ITP) which generated an excess level of cash. The cash proceeds from the ITP sales were immediately redeployed into several information technology holdings that saw short-term price weakness, as well as building positions in new companies introduced during that quarter. Adds to existing holdings include Kinaxis, Magnet Forensics, Converge Technology Solutions, and Tecsys. The new Fund positions are Softchoice, Pollard Banknote and Dye and Durham.

Softchoice has been operating as an IT solution provider for more than 30 years and provides digital transformation solutions to a broad customer base across Canada and the United States. Over the years, the company has evolved from a low-margin hardware & service business to a high-recurring revenue software & cloud solutions provider. Solutions offered to clients include hybrid multi-cloud, collaboration & digital workplaces, and software management solutions, which account for more than 60% of total gross sales. Growth in these sub-sectors is supported by an underlying secular tailwind of the migration to the cloud and Softchoice is well positioned to capitalize on the opportunity.

Pollard Banknote is one of the global leaders in lottery products and services to government-run lotteries. Despite the name, it does not have any activities related to banknotes. Its primary activity is the design and manufacture of instant scratch tickets and charity pull tabs. The business benefits from significant barriers to entry in the lottery market, with reputation, security and integrity being fundamental requirements to support these government-run operations. Pollard's success has been a result of investment into innovation, creating differentiated product designs and options that help lotteries increase player adoption, which leads to increased lottery revenues for governments.

Dye and Durham is a provider of cloud-based software and technology solutions to the legal market. Through a series of acquisitions, it has assembled a portfolio of legal software and software-driven search & registration portals that are predominantly used by law firms in Canada, the UK, and Ireland. The management team has employed an aggressive strategy of increasing prices which resulted in a very small fraction of dissatisfied customers and has opened the door to emerging competitors, resulting in a significant decline in the stock price. Management has indicated that customer churn has been in-line with expectations and the acquisition pipeline remains robust. With greater clarity in the negligible impact of changes to the businesses pricing models and the deep discount in market value a position was initiated in the Fund.

Other activities included the sale of First National Financial, Real Matters, Lifeworks and MDF Commerce. With a number of macro headwinds expected to weight on housing market activity, positions in First National Financial and Real Matters were eliminated. Lifeworks was also eliminated as its struggles with significant labour cost pressure for counsellors and therapists have created an opportunity for virtual care peers to take market share.

Trimmed positions included Enghouse Systems, Slate Grocer REIT, Pason Systems, and Headwater Exploration. Enghouse was trimmed in favour of the other Fund information technology holdings, while positions in the latter three were pruned after a strong quarterly runup in market valuations.

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 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.

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 ending March 31, 2022 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. 2022	38.70	0.30	-0.52	1.03	-1.06	-0.25	0.00	0.00	0.00	0.00	0.00	0.00	38.47
	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
	Sept. 2017	35.88	0.58	-1.00	1.50	-0.18	0.90	0.00	0.00	0.00	0.00	0.00	0.00	36.74
F	Mar. 2022	17.97	0.14	-0.15	0.48	-0.52	-0.05	0.00	0.00	0.00	0.00	0.00	0.00	17.95
	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
	Sept. 2017	16.16	0.27	-0.29	0.67	-0.09	0.56	0.00	0.04	0.00	0.00	0.00	0.04	16.67
I	Mar. 2022	18.80	0.15	-0.01	0.50	-0.52	0.12	0.00	0.00	0.00	0.00	0.00	0.00	18.94
	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
	Sept. 2017	18.98	0.32	-0.03	0.80	-0.24	0.85	0.00	0.19	0.00	0.00	0.00	0.19	19.75
O	Mar. 2022	10.42	0.08	-0.01	0.28	-0.28	0.07	0.00	0.00	0.00	0.00	0.00	0.00	10.49
	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	Mar. 2022	11.59	0.09	-0.13	0.31	-0.33	-0.06	0.00	0.00	0.00	0.00	0.00	0.00	11.54
	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	Mar. 2022	13.54	0.11	-0.10	0.36	-0.36	0.01	0.00	0.00	0.00	0.00	0.00	0.00	13.55
	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 semi-annual financial statements for the period ended March 31, 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	Mar. 2022	32,128.16	835.20	2.60	2.60	0.09	18.02	38.47
	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
	Sept. 2017	79,315.96	2,158.59	2.61	2.61	0.15	90.97	36.74
F	Mar. 2022	1,764.92	98.34	1.62	1.67	0.09	18.02	17.95
	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
	Sept. 2017	5,633.63	338.03	1.65	1.70	0.15	90.97	16.67
I	Mar. 2022	12,604.98	665.67	N/A	N/A	0.09	18.02	18.94
	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
	Sept. 2017	79,004.98	4,000.22	N/A	N/A	0.15	90.97	19.75
O	Mar. 2022	1.26	0.12	0.06	0.06	0.09	18.02	10.49
	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	Mar. 2022	14,272.70	1,236.64	2.21	2.21	0.09	18.02	11.54
	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	Mar. 2022	3,525.19	260.24	1.34	1.34	0.09	18.02	13.55
	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 (%)	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	1.95	65.15	34.85
Series F	1.20	100.00	N/A
Series P	1.70	55.88	44.12
Series PF	0.95	100.00	N/A

