

Annual Management Report of Fund Performance

As at September 30, 2021

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

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Performance

Investment Objective and Strategies

The Fund aims to increase the value of your investment over the long term by investing mostly in the common shares of a wide variety of companies listed on North American stock exchanges.

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

Risk

The risks associated with investing in the Fund remain as discussed in the Simplified Prospectus. The Fund is suitable for investors investing for the long term, with a medium tolerance for risk. Any changes in the Fund have not affected the overall level of risk of the Fund.

Results of Operations

The NEI U.S. Equity RS Fund's Series A units returned 14.6% for the twelve months ended September 30, 2021 compared with a return of 23.3% 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 500 Index (C\$).

The Fund's net asset value increased by 67.70% during the period, from \$409,438,909 as at September 30, 2020 to \$686,627,788 as at September 30, 2021. This change in net assets is attributed to net unitholder activity of \$194,903,237 (which includes \$162,902,851 relating to fund merger activity) and \$82,285,642 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

Accommodative monetary policy, widespread vaccination distribution and strong company earnings growth supported equity markets throughout most of the period, but volatility increased as the accelerating economic recovery triggered inflationary fears.

During the period, security selection drove underperformance, though sector selection was also negative. Stock selection in Financials and Technology detracted, while selection in Materials contributed. An underweight to Energy detracted, while an underweight to Utilities and an overweight to Technology contributed.

Detractors over the period included Citrix Systems, Walmart, and Activision Blizzard. Citrix Systems, the desktop virtualization software company, declined as sales and earnings disappointed across the board and guidance that fell short of expectations, with slower than anticipated deal conversations from 2020. The company reported Q2 2021 revenue that missed estimates and lowered FY21 earnings-per-share (EPS) guidance well below consensus range, attributed to a faster-than-expected transition to software as a service, which results in a higher percentage of deferred revenue.

Big box retailer Walmart had a weak Q1 2021, with shares primarily trading lower after reporting its Q4 2020 results. While revenue came in ahead of consensus, the company missed on EPS following higher COVID-19-related expenses and a tax-related one-off event.

Videogaming company Activision Blizzard sold off in late July, after a California lawsuit against the company, alleging pervasive discrimination and sexual harassment, triggered an employee protest and walkout.

Recent Developments

During the period, Fund changes focused on three areas. First, the portfolio sub-advisor increased the weight in more defensive companies and reduced positions in those with relatively higher risk. Second, the portfolio sub-advisor added to quality compounders, while reducing names with more stretched valuations. Third, the portfolio sub-advisor added to some idiosyncratic opportunities, reducing where fundamentals weakened.

The portfolio sub-advisor aims to build a macro-resilient Fund by investing in companies with strong cash flows and resilient business models that are likely to withstand the key risks to equity markets: interest rates/inflation, valuation, and a decelerating growth outlook for 2022.

The greatest risk is a more challenging inflation/interest-rate environment, in which the only choices available to central banks are difficult ones. Policy rates in the US, Europe and China are likely to remain on hold until at least the end of 2022. For now, the portfolio sub-advisor believes that inflation is likely to fall back next year. They think that this pressure is transitory, but risks are heavily skewed to the upside. Upward pressure on prices has already been less transitory than expected, perhaps hinting at a more fundamental shift in inflation dynamics.

Equity market valuations remain at the high end of their historical range and are especially heightened in certain industries. After this year's rebound from the pandemic-induced collapse, earnings growth is forecast to fall back to more normal levels in 2022. China's property market, the US debt ceiling and soaring energy prices in Europe all cloud the outlook. They are also concerned that supply-side dislocations stemming from COVID-19 could be more pervasive and persistent than expected. Even after a recovery to the new normal, the global growth outlook faces many risks that prevailed before the pandemic, including populism and elevated debt. Rising corporate taxes and heightened regulatory risk remain concerns.

The Fund is positioned for the current environment by owning quality compounders. The portfolio sub-advisor believes that the coronavirus will ultimately serve to accelerate many structural trends that were already in place. The accelerated digitization across payments, business interactions and consumer e-commerce, as well as the accelerated transition to the knowledge-based economy, will create opportunities in companies that provide information and proprietary data that are essential in a contactless world.

Fund Merger

On March 9, 2021, at a special meeting of unitholders, unitholders approved the merger of NEI U.S. Equity Fund into NEI U.S. Equity RS Fund. This merger was executed at the close of business on April 16, 2021. This merger is not considered a material change from the Fund's perspective.

Independent Review Committee

The term of William Woods ended on September 30, 2021. Mr. Woods had served with distinction on the Independent Review Committee ("IRC") since October 2015. After consulting with the Manager and obtaining the Manager's consent, the IRC re-appointed Mr. Woods for a further period of three years.

