



NEI Canadian Small Cap Equity RS Fund

Annual Management Report of Fund Performance

As at September 30, 2023

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.sedarplus.ca.

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 common shares of small capitalization or “small cap” Canadian companies listed on a stock exchange.

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

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 Canadian Small Cap Equity RS Fund's Series A units returned 9.0% for the twelve-month period ended September 30, 2023 compared with a return of 5.6% 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 BMO Small Cap Blended Index (Unweighted).

The Fund's net asset value decreased by 1.77% during the period, from \$554,852,109 as at September 30, 2022 to \$545,049,135 as at September 30, 2023. This change in net assets is attributed to net unitholder activity of -\$65,711,834 and \$55,908,860 to investment operations, including market appreciation (depreciation), income and expenses.



NEI Canadian Small Cap Equity RS Fund

Market Overview

Despite higher interest rates and the shifting market expectations for higher-for-longer rates, benchmark returns were positive over the past year driven especially by strong returns in Energy and Industrials.

Factors That Have Affected Performance

The resilience of the Fund came through as it outperformed in all five benchmark sectors that showed negative absolute returns. For example, Materials declined slightly for the benchmark while the Fund's Materials holdings posted a high single-digit positive return. In addition, the Fund benefited from relative outperformance in Financials and Real Estate. A rally in energy prices, especially crude oil, drove double-digit positive returns in the benchmark Energy sector. The Fund's underweight position in Energy led to relative underperformance. Stock-specific weakness in the Industrials and Information Technology sectors also partially detracted from performance.

The Fund's top-contributing investments in the quarter were Stella-Jones Inc., Guardian Capital Group Ltd., and iA Financial Corp. Inc. The largest detractors were Winpak Ltd., Aritzia Inc. and Pet Valu Holdings Ltd.

Portfolio Changes

Cargojet Inc. was added to the Fund during the period. It has a strong underlying business that is underappreciated today. It has one of the better domestic franchises in the Canadian small-capitalization universe, with approximately 90% share in overnight air cargo across Canada. Over the past five years, Cargojet has substantially reduced its balance sheet risk and gained market share with partners such as Amazon.com Inc. However, it is trading close to ten-year lows on some valuation metrics, due to tougher market conditions while expanding its fleet. While the near-term outlook may be choppy, the portfolio sub-advisor believes Cargojet's management team will successfully navigate the next three to five years by taking steps to protect the franchise and employing prudent balance sheet management.

The portfolio sub-advisor exited its remaining position in Winmark Corp. to fund more attractive risk/reward opportunities.

ESG Activities

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

NEI's Responsible Investing & ESG Services team (RI team) engaged 10 companies including Aritzia Inc., Freehold Royalties Ltd., and Parkland Corp., on topics such as supply chain risks and net-zero commitments.

The RI team voted against management on 53% of the proxy items at 38 annual general meetings. They also voted against all three shareholder resolutions filed on ESG topics, which included adopting an advisory vote on climate policy and a request on overboarding (when a director is perceived to be sitting on too many boards).

Recent Developments

Looking ahead, while the economic visibility on a soft or hard landing is not obvious, it is clear the economy and the market are facing increasing downward pressures. The twin engines of the Canadian economy, the consumer and small businesses, are facing more challenges than in the past, with rapidly rising borrowing costs reducing discretionary cash while inflationary pressures continue to increase costs. Governments globally will also be pinched, facing rising debt servicing costs due to deficits and debt levels.

From a market perspective, one healthy element of recent market weakness has been the re-introduction of investment alternatives away from a “TINA” (there is no alternative) mindset. Central bank actions switching from easing to monetary tightening should reduce liquidity, increase the availability of bonds, and offer higher yields for market participants. With greater options, market participants may focus more on the fundamentals of risk and reward rather than a reflexive “buy the dip” mentality in equities. This shift could be favourable for the Fund’s holdings that demonstrate above-market revenue and cash flow profiles going forward.

In any environment, the portfolio sub-advisor believes that focusing on fundamentals and risk-adjusted return frameworks is the most appropriate way to allocate capital. While the Fund may not be immune to all challenges that lie ahead, its underlying characteristics suggest an ability to navigate all weather conditions.