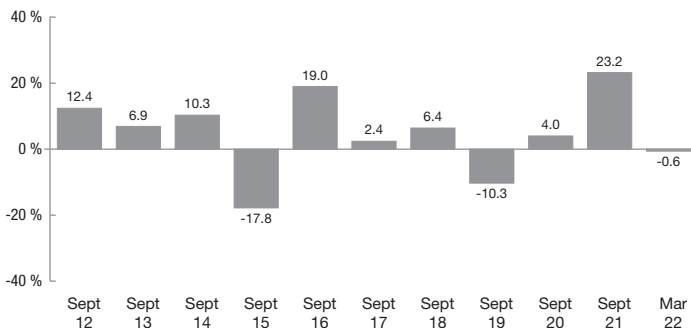
Past Performance

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.

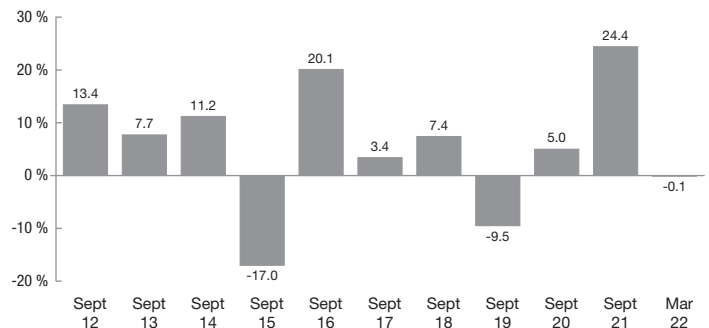
Year-by-Year Returns

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 with the exception of 2022, which shows the six-month return for the period ended March 31, 2022. 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.

