

## Semi-annual Management Report of Fund Performance

### As at March 31, 2023

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 11.1% for the six-month period ended March 31, 2023 compared with a return of 13.9% 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 45.18% during the period, from \$618,228,169 as at September 30, 2022 to \$897,557,227 as at March 31, 2023. This change in net assets is attributed to net unitholder activity of \$192,592,638 and \$86,736,420 to investment operations, including market appreciation (depreciation), income and expenses.

### Market Overview

Central banks—led by the US Federal Reserve—continued to rapidly tighten monetary policy, triggering periods of volatility. Toward the end of the period, the collapse of several banks triggered concerns about broader financial contagion, a potential credit crunch and the direction of central bank policy, which revived recessionary fears and drove stocks lower.

### Factors That Have Affected Performance

Security selection detracted from relative returns, while sector selection contributed. Security selection within technology detracted, while selection in financials contributed. An underweight to industrials detracted, while an overweight to technology contributed.

Detractors over the six-month period included FIS, Gen Digital and Centene. Payment services provider FIS declined following its worse-than-expected third-quarter results, revealing problems across its businesses. Its small and medium-size merchant business significantly underperformed, and management noted that they are de-emphasizing the business going forward. The failure of Silicon Valley Bank also created concerns about the viability of small- and medium-sized banks, a core market for FIS. Cybersecurity company Gen Digital (formerly known as Norton LifeLock) underperformed after reporting Q3 2022 earnings. Weaker e-commerce activity and PC/mobile trends continued to negatively impact the company, as sequential net customer adds were negative again. Nonoperational factors, including FX and interest expense, were big drags on earnings per share. Centene, like other managed-care stocks, was pressured in February on lower-than-expected preliminary Medicare Advantage rates for 2024. The proposed policies would increase average revenue to Medicare Advantage plans at a lower rate than in recent years.

Contributors over the six-month period included Amazon, Broadcom and Oracle. An underweight to Amazon contributed as shares lost ground following a mixed fourth-quarter earnings release. The biggest disappointment was a deceleration in the growth of Amazon Web Services, which came in at the low end of expectations. Weakness was attributed to financial services and areas tied to advertising. Fourth-quarter results also showed macro issues affecting growth as consumers spent less on discretionary items. Despite this, management's efforts to right-size retail capacity and reduce headcount should help boost profit recovery this year. Semiconductor company Broadcom outperformed on heightened expectations for its chips used to power AI systems for OpenAI's ChatGPT. The computational intensity required for new AI applications is causing customers to look for improved ethernet switching. Multinational computer software company Oracle held an investor day, alleviating profitability concerns from the Cerner acquisition and offering better-than-expected revenue and operating margin guidance. A strong result in its second fiscal quarter also exceeded consensus expectations.

### ESG Activities

The following environmental, social, and governance (ESG) activities are some of those undertaken during the period related to the Fund's ESG-related investment objectives and strategies.

During the period, the portfolio sub-advisor initiated a position in Xcel Energy based on material ESG risk and opportunities. Xcel Energy is a leading multi-state electric and gas utility with large exposures to Colorado and Minnesota. The company is the pioneer of the "Steel for Fuel" strategy with a geographic advantage for renewables with all of its key jurisdictions having aggressive clean energy goals. Xcel is significantly shifting its energy mix by adding renewables and retiring its coal plants early. It has tangible plans approved by regulators to be out of coal by 2034. Xcel is also a beneficiary from the Inflation Reduction Act as the bill will accelerate growth and reduce its equity needs.

NEI's Responsible Investing & ESG Services team (RI team) engaged 16 companies including Apple, Bristol-Myers Squibb, and Walmart, on topics such as equitable access, nutrition, and deforestation.

The RI team voted against management on 64% of the proxy items at 12 annual general meetings. They supported 69% of 13 shareholder resolutions filed on ESG topics such as pay equity, board engagement and tax transparency.

## Recent Developments

By quarter end, a financial system meltdown appears to have been averted—for now—by rapid regulatory action, including implicit deposit guarantees and bank securities lending programs to ensure adequate liquidity. Policymakers seem optimistic that their measures to guarantee deposits will prevent a systemic crisis, and the portfolio sub-advisor generally agrees, that the global financial system is better capitalized. In the benign scenario, the bank stress will pass but the tightening of credit conditions will remain, helping to do some of the Fed's work for it and reducing the need for additional tightening. However, taken together, the trifecta of strong growth, a tight labor market and higher-for-longer inflation would argue for a continuation of the Fed's tightening campaign, all else being equal.

The portfolio sub-advisor's expectation of a sustained period of below-trend growth, driven by some combination of tight monetary policy and banking sector distress, argues for caution. But unless the banking turmoil spirals out of control, it expects only a mild recession in most regions and a considerably brighter outlook toward year end. For investors, this argues for caution, not panic. The portfolio sub-advisor expects growth near 0% for the rest of 2023 in the US, alongside a gradual weakening of labor markets that will combine to bring inflation closer to target this year and pave the way for full convergence in 2024.

