

## 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](http://www.neiinvestments.com) or SEDAR at [www.sedar.com](http://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 U.S. Equity RS Fund's Series A units returned 3.1% for the six months ended March 31, 2022 compared with a return of 4.4% 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 500 Index (C\$).

The Fund's net asset value decreased by 2.90% during the period, from \$686,627,788 as at September 30, 2021 to \$666,703,684 as at March 31, 2022. This change in net assets is attributed to net unitholder activity of -\$47,010,903 and \$27,086,799 to investment operations, including market appreciation (depreciation), income and expenses.

### Factors That Have Affected Performance

Accommodative monetary policy continued to support an accelerating economic recovery, but—despite generally strong corporate earnings and economic data—equity markets experienced a dramatic increase in volatility later in the period.

During the period, the Fund rose in absolute terms, but underperformed the S&P 500. An underweight to energy detracted, while an overweight to consumer staples contributed. Security selection in healthcare contributed, while selection in technology detracted.

Detractors over the six-month period included Apple, Deckers Outdoor and Electronic Arts. The Fund's underweight to Apple detracted. Shares were down slightly after reporting earnings, but then rallied to reach a record high. The stock was also boosted by investor optimism regarding potential future growth initiatives such as an Apple Car. The new iPhone 13 is experiencing stronger-than-expected demand in China and the US, despite supply-chain issues including semiconductor shortages and manufacturing headwinds in Southeast Asia from COVID-19 spikes in the region.

Deckers Outdoor, the leading footwear brand known for its UGG and HOKA brands, fell after the company reported earnings in February showing continued supply-chain challenges. Management noted that prolonged transit times are the most material headwind to the business, and at year-end, 50% of inventory was in transit versus only 25% at the same time the year prior.

Video gaming company Electronic Arts performed well after its earnings release in early November, but shares fell on concerns from the early release of Battlefield 2042. Bugs at launch plus unexpected competition from the early debut of Halo Infinite's multiplayer appeared to have slowed the game's momentum. Many of the player complaints from the public beta test in early October were unresolved and the full release revealed more issues. Shares of EA rebounded slightly following a company announcement of leadership and strategic changes to the Battlefield franchise.

Contributors over the six-month period included UnitedHealth Group, AbbVie and AutoZone. UnitedHealth Group, a leading US health insurer, outperformed along with the overall managed-care industry. UnitedHealth reported solid results ahead of consensus. Owing to the strong results, UnitedHealth raised guidance, partially benefiting from a decline in the COVID-19 headwind.

Pharmaceutical researcher and developer AbbVie outperformed. Shares reacted positively to AbbVie's earnings report showing several drivers of the company's more diversified growth story beating expectations. Early in March, AbbVie acquired Syndesi Therapeutics, boosting its neuroscience portfolio. The company also announced a partnership with Gedeon Richter for neuropsychiatric disease. Later in March, the stock rallied again when AbbVie entered a collaboration with Scripps Research, a non-profit biomedical research institute, to develop a novel, direct-acting antiviral COVID-19 treatment, accelerating Scripps' SARS-CoV-2 research program.

Auto parts retailer AutoZone contributed following strong earnings results and a favorable industry outlook. Sales in the do-it-for-me segment grew 29% to US\$900 million, which marks the sixth consecutive quarter of double-digit commercial growth. Earnings per share also beat consensus, driven by significant operating expense leverage that more than offset continued gross margin compression.

## Recent Developments

During the six-month period, Fund changes during the quarter focused on addressing three key risks. First, the portfolio sub-advisor added to quality names with pricing power and consistent cash generation in the face of rising inflation and slowing growth. Second, the portfolio sub-advisor added to stability and commodities, with greater geopolitical tensions and risk aversion. Third, the portfolio sub-advisor increased companies with cheaper valuations, avoiding expensive hypergrowth names.

Equity markets rallied in the final weeks of the period, but the portfolio sub-advisor expects more volatility ahead. The portfolio sub-advisor's quality, stability and price approach is well positioned for the three key risks it sees in 2022. First, inflation has spiked, and growth was naturally slowing before Ukraine. Quality companies with strong, consistent cash flows are resilient. Second, geopolitical tensions amplified stagflation risks. Stability can mitigate risk against market downturns. Third, rising interest rates induce valuation risk. They focus on price, avoid companies with heightened valuations.

While the conflict created many uncertainties, the portfolio sub-advisor believes the impact of persistent inflation may be the dominant influence for equity investors. Even if some war-related disruptions are resolved, countries and companies are seeking new ways to source essential inputs, from oil and gas to auto components, microchips and food ingredients. Even if inflation cools, the portfolio sub-advisor believes it's likely to remain higher than its been accustomed to for many years, as inflationary forces were already brewing at the beginning of 2022. The deflationary forces of globalization have been under pressure, while the pandemic led to widespread supply disruptions and central banks implemented historically loose monetary policies.