The term of Marie Rounding ended on September 30, 2023. Ms. Rounding has served with distinction on the Independent Review Committee (“IRC”) since 2014. After consulting with the Manager, the IRC determined it would replace Ms. Rounding with Caroline Cathcart. Ms. Cathcart was appointed as a new IRC member effective October 01, 2023, for a one-year term. As Ms. Rounding acted as the IRC chair after her term ended, Ms. McCarthy was appointed IRC Chair, effective October 5, 2023, and replaced Ms. Rounding in this role.

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.

Where applicable the amounts paid in commission by the Fund to DSI and amounts received from underlying funds managed by NEI LP during the period are presented.

	September 2023 (\$)	September 2022 (\$)
Commissions paid by the Fund to DSI	7,645	16,208



NEI Canadian Small Cap Equity RS Fund

The Fund's sub-advisors may place a portion of the Fund's portfolio 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 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 of Distributions ⁽³⁾⁽⁴⁾	
A	Sept. 2023	29.37	0.94	-0.86	1.98	0.70	2.76	0.00	0.24	0.00	0.92	0.00	1.16	30.81
	Sept. 2022	32.15	0.84	-0.87	1.54	-3.00	-1.49	0.00	0.30	0.00	0.75	0.00	1.05	29.37
	Sept. 2021	22.96	1.06	-0.80	1.19	8.18	9.63	0.00	0.13	0.00	0.00	0.00	0.13	32.15
	Sept. 2020	24.85	0.81	-0.65	0.08	-2.07	-1.83	0.00	0.05	0.00	0.00	0.00	0.05	22.96
	Sept. 2019	27.94	0.84	-0.69	0.89	-3.03	-1.99	0.00	0.08	0.00	1.45	0.00	1.53	24.85
F	Sept. 2023	18.80	0.60	-0.30	1.27	0.34	1.91	0.00	0.37	0.00	0.59	0.00	0.96	19.75
	Sept. 2022	20.59	0.54	-0.31	0.97	-2.50	-1.30	0.00	0.44	0.00	0.48	0.00	0.92	18.80
	Sept. 2021	14.65	0.68	-0.29	0.76	5.20	6.35	0.00	0.23	0.00	0.00	0.00	0.23	20.59
	Sept. 2020	15.79	0.51	-0.23	0.05	-1.23	-0.90	0.00	0.16	0.00	0.00	0.00	0.16	14.65
	Sept. 2019	17.79	0.54	-0.24	0.57	-2.57	-1.70	0.00	0.26	0.00	0.93	0.00	1.19	15.79
I	Sept. 2023	28.05	0.91	-0.01	1.87	0.54	3.31	0.07	1.08	0.00	0.88	0.00	2.03	29.27
	Sept. 2022	30.56	0.82	-0.02	1.45	-3.46	-1.21	0.00	0.92	0.00	0.71	0.00	1.63	28.05
	Sept. 2021	21.60	1.12	-0.03	1.15	6.21	8.45	0.02	0.52	0.00	0.00	0.00	0.54	30.56
	Sept. 2020	23.07	0.76	-0.02	0.07	-1.95	-1.14	0.02	0.35	0.00	0.00	0.00	0.37	21.60
	Sept. 2019	26.18	0.79	-0.01	0.81	-2.13	-0.54	0.03	0.73	0.00	1.59	0.00	2.35	23.07
O	Sept. 2023	11.36	0.36	-0.01	0.76	0.07	1.18	0.00	0.44	0.00	0.36	0.00	0.80	11.87
	Sept. 2022	12.41	0.32	-0.02	0.59	-1.31	-0.42	0.00	0.41	0.00	0.29	0.00	0.70	11.36
	Sept. 2021	8.76	0.43	-0.02	0.46	2.86	3.73	0.00	0.20	0.00	0.00	0.00	0.20	12.41
	Sept. 2020	9.24	0.32	-0.01	0.03	-0.74	-0.40	0.00	0.02	0.00	0.00	0.00	0.02	8.76
	Sept. 2019	10.23	0.31	-0.01	0.33	-0.87	-0.24	0.00	0.13	0.00	0.53	0.00	0.66	9.24
P	Sept. 2023	11.79	0.38	-0.30	0.80	0.20	1.08	0.00	0.15	0.00	0.37	0.00	0.52	12.36
	Sept. 2022	12.89	0.34	-0.30	0.62	-1.27	-0.61	0.00	0.16	0.00	0.30	0.00	0.46	11.79
	Sept. 2021	9.19	0.44	-0.28	0.48	3.11	3.75	0.00	0.07	0.00	0.00	0.00	0.07	12.89
	Sept. 2020	9.92	0.33	-0.23	0.03	-0.91	-0.78	0.00	0.03	0.00	0.00	0.00	0.03	9.19
	Sept. 2019	10.00	0.28	-0.20	0.35	0.31	0.74	0.00	0.01	0.00	0.46	0.00	0.47	9.92
PF	Sept. 2023	12.16	0.37	-0.16	0.82	0.18	1.21	0.00	0.26	0.00	0.40	0.00	0.66	12.76
	Sept. 2022	13.25	0.35	-0.17	0.63	-1.48	-0.67	0.00	0.26	0.00	0.31	0.00	0.57	12.16
	Sept. 2021	9.40	0.46	-0.15	0.49	3.09	3.89	0.00	0.14	0.00	0.00	0.00	0.14	13.25
	Sept. 2020	10.08	0.33	-0.12	0.03	-0.99	-0.75	0.00	0.08	0.00	0.00	0.00	0.08	9.40
	Sept. 2019	10.00	0.28	-0.11	0.35	0.46	0.98	0.00	0.01	0.00	0.41	0.00	0.42	10.08

