



NEI Canadian Small Cap Equity Fund

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 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 23.2% for the twelve months ended September 30, 2021 compared with a return of 44.1% for the benchmark explained below.

Unlike the benchmark return, the Fund's returns are after the deduction of fees and expenses paid by the Fund. Performance differences between series of units are mainly attributable to management fees charged to each series. Refer to the Past Performance section for the details of returns by series.

The benchmark for this Fund is the S&P/TSX Small Cap Index.

The Fund's net asset value decreased by -56.27% during the period, from \$157,578,298 as at September 30, 2020 to \$68,905,264 as at September 30, 2021. This change in net assets is attributed to net unitholder activity of -\$124,123,810 and \$35,450,776 to investment operations, including market appreciation (depreciation), income and expenses.

Factors That Have Affected Performance

Politics and inflation have increasingly become the topics du jour, and they obviously have important implications to the economic backdrop. While July and August largely marked a continuation of the trends observed during Q2, September was punctuated by a sharp rotation in favor of more 'value' oriented cyclical sectors of the market on the back of rising inflationary concerns and anticipated central bank tightening actions.

The potential for a taper tantrum, a term first coined in 2013 when the Federal Reserve signaled a sooner-than-expected withdrawal of monetary stimulus forcing a surge in Treasury yields, caused the price of precious metals and high-valued, growth companies to decline. The latter included information technology stocks where valuations declined precipitously in September after peaking in late August. Despite the volatility, Technology remained one of the top performing sectors in Fund in the quarter. The Fund's exposure to the Information Technology sector is meaningfully higher than that of the benchmark, and larger positions are comprised of businesses with very strong growth prospects tied to supply chain, logistics, and information technology solutions. Although ratcheting inflationary pressures have triggered a late-quarter selloff in technology names like these, Fund holdings stand to benefit from increased demand for their ability to help their end-markets manage rising freight and labour costs.

Meanwhile, the Energy sector's second quarter momentum persisted in the third quarter, with the lowest quality junior producers leading the group, benefitting most from a festering supply-demand imbalance. As we have seen time and time again, these imbalances can create both large upswings and downswings. This sector has been an area of weakness for the Fund, having been materially underweight to a cyclically outperforming group given their poor business models. The Fund's exposure has been limited to higher-quality businesses with differentiated business models and unique geology that were nowhere as much appreciated as 'value' E&Ps that were torqued to buoyant energy commodity prices.

Inflationary pressures, supply chain disruptions, and rising interest rates look to persist into 2022, but these risks do not break good business models. Instead, enduring businesses built on strong, differentiated value propositions should dominate their markets as lesser competitors give up share. Commodities, by definition, are fully fungible and therefore are undifferentiated, so energy exploration & production business have not played a large role in Laurus portfolios. The portfolio sub-advisor continues to concentrate on companies with enduring competitive advantages, sustainable free cash flow growth, and led by talented management teams.

Recent Developments

During the period, the portfolio sub-advisor exited the Fund's investments in E-L Financial, Boyd Group Services, Ag Growth and NFI Group. E-L Financial and Boyd Group Services were removed from the Fund in favour of more attractive opportunities, and agriculture equipment manufacturer Ag Growth and bus manufacturer NFI Group were eliminated after a string of mis-execution by both businesses led the portfolio sub-advisor to finally lose confidence in their management teams. Ag Growth has been under pressure from a recent product failure liability, and NFI Group has been dealing supply chain-disruptions that caused them to reduce their annual guidance meaningfully just a month after confirming their previous trajectory. The lack of visibility was concerning.

The portfolio sub-advisor added 4 new positions during the reporting period. These companies include Headwater Exploration, Knight Therapeutics, Converge Technology Solutions and Magnet Forensics.

Despite all the market worries, the portfolio sub-advisor believes the short-term problems in supply chains and labour will sort themselves out. Demand for goods and services remains strong and will likely remain supported by an accommodative fiscal policy. Although the ongoing recovery from the March 2020 low is being muted by the continued COVID wave, this will only result in a delay to a typical recovery cycle and not a suspension.



NEI Canadian Small Cap Equity Fund

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.

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	31.41	0.73	-0.99	11.06	-3.07	7.73	0.00	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	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	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	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	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. 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. 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 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⁾	Net Asset Value per Unit (\$)
A	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	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	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	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. 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. 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	65.09	34.91
Series F	1.20	100.00	N/A
Series P	1.70	55.91	44.09
Series PF	0.95	100.00	N/A

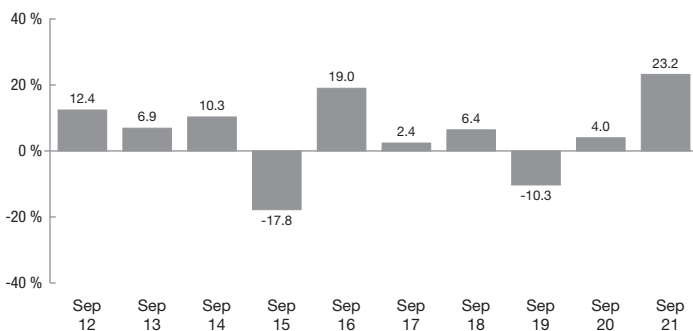
Past Performance

The performance information provided will not necessarily indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional units of the relevant series of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

