



NEI Canadian Small Cap Equity RS Fund

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 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

Results of Operations

The NEI Canadian Small Cap Equity RS Fund's Series A units returned 9.5% for the six-month period ended March 31, 2023 compared with a return of 10.6% 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 increased by 0.97% during the period, from \$554,852,109 as at September 30, 2022 to \$560,211,132 as at March 31, 2023. This change in net assets is attributed to net unitholder activity of -\$49,056,033 and \$54,415,056 to investment operations, including market appreciation (depreciation), income and expenses.

Market Overview

The main economic themes impacting performance over this time period included improving consumer and corporate sentiment driven by headline inflation that remains high but is starting to moderate to lower levels. In line with improving sentiment, North American equity markets delivered positive returns. Increasing gold and copper prices supported returns in the resource-centric Canada small cap market.

Factors That Have Affected Performance

Over the reporting period, relative outperformance was driven by better performance in the financials and health care sectors that offset weaker performance in materials and industrials. Security selection largely drove outperformance in financials, while the Fund's underweight position and security selection both drove outperformance in health care. Underperformance in materials and industrials was driven by the underweight positions in these and by security selection.

The Fund's top contributing investments in the quarter were Stella Jones, Guardian Capital Group, and iA Financial. The largest detractors were AltaGas, Knight Therapeutics, and Richards Packaging Income.

Portfolio Changes

The Fund increased its weight in Canadian Western Bank as it trades at historically low valuation levels, offers a ~5% dividend yield which the portfolio sub-advisor believes is sustainable through stressed conditions, and has improved operations that will allow it to continue gaining market share in a cost-effective manner. The Fund also increased exposure to Transcontinental, a leading flexible packager in North America and one of Canada's largest printers. Under modest assumptions, the position will offer a 6-7% dividend yield, a clear and probable plan to improve operations and to strengthen the balance sheet. Lastly, the Fund increased its weight in Calian, which provides reasonably priced exposure to the health care and technology sectors. The company has generated attractive growth in