The portfolio sub-advisor expects market volatility will remain for the next several months at least. So how can investors identify stocks with the potential to weather bouts of market volatility? They believe that a disciplined approach to buying high-quality, stable companies at the right price provides investors with multiple ways to mitigate risk while still participating in market gains.

## Related Party Transactions

Northwest & Ethical Investments L.P. ("NEI LP") is the Manager, Trustee, Portfolio Manager and Registrar of the Fund. Northwest & Ethical Investments Inc., the general partner of NEI LP, is a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is also the sole limited partner of NEI LP. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. Desjardins Financial Holding Inc. is a wholly-owned subsidiary of the Fédération des caisses Desjardins du Québec ("Fédération").

NEI LP charges the Fund a fixed administration fee in place of certain variable expenses. NEI LP in turn, pays all operating expenses of the Fund, other than specified fund costs (e.g. the fees and expense of the Independent Review Committee ("IRC"), taxes, and brokerage commissions) which include payments to related parties. These services are in the normal course of operations and are measured at an exchange amount that is consistent with other independent parties. Desjardins Trust Inc. ("Desjardins Trust") is the custodian of the Fund. Desjardins Trust is a wholly-owned subsidiary of the Fédération. The Fund may engage in securities lending and repurchase transactions, and Desjardins Trust may act as the Fund's securities lending and repurchase transactions agent ("Agent"). Any revenue earned on such transactions is split 60%—40% between the Fund and the Agent. Desjardins Securities Inc. ("DSI") is a broker responsible for security transactions on behalf of the Fund. DSI is a wholly-owned subsidiary of the Fédération.

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 Fédération and other nonrelated parties by way of shared ownership. NEI LP pays to these parties distribution and servicing fees based on a percentage of the daily values of the units of each held by the dealer's clients and additionally, in some cases, on the amount of initial purchase.



## NEI U.S. Equity RS Fund

NEI LP has established the IRC for the Fund in accordance with the requirements of National Instrument 81-107 – Independent Review Committee for Investment Funds in order to review conflicts of interest as they relate to investment fund management. The Fund did not rely on an approval, positive recommendation or standing instruction from the Fund's IRC with respect to any related party transactions.

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as “plan”, “anticipate”, “intend”, “expect”, “estimate”, or other similar wording. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices, fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended March 31, 2023 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. 2023	51.49	0.48	-0.68	0.80	5.11	5.71	0.00	0.00	0.00	0.99	0.00	0.99	56.18
	Sept. 2022	54.06	0.85	-1.38	1.44	-3.07	-2.16	0.00	0.00	0.00	0.14	0.00	0.14	51.49
	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
F	Mar. 2023	34.66	0.32	-0.24	0.54	3.46	4.08	0.00	0.10	0.00	0.67	0.00	0.77	37.93
	Sept. 2022	35.98	0.58	-0.49	0.96	-2.75	-1.70	0.00	0.01	0.00	0.09	0.00	0.10	34.66
	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
I	Mar. 2023	19.41	0.18	-0.02	0.30	1.70	2.16	0.00	0.21	0.00	0.37	0.00	0.58	21.20
	Sept. 2022	20.04	0.31	-0.05	0.54	-1.21	-0.41	0.00	0.13	0.00	0.05	0.00	0.18	19.41
	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
O	Mar. 2023	14.66	0.14	-0.02	0.23	1.41	1.76	0.00	0.18	0.00	0.28	0.00	0.46	15.98
	Sept. 2022	15.14	0.24	-0.04	0.41	-0.94	-0.33	0.00	0.10	0.00	0.04	0.00	0.14	14.66
	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. 2023	13.15	0.12	-0.16	0.21	1.29	1.46	0.00	0.00	0.00	0.25	0.00	0.25	14.37
	Sept. 2022	13.78	0.22	-0.32	0.37	-0.87	-0.60	0.00	0.00	0.00	0.03	0.00	0.03	13.15
	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
	Sept. 2018	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. 2023	13.55	0.13	-0.08	0.21	1.31	1.57	0.00	0.06	0.00	0.26	0.00	0.32	14.82
	Sept. 2022	14.05	0.22	-0.17	0.38	-0.94	-0.51	0.00	0.01	0.00	0.04	0.00	0.05	13.55
	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
	Sept. 2018	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 2023 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, 2023.