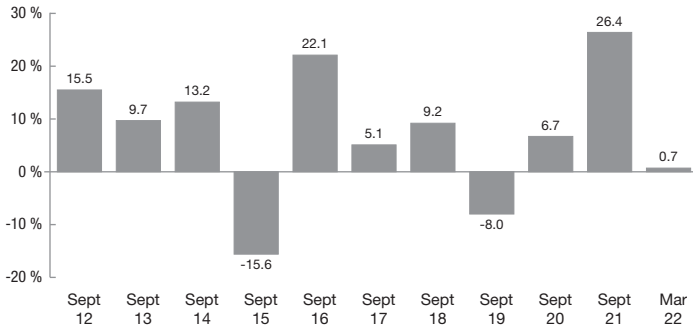
Series A



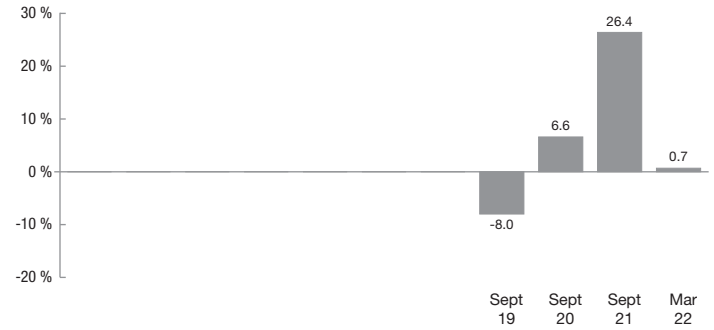
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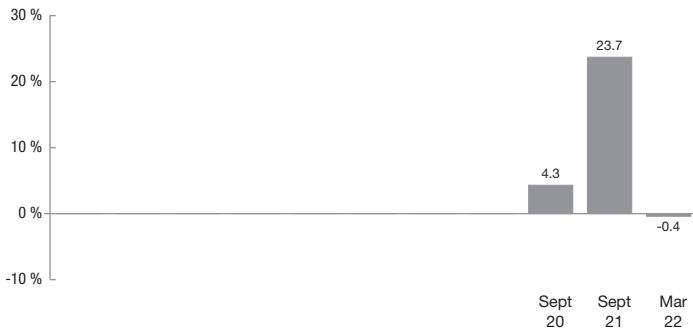
Series I



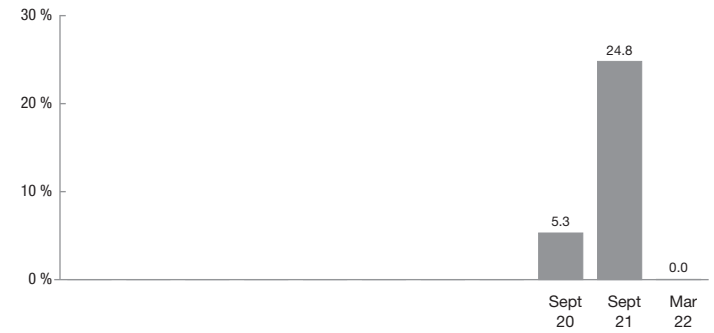
Series O



Series P



Series PF



Summary of Investment Portfolio as at March 31, 2022

Total Net Asset Value: \$64,297,214

Top Holdings		%
1	Guardian Capital Group, Class A	5.5
2	ATS Automation Tooling Systems	4.9
3	Kinaxis	4.7
4	Premium Brands Holdings	4.6
5	Canadian Western Bank	4.6
6	Equitable Group	4.2
7	Converge Technology Solutions	4.1
8	Headwater Exploration	3.9
9	Winpak	3.8
10	Spin Master	3.7
11	Richelieu Hardware	3.6
12	Softchoice	3.5
13	Cogeco	3.4
14	HLS Therapeutics	3.3
15	Descartes Systems Group	3.1
16	Freehold Royalties	3.0
17	Magnet Forensics	2.5
18	Badger Infrastructure Solution	2.5
19	Stella-Jones	2.5
20	Jamieson Wellness	2.5
21	Pason Systems	2.5
22	Tecsys	2.4
23	Slate Grocery REIT	2.3
24	Calian Group	2.3
25	GDI Integrated Facility Services	2.2
	Total	85.6

Net Asset Value Mix		%
Equity	94.6	
Unit Trust	3.8	
Cash and Equivalents	1.6	
Total	100.0	

Sector Allocation		%
Information Technology	24.1	
Financials	16.2	
Industrials	15.4	
Energy	11.0	
Materials	7.8	
Consumer Staples	7.1	
Consumer Discretionary	5.7	
Health Care	5.4	
Communication Services	3.4	
Real Estate	2.3	
Cash and Equivalents	1.6	
Total	100.0	

Geographic Distribution		%
Canada	96.4	
Other Countries	2.0	
Cash and Equivalents	1.6	
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.