Central banks have a monumental task today. Managing inflation while maintaining growth will be very tricky. The traditional approach of raising interest rates to stifle demand may be less effective. New sources and supply chains need to be established. Since inflation currently is being driven by a supply shock, the challenges are very different than inflationary bouts in the recent past.

The Fund owns quality compounders with sustainable growth drivers that can withstand a tougher macroeconomic environment. The portfolio sub-advisor believes companies with higher-quality cash flows and balance sheets, and clear catalysts for recovery, are preferable to the cheapest names with inferior fundamentals. The Fund is exposed to inexpensive defensives, as the portfolio sub-advisor believes that expensive valuations for unprofitable growth companies are vulnerable in a rising-rate environment. The portfolio sub-advisor believes 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.

The portfolio sub-advisor believes that equity portfolios designed to smooth volatility are especially appealing in the current market environment. The portfolio sub-advisor continues to look for companies that offer a combination of quality and stability at attractive prices, the three core elements that underpin its investment philosophy in good and bad times. For long-term, outcome-oriented investors, the portfolio sub-advisor believes that companies with these features are best positioned to deliver strong returns through changing environments.

## 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.



# 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 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 (\$) <sup>(1)</sup>

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 <sup>(2)</sup>	From Income (Excluding Dividends)	From Dividends	From Underlying Funds	From Capital Gains	Return of Capital		Total Distributions <sup>(3)(4)</sup>
A	Mar. 2022	54.06	0.40	-0.70	0.89	1.21	1.80	0.00	0.00	0.00	0.14	0.00	0.14	55.63
	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	Mar. 2022	35.98	0.27	-0.25	0.60	0.62	1.24	0.00	0.01	0.00	0.09	0.00	0.10	37.23
	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	Mar. 2022	20.04	0.15	-0.02	0.33	0.35	0.81	0.00	0.13	0.00	0.05	0.00	0.18	20.73
	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	Mar. 2022	15.14	0.11	-0.02	0.25	0.33	0.67	0.00	0.10	0.00	0.04	0.00	0.14	15.66
	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	Mar. 2022	13.78	0.10	-0.16	0.23	0.27	0.44	0.00	0.00	0.00	0.03	0.00	0.03	14.20
	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	Mar. 2022	14.05	0.10	-0.09	0.23	0.26	0.50	0.00	0.01	0.00	0.04	0.00	0.05	14.54
	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 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 (%) <sup>(1)</sup>	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) <sup>(2)</sup>	Portfolio Turnover Rate (%) <sup>(3)(4)(5)</sup>	Net Asset Value per Unit (\$)
A	Mar. 2022	57,237.06	1,028.98	2.28	2.43	0.01	21.91	55.63
	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	Mar. 2022	12,479.81	335.25	1.12	1.27	0.01	21.91	37.23
	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	Mar. 2022	499,720.54	24,107.71	N/A	N/A	0.01	21.91	20.73
	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	Mar. 2022	32,784.69	2,093.67	0.04	0.04	0.01	21.91	15.66
	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	Mar. 2022	32,332.49	2,277.58	2.07	2.07	0.01	21.91	14.20
	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	Mar. 2022	32,149.08	2,210.92	0.94	0.94	0.01	21.91	14.54
	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	49.39	50.61
Series F	0.85	100.00	N/A
Series P	1.60	37.50	62.50
Series PF	0.60	100.00	N/A

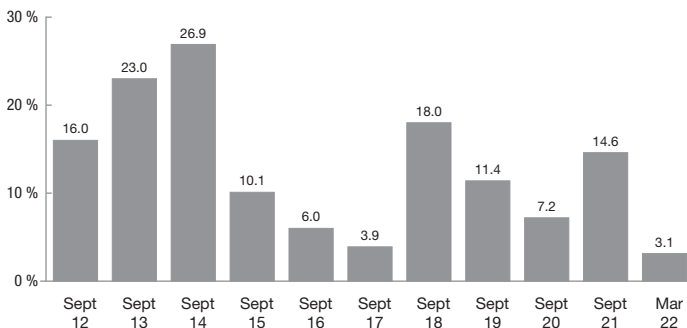
## Past Performance

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.

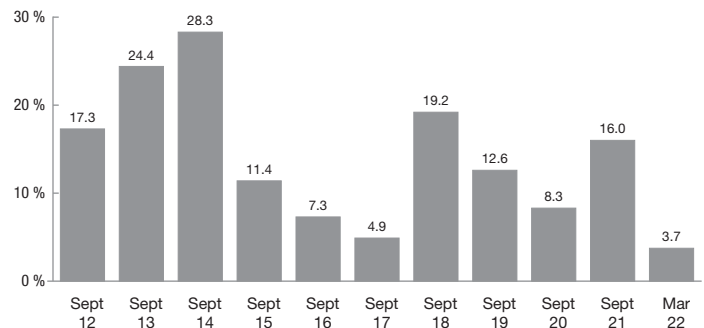
### Year-by-Year Returns

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 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.