(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 audited annual financial statements for the period ended September 30, 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 (%) ⁽¹⁾	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) ⁽²⁾	Portfolio Turnover Rate (%) ⁽³⁾	Net Asset Value per Unit (\$)
A	Sept. 2023	150,484	4,884	2.70	2.70	0.03	12.12	30.81
	Sept. 2022	156,775	5,338	2.70	2.70	0.06	18.70	29.37
	Sept. 2021	203,815	6,340	2.70	2.70	0.08	32.76	32.15
	Sept. 2020	182,035	7,930	2.72	2.72	0.07	16.53	22.96
	Sept. 2019	244,076	9,821	2.70	2.70	0.06	25.22	24.85
F	Sept. 2023	35,311	1,788	1.47	1.47	0.03	12.12	19.75
	Sept. 2022	33,026	1,756	1.47	1.51	0.06	18.70	18.80
	Sept. 2021	21,729	1,055	1.47	1.52	0.08	32.76	20.59
	Sept. 2020	20,094	1,371	1.48	1.54	0.07	16.53	14.65
	Sept. 2019	31,866	2,018	1.47	1.52	0.06	25.22	15.79
I	Sept. 2023	245,947	8,402	N/A	N/A	0.03	12.12	29.27
	Sept. 2022	259,503	9,251	N/A	N/A	0.06	18.70	28.05
	Sept. 2021	199,769	6,538	N/A	N/A	0.08	32.76	30.56
	Sept. 2020	88,245	4,086	N/A	N/A	0.07	16.53	21.60
	Sept. 2019	95,458	4,138	N/A	N/A	0.06	25.22	23.07
O	Sept. 2023	2,093	176	0.05	0.05	0.03	12.12	11.87
	Sept. 2022	1,602	141	0.05	0.05	0.06	18.70	11.36
	Sept. 2021	1,923	155	0.05	0.05	0.08	32.76	12.41
	Sept. 2020	1,194	136	0.06	0.06	0.07	16.53	8.76
	Sept. 2019	1	-	0.06	0.06	0.06	25.22	9.24
P	Sept. 2023	71,131	5,754	2.32	2.32	0.03	12.12	12.36
	Sept. 2022	68,446	5,806	2.32	2.32	0.06	18.70	11.79
	Sept. 2021	78,489	6,087	2.32	2.32	0.08	32.76	12.89
	Sept. 2020	54,097	5,886	2.38	2.38	0.07	16.53	9.19
	Sept. 2019	62,013	6,250	2.46	2.46	0.06	25.22	9.92
PF	Sept. 2023	40,082	3,142	1.21	1.21	0.03	12.12	12.76
	Sept. 2022	35,501	2,921	1.21	1.21	0.06	18.70	12.16
	Sept. 2021	32,495	2,452	1.20	1.20	0.08	32.76	13.25
	Sept. 2020	19,931	2,120	1.22	1.22	0.07	16.53	9.40
	Sept. 2019	22,258	2,207	1.26	1.26	0.06	25.22	10.08