(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. 2023	54,031	962	2.27	2.27	0.01	23.94	56.18
	Sept. 2022	50,115	973	2.28	2.39	0.01	46.05	51.49
	Sept. 2021	58,381	1,080	2.29	2.44	0.01	62.36	54.06
	Sept. 2020	54,038	1,146	2.29	2.45	0.02	42.50	47.16
	Sept. 2019	56,697	1,288	2.27	2.44	0.01	59.01	44.01
	Sept. 2018	68,110	1,724	2.27	2.51	0.02	60.03	39.50
F	Mar. 2023	15,621	412	1.10	1.10	0.01	23.94	37.93
	Sept. 2022	14,443	417	1.11	1.22	0.01	46.05	34.66
	Sept. 2021	10,187	283	1.12	1.27	0.01	62.36	35.98
	Sept. 2020	6,509	209	1.24	1.27	0.02	42.50	31.11
	Sept. 2019	5,774	200	1.27	1.27	0.01	59.01	28.88
	Sept. 2018	13,134	512	1.28	1.34	0.02	60.03	25.67
I	Mar. 2023	724,397	34,168	N/A	N/A	0.01	23.94	21.20
	Sept. 2022	463,128	23,865	N/A	N/A	0.01	46.05	19.41
	Sept. 2021	524,275	26,165	N/A	N/A	0.01	62.36	20.04
	Sept. 2020	279,289	16,104	N/A	N/A	0.02	42.50	17.34
	Sept. 2019	225,858	14,074	N/A	N/A	0.01	59.01	16.05
	Sept. 2018	72,449	5,133	N/A	N/A	0.02	60.03	14.11
O	Mar. 2023	37,650	2,355	0.04	0.04	0.01	23.94	15.98
	Sept. 2022	31,378	2,141	0.04	0.04	0.01	46.05	14.66
	Sept. 2021	32,293	2,133	0.04	0.04	0.01	62.36	15.14
	Sept. 2020	25,748	1,963	0.05	0.05	0.02	42.50	13.11
	Sept. 2019	19,118	1,579	0.05	0.05	0.01	59.01	12.10
	Sept. 2018	1	-	0.05	0.05	0.02	60.03	10.65
P	Mar. 2023	32,034	2,230	2.06	2.06	0.01	23.94	14.37
	Sept. 2022	28,983	2,203	2.07	2.07	0.01	46.05	13.15
	Sept. 2021	32,087	2,328	2.07	2.07	0.01	62.36	13.78
	Sept. 2020	24,206	2,017	2.11	2.11	0.02	42.50	12.00
	Sept. 2019	23,323	2,086	2.17	2.17	0.01	59.01	11.18
PF	Mar. 2023	33,825	2,282	0.94	0.94	0.01	23.94	14.82
	Sept. 2022	30,182	2,227	0.94	0.94	0.01	46.05	13.55
	Sept. 2021	29,404	2,092	0.94	0.94	0.01	62.36	14.05
	Sept. 2020	19,649	1,614	0.95	0.95	0.02	42.50	12.17
	Sept. 2019	21,939	1,943	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 (%) <sup>(1)</sup>	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	1.75	46.00	54.00
Series F	0.70	100.00	N/A
Series P	1.60	37.51	62.49
Series PF	0.60	100.00	N/A

(1) Effective June 28, 2022, the management fee rates were reduced from 1.85% to 1.75% for Series A, and from 0.85% to 0.70% for Series F.

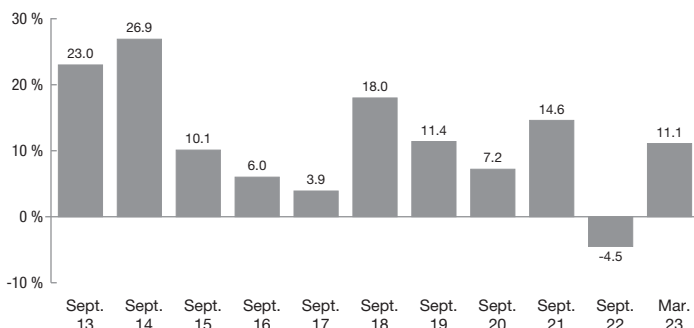
## Past Performance

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.

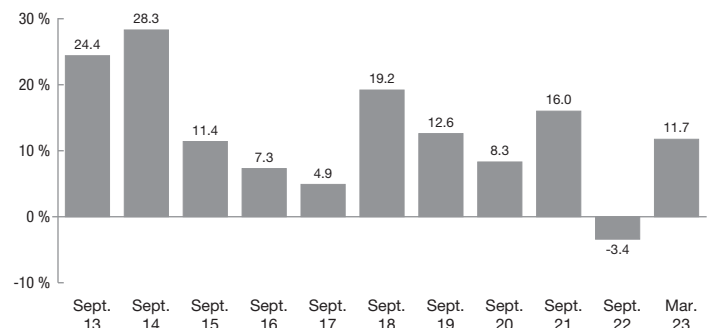
### Year-by-Year Returns

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 2023, which shows the six-month return for the period ended March 31, 2023. 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.