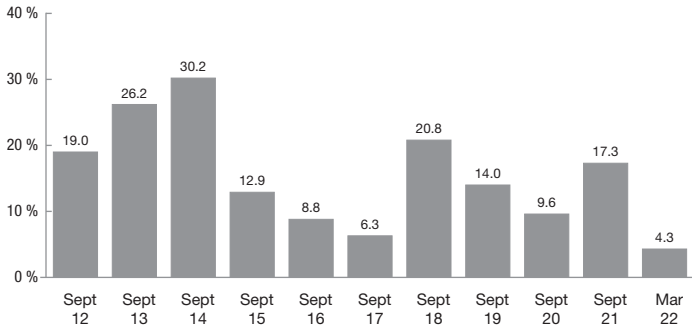
**Series A**



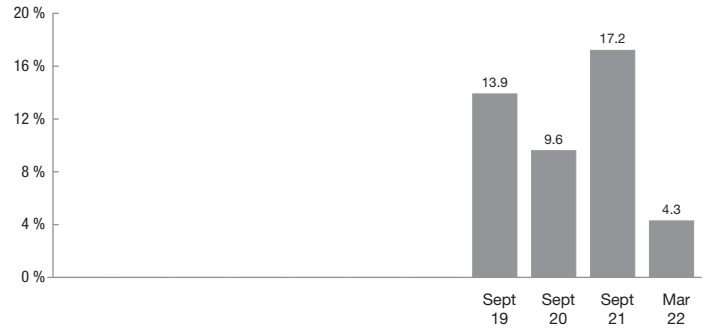
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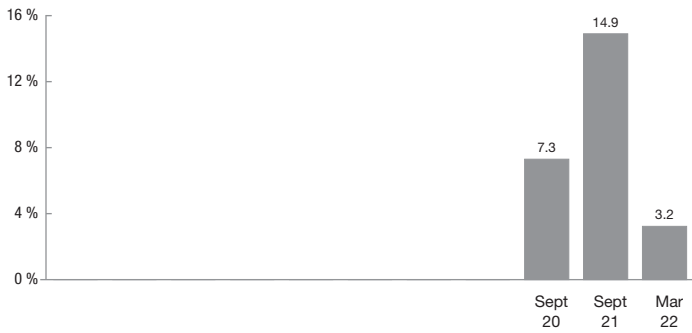
**Series I**



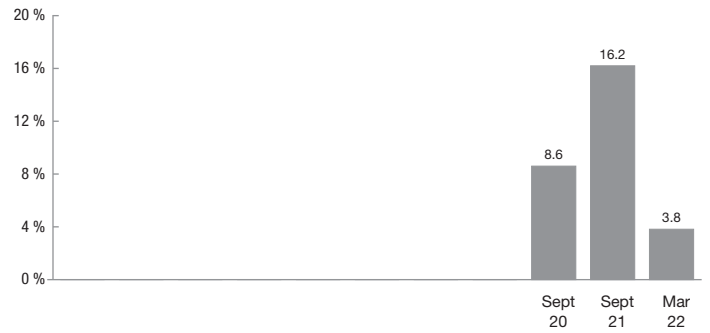
**Series O**



**Series P**



**Series PF**





## Summary of Investment Portfolio as at March 31, 2022

Total Net Asset Value: \$666,703,684

Top Holdings		%
1	Microsoft	7.7
2	Alphabet Inc.	4.7
3	Apple	4.0
4	Cash and Equivalents	3.8
5	AutoZone	2.7
6	Walmart	2.6
7	Amazon.com	2.6
8	Coca-Cola Consolidated	2.5
9	Paychex	2.3
10	UnitedHealth Group	2.2
11	Oracle	2.1
12	Procter & Gamble	2.1
13	Broadcom	2.0
14	AbbVie	1.9
15	Merck & Co.	1.8
16	O'Reilly Automotive	1.8
17	Booz Allen Hamilton Holding	1.7
18	NortonLifeLock	1.7
19	S&P Global	1.6
20	Ameren	1.6
21	Visa, Class A	1.6
22	Roche Holding, ADR	1.6
23	Progressive	1.5
24	American Electric Power Company	1.5
25	JPMorgan Chase & Co.	1.5
	Total	61.1

Net Asset Value Mix		%
Equity	95.5	
Cash and Equivalents	3.8	
Unit Trust	0.7	
Total	100.0	

Sector Allocation		%
Information Technology	32.4	
Financials	12.2	
Health Care	11.9	
Consumer Staples	9.9	
Consumer Discretionary	9.2	
Communication Services	8.6	
Utilities	5.0	
Industrials	4.2	
Cash and Equivalents	3.8	
Energy	1.4	
Real Estate	1.0	
Materials	0.4	
Total	100.0	

Geographic Distribution		%
United States	88.0	
Other Countries	8.2	
Cash and Equivalents	3.8	
Total	100.0	

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

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

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