(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 portfolio 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	2.10	55.19	44.81
Series F	1.05	100.00	N/A
Series P	1.85	45.94	54.06
Series PF	0.85	100.00	N/A

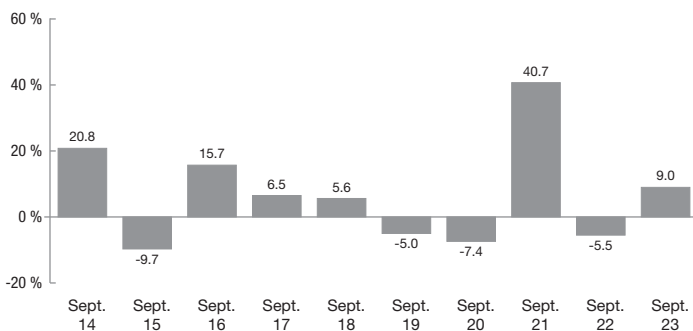
Past Performance

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.

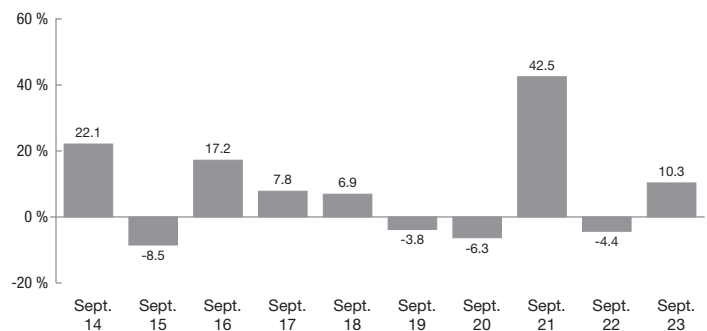
Year-by-Year Returns

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.