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, 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.



NEI U.S. Equity RS 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. 2021	47.16	0.74	-1.26	7.08	0.18	6.74	0.00	0.00	0.00	0.00	0.00	0.00	54.06
	Sept. 2020	44.01	0.77	-1.14	0.03	3.52	3.18	0.00	0.00	0.00	0.00	0.00	0.00	47.16
	Sept. 2019	39.50	0.83	-1.03	1.65	2.59	4.04	0.00	0.00	0.00	0.00	0.00	0.00	44.01
	Sept. 2018	33.47	0.68	-0.93	1.45	4.86	6.06	0.00	0.00	0.00	0.00	0.00	0.00	39.50
	Sept. 2017	32.23	0.63	-0.85	-0.33	1.84	1.29	0.00	0.00	0.00	0.00	0.00	0.00	33.47
F	Sept. 2021	31.11	0.50	-0.45	4.72	0.15	4.92	0.00	0.11	0.00	0.00	0.00	0.11	35.98
	Sept. 2020	28.88	0.50	-0.44	0.02	2.00	2.08	0.00	0.16	0.00	0.00	0.00	0.16	31.11
	Sept. 2019	25.67	0.55	-0.40	1.06	0.54	1.75	0.00	0.01	0.00	0.00	0.00	0.01	28.88
	Sept. 2018	21.73	0.41	-0.37	0.94	2.95	3.93	0.00	0.22	0.00	0.00	0.00	0.22	25.67
	Sept. 2017	20.72	0.41	-0.33	-0.21	1.30	1.17	0.00	0.00	0.00	0.00	0.00	0.00	21.73
I	Sept. 2021	17.34	0.27	-0.04	2.64	0.03	2.90	0.00	0.27	0.00	0.00	0.00	0.27	20.04
	Sept. 2020	16.05	0.28	-0.04	0.01	1.37	1.62	0.00	0.24	0.00	0.00	0.00	0.24	17.34
	Sept. 2019	14.11	0.30	-0.04	0.60	1.51	2.37	0.00	0.03	0.00	0.00	0.00	0.03	16.05
	Sept. 2018	11.97	0.26	-0.04	0.52	1.68	2.42	0.00	0.31	0.00	0.00	0.00	0.31	14.11
	Sept. 2017	11.33	0.23	-0.03	-0.12	0.61	0.69	0.00	0.06	0.00	0.00	0.00	0.06	11.97
O	Sept. 2021	13.11	0.21	-0.04	1.97	0.10	2.24	0.00	0.21	0.00	0.00	0.00	0.21	15.14
	Sept. 2020	12.10	0.21	-0.04	0.01	1.01	1.19	0.00	0.14	0.00	0.00	0.00	0.14	13.11
	Sept. 2019	10.65	0.25	-0.04	0.46	3.46	4.13	0.00	0.02	0.00	0.00	0.00	0.02	12.10
	Sept. 2018	10.00	0.00	-0.01	0.42	0.24	0.65	0.00	0.00	0.00	0.00	0.00	0.00	10.65
P	Sept. 2021	12.00	0.19	-0.30	1.81	0.02	1.72	0.00	0.00	0.00	0.00	0.00	0.00	13.78
	Sept. 2020	11.18	0.20	-0.27	0.01	0.87	0.81	0.00	0.00	0.00	0.00	0.00	0.00	12.00
	Sept. 2019	10.00	0.17	-0.21	0.43	1.31	1.70	0.00	0.00	0.00	0.00	0.00	0.00	11.18
PF	Sept. 2021	12.17	0.19	-0.15	1.84	0.11	1.99	0.00	0.08	0.00	0.00	0.00	0.08	14.05
	Sept. 2020	11.29	0.20	-0.14	0.01	0.64	0.71	0.00	0.09	0.00	0.00	0.00	0.09	12.17
	Sept. 2019	10.00	0.18	-0.11	0.43	1.28	1.78	0.00	0.00	0.00	0.00	0.00	0.00	11.29

(1) All per unit figures presented in 2021 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, 2021.