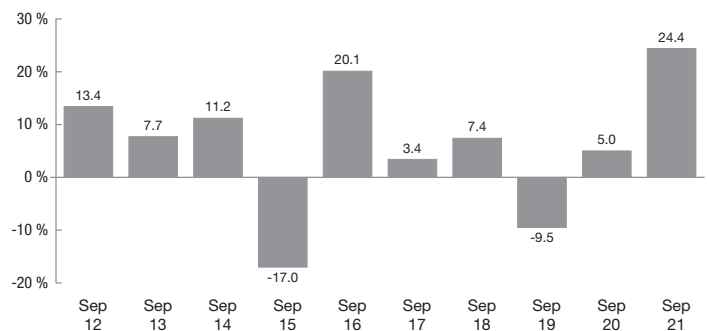
Year-by-Year Returns

The following charts show the annual performance for each series of units of the Fund for each period shown and illustrate how the Fund's performance has varied from period to period. The charts indicate how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

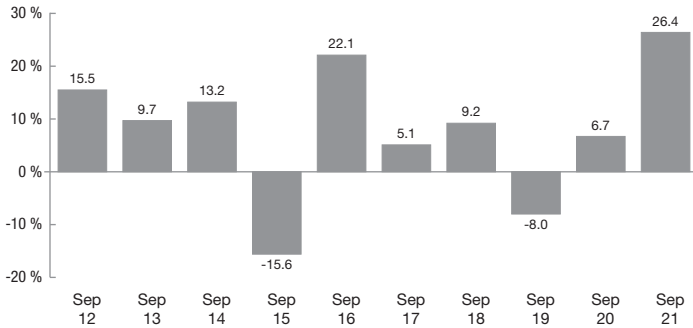
Series A



Series F



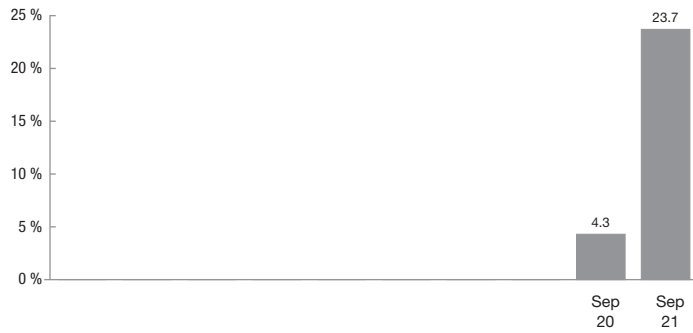
Series I



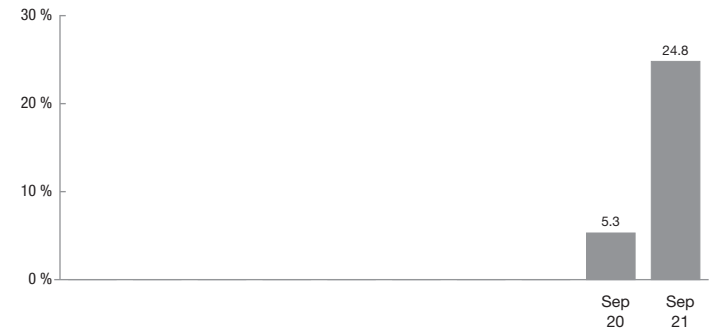
Series O



Series P



Series PF



Annualized Compound Returns

The following table shows the annual compound returns for all series of the Fund. All returns are in Canadian dollars, on a total return basis, net of fees. For comparison, the returns for the benchmark are included. A discussion regarding the relative performance of the Fund is found in the Results of Operations section of this report and a description of indexes can be found in the Annualized Compound Returns section of this report.

The benchmark for this Fund is the S&P/TSX 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	44.1	9.3	5.8	5.3	**
NEI Canadian Small Cap Equity Fund, Series A	23.2	4.7	4.6	5.0	N/A
NEI Canadian Small Cap Equity Fund, Series F	24.4	5.7	5.6	5.9	N/A
NEI Canadian Small Cap Equity Fund, Series I	26.4	7.5	7.3	7.7	N/A
NEI Canadian Small Cap Equity Fund, Series O	26.4	7.4	N/A	N/A	7.2
NEI Canadian Small Cap Equity Fund, Series P	23.7	N/A	N/A	N/A	11.1
NEI Canadian Small Cap Equity Fund, Series PF	24.8	N/A	N/A	N/A	12.1

^{*}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: 7.9%, Series P: 14.7%, Series PF: 14.7%.

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

Summary of Investment Portfolio as at September 30, 2021

Total Net Asset Value: \$68,905,264

Top Holdings		%
1	Canadian Western Bank	5.4
2	Premium Brands Holdings	5.2
3	Guardian Capital Group, Class A	4.5
4	Enghouse Systems	4.3
5	ATS Automation Tooling Systems	4.2
6	Intertape Polymer Group	4.1
7	Cash and Equivalents	4.0
8	Winpak	3.9
9	HLS Therapeutics	3.8
10	Cogeco	3.7
11	Spin Master	3.5
12	Kinaxis	3.3
13	Descartes Systems Group	3.3
14	Headwater Exploration	3.2
15	Richelieu Hardware	3.1
16	Slate Grocery REIT	2.9
17	Converge Technology Solutions	2.8
18	Stella-Jones	2.8
19	Badger Infrastructure Solution	2.6
20	Equitable Group	2.4
21	Jamieson Wellness	2.4
22	Tecsys	2.3
23	Freehold Royalties	2.2
24	Pason Systems	2.1
25	GDI Integrated Facility Services	2.1
	Total	84.1

Net Asset Value Mix		%
Equity	91.4	
Unit Trust	4.6	
Cash and Equivalents	4.0	
Total	100.0	

Sector Allocation		%
Information Technology	17.7	
Industrials	15.9	
Financials	14.0	
Materials	12.5	
Energy	8.9	
Consumer Staples	7.6	
Health Care	5.8	
Communication Services	5.3	
Real Estate	4.8	
Cash and Equivalents	4.0	
Consumer Discretionary	3.5	
Total	100.0	

Geographic Distribution		%
Canada	96.0	
Cash and Equivalents	4.0	
Total	100.0	

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

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