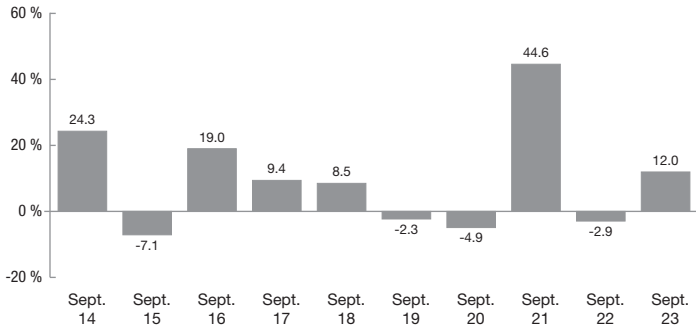
Series A



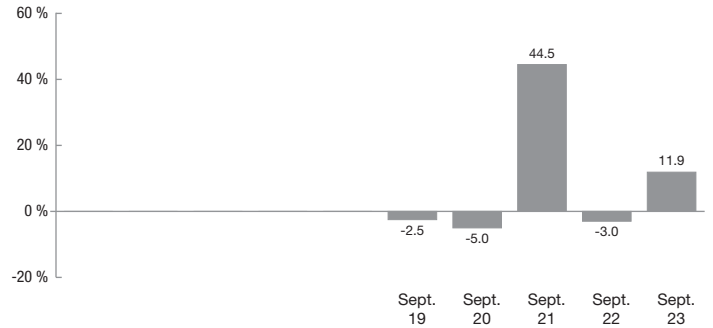
Series F



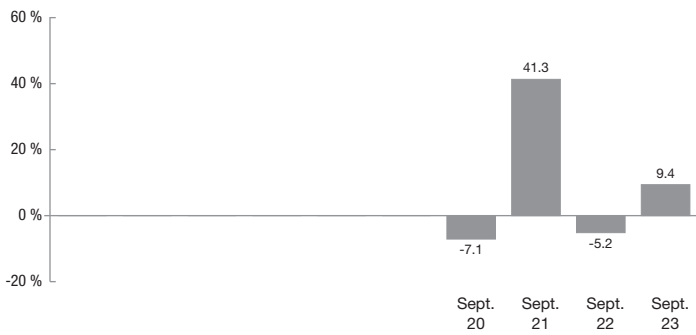
Series I



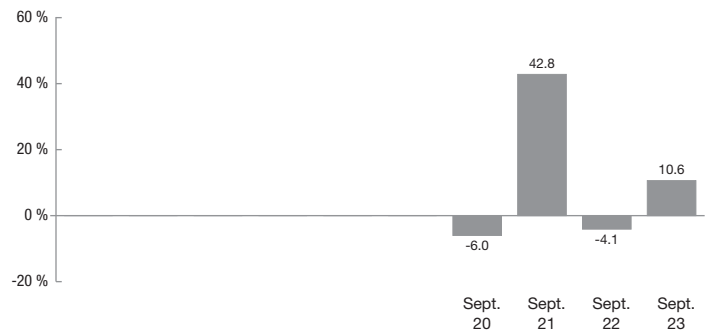
Series O



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 BMO Small Cap Blended Index (Unweighted).

The BMO Small Cap Blended Index (Unweighted) is made up of 400 companies with a market capitalization of less than 0.1% of the total capitalization of the S&P/TSX Composite Total Return 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 ^(*) (%)
BMO Small Cap Blended Index (Unweighted)	5.6	9.4	4.2	4.0	**
NEI Canadian Small Cap Equity RS Fund, Series A	9.0	13.2	5.0	6.1	N/A
NEI Canadian Small Cap Equity RS Fund, Series F	10.3	14.6	6.3	7.4	N/A
NEI Canadian Small Cap Equity RS Fund, Series I	12.0	16.3	7.9	9.1	N/A
NEI Canadian Small Cap Equity RS Fund, Series O	11.9	16.2	7.8	N/A	7.9
NEI Canadian Small Cap Equity RS Fund, Series P	9.4	13.6	N/A	N/A	7.6
NEI Canadian Small Cap Equity RS Fund, Series PF	10.6	14.9	N/A	N/A	8.8

*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: 3.9%, Series P: 7.4%, Series PF: 7.4%.

Summary of Investment Portfolio as at September 30, 2023

Total Net Asset Value: \$545,049,135

Top Holdings		%
1	Stella-Jones	5.1
2	Canadian Western Bank	4.9
3	Winpak	4.6
4	iA Financial Group	4.5
5	Parkland	4.4
6	AltaGas	4.1
7	Mullen Group	3.8
8	E-L Financial	3.8
9	Cash and Equivalents	3.6
10	Guardian Capital Group, Class A	3.4
11	Richelieu Hardware	3.3
12	Information Services, Class A	3.2
13	Calian Group	2.9
14	Secure Energy Services	2.9
15	Logistec, Class B	2.6
16	Lassonde Industries, Class A	2.6
17	Major Drilling Group International	2.3
18	Freehold Royalties	2.2
19	GDI Integrated Facility Services	2.1
20	Melcor Developments	2.1
21	PrairieSky Royalty	2.0
22	National Research	2.0
23	Pet Valu Holdings	1.9
24	Leon's Furniture	1.9
25	Evertz Technologies	1.8
	Total	78.0

Net Asset Value Mix		%
Equity		93.5
Cash and Equivalents		3.6
Unit Trust		2.9
Total		100.0

Sector Allocation		%
Industrials		18.9
Financials		18.5
Materials		13.7
Energy		13.2
Real Estate		6.6
Consumer Discretionary		5.8
Health Care		5.5
Utilities		4.1
Information Technology		3.7
Cash and Equivalents		3.6
Consumer Staples		3.2
Communication Services		1.7
Index-Based Investments		1.5
Total		100.0

Geographic Distribution		%
Canada		94.4
Cash and Equivalents		3.6
Other Countries		2.0
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 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.