(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⁾⁽⁴⁾⁽⁵⁾	Net Asset Value per Unit (\$)
A	Sept. 2021	58,380.90	1,079.87	2.29	2.44	0.01	62.36	54.06
	Sept. 2020	54,038.10	1,145.83	2.29	2.45	0.02	42.50	47.16
	Sept. 2019	56,697.47	1,288.26	2.27	2.44	0.01	59.01	44.01
	Sept. 2018	68,110.03	1,724.13	2.27	2.51	0.02	60.03	39.50
	Sept. 2017	65,984.82	1,971.47	2.28	2.55	0.05	89.15	33.47
F	Sept. 2021	10,186.93	283.16	1.12	1.27	0.01	62.36	35.98
	Sept. 2020	6,509.06	209.23	1.24	1.27	0.02	42.50	31.11
	Sept. 2019	5,773.87	199.92	1.27	1.27	0.01	59.01	28.88
	Sept. 2018	13,134.07	511.68	1.28	1.34	0.02	60.03	25.67
	Sept. 2017	8,964.24	412.47	1.28	1.37	0.05	89.15	21.73
I	Sept. 2021	524,275.43	26,164.88	N/A	N/A	0.01	62.36	20.04
	Sept. 2020	279,288.70	16,104.42	N/A	N/A	0.02	42.50	17.34
	Sept. 2019	225,858.02	14,073.97	N/A	N/A	0.01	59.01	16.05
	Sept. 2018	72,448.60	5,133.00	N/A	N/A	0.02	60.03	14.11
	Sept. 2017	62,388.10	5,211.07	N/A	N/A	0.05	89.15	11.97
O	Sept. 2021	32,292.82	2,133.02	0.04	0.04	0.01	62.36	15.14
	Sept. 2020	25,748.05	1,963.44	0.05	0.05	0.02	42.50	13.11
	Sept. 2019	19,117.99	1,579.39	0.05	0.05	0.01	59.01	12.10
	Sept. 2018	1.07	0.10	0.05	0.05	0.02	60.03	10.65
P	Sept. 2021	32,087.33	2,327.95	2.07	2.07	0.01	62.36	13.78
	Sept. 2020	24,206.08	2,017.11	2.11	2.11	0.02	42.50	12.00
	Sept. 2019	23,322.70	2,086.22	2.17	2.17	0.01	59.01	11.18
PF	Sept. 2021	29,404.38	2,092.50	0.94	0.94	0.01	62.36	14.05
	Sept. 2020	19,648.92	1,614.36	0.95	0.95	0.02	42.50	12.17
	Sept. 2019	21,939.07	1,943.41	0.97	0.97	0.01	59.01	11.29

(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.

(4) At the close of business on October 29, 2018, the Meritas US Equity Fund was merged into the NEI U.S. Equity RS Fund. The portfolio turnover rates exclude the value of securities acquired and sold to realign the Fund's holdings.

(5) At the close of business on April 16, 2021, the NEI U.S. Equity Fund was merged into the NEI U.S. Equity RS Fund. The portfolio turnover rates exclude the value of securities acquired and sold to realign the Fund's holdings.

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	1.85	49.50	50.50
Series F	0.85	100.00	N/A
Series P	1.60	37.57	62.43
Series PF	0.60	100.00	N/A

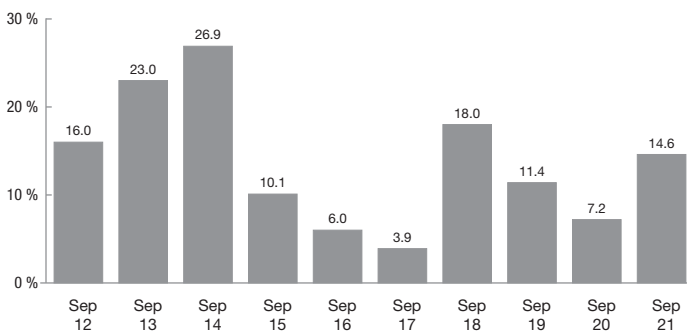
Past Performance

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.

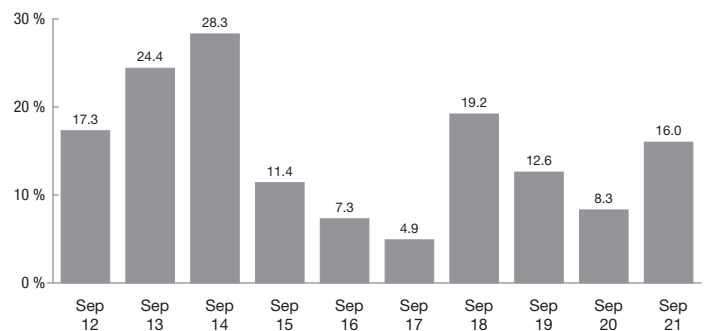
Year-by-Year Returns

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.