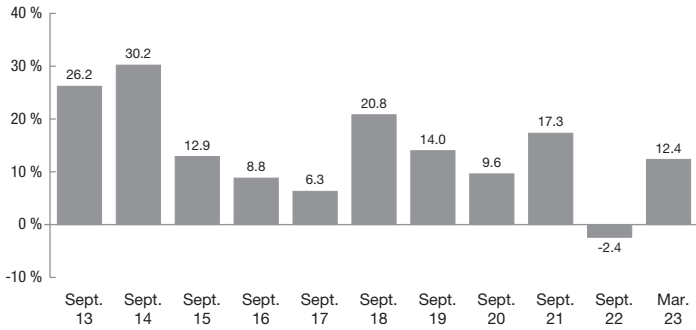
**Series A**



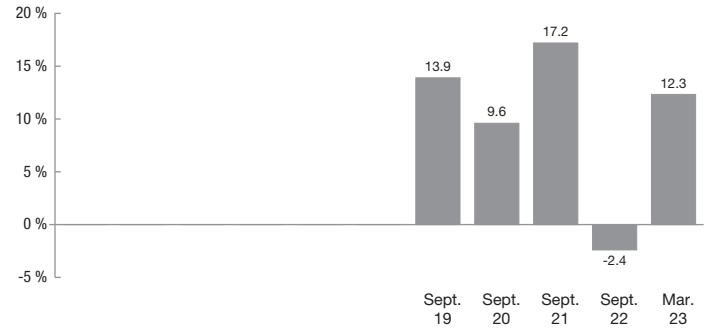
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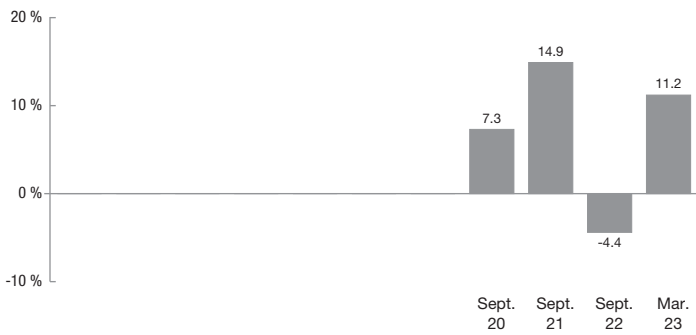
**Series I**



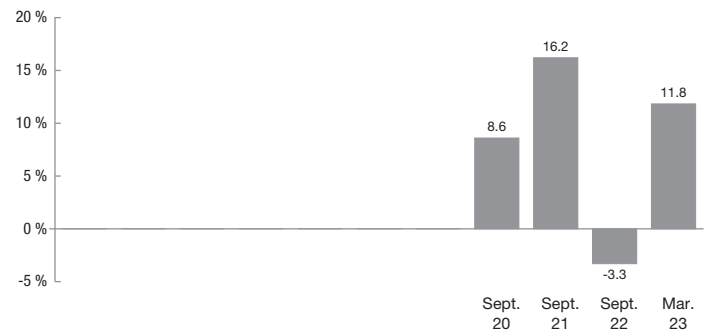
**Series O**



**Series P**



**Series PF**





### Summary of Investment Portfolio as at March 31, 2023

Total Net Asset Value: \$897,557,227

Top Holdings			Net Asset Value Mix	
		%		%
1	Microsoft	8.2	Equity	95.1
2	Alphabet Inc.	5.0	Cash and Equivalents	4.9
3	Cash and Equivalents	4.9	Total	100.0
4	Apple	4.1		
5	Broadcom	3.1		
6	AutoZone	2.8		
7	Merck & Co.	2.7		
8	UnitedHealth Group	2.5		
9	AbbVie	2.4		
10	Oracle	2.2		
11	Adobe Systems	2.1		
12	Visa, Class A	2.0		
13	JPMorgan Chase & Co.	2.0		
14	VeriSign	1.8		
15	ServiceNow	1.8		
16	Shell	1.8		
17	Genpact	1.7		
18	Electronic Arts	1.7		
19	Coca-Cola Consolidated	1.7		
20	Gen Digital	1.5		
21	Willis Towers Watson	1.5		
22	Comcast, Class A	1.5		
23	O'Reilly Automotive	1.5		
24	Marsh & McLennan Companies	1.4		
25	Koninklijke Ahold Delhaize	1.3		
	Total	63.2		

Sector Allocation		%
Information Technology		30.4
Financials		15.8
Health Care		15.5
Communication Services		9.9
Industrials		6.4
Consumer Staples		5.7
Consumer Discretionary		5.7
Cash and Equivalents		4.9
Utilities		3.2
Energy		1.8
Materials		0.7
Total		100.0

Geographic Distribution		%
United States		86.7
Other Countries		8.4
Cash and Equivalents		4.9
Total		100.0

"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.