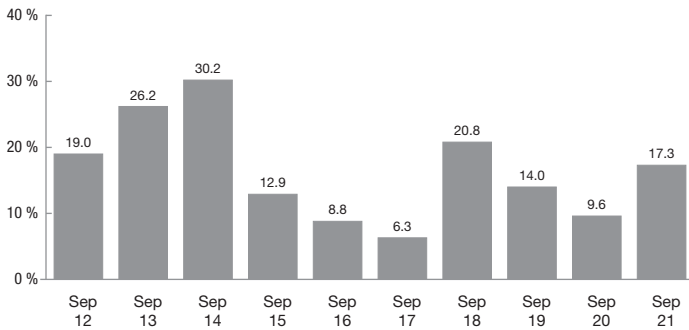
Series A



Series F



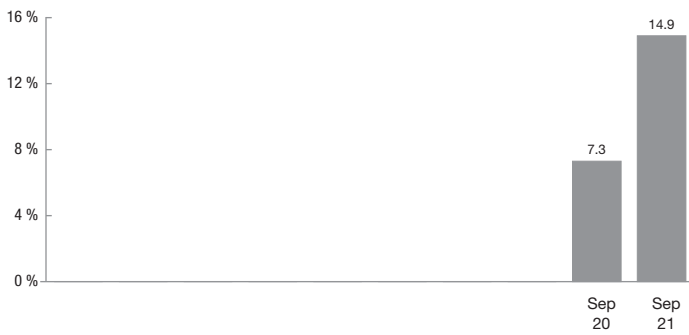
Series I



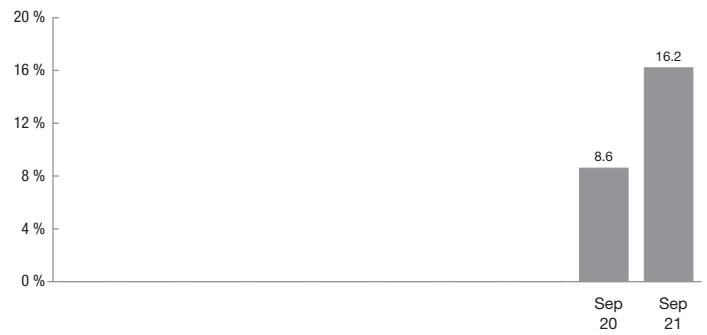
Series O



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 500 Index (C\$).

The S&P 500 is widely regarded as the best single gauge of large-cap U.S. equities. The index includes leading companies across stock exchanges in the US. The Index is a capitalization-weighted Index.

While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. Please see the "Results of Operations" section of this report for a discussion of recent performance results.

Group/Investment	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception ^(*) (%)
S&P 500 Index (C\$)	23.3	15.2	16.0	18.9	**
NEI U.S. Equity RS Fund, Series A	14.6	11.0	10.9	13.5	N/A
NEI U.S. Equity RS Fund, Series F	16.0	12.3	12.1	14.7	N/A
NEI U.S. Equity RS Fund, Series I	17.3	13.6	13.5	16.3	N/A
NEI U.S. Equity RS Fund, Series O	17.2	13.5	N/A	N/A	14.6
NEI U.S. Equity RS Fund, Series P	14.9	N/A	N/A	N/A	12.0
NEI U.S. Equity RS Fund, Series PF	16.2	N/A	N/A	N/A	13.3

*Since inception returns are not provided for series that have been in existence for more than 10 years.

**The return of the benchmark since inception for each applicable series is as follows: Series O: 15.7%, Series P: 17.2%, Series PF: 17.2%.

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Summary of Investment Portfolio as at September 30, 2021

Total Net Asset Value: \$686,627,788

Top Holdings		%
1	Microsoft	7.8
2	Cash and Equivalents	5.4
3	Alphabet Inc.	4.7
4	Apple	3.7
5	Amazon.com	3.3
6	AutoZone	2.9
7	Facebook, Class A	2.7
8	UnitedHealth Group	2.6
9	Oracle	2.5
10	Walmart	2.4
11	Paychex	2.2
12	JPMorgan Chase & Co.	2.1
13	Procter & Gamble	2.1
14	Merck & Co.	2.0
15	S&P Global	1.9
16	O'Reilly Automotive	1.9
17	Electronic Arts	1.6
18	Home Depot	1.6
19	Coca-Cola Consolidated	1.5
20	Visa, Class A	1.5
21	Roche Holding, ADR	1.5
22	Verizon Communications	1.4
23	NortonLifeLock	1.4
24	Alliant Energy	1.4
25	Progressive	1.4
	Total	63.5

Net Asset Value Mix		%
Equity		93.8
Cash and Equivalents		5.4
Unit Trust		0.8
Total		100.0

Sector Allocation		%
Information Technology		32.5
Consumer Discretionary		13.1
Communication Services		12.1
Health Care		11.6
Financials		10.8
Consumer Staples		7.8
Cash and Equivalents		5.4
Industrials		2.2
Utilities		1.4
Materials		1.1
Real Estate		1.0
Energy		1.0
Total		100.0

Geographic Distribution		%
United States		86.1
Other		8.5
Cash and Equivalents		5.4
Total		100.0

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

"Other" geographic category includes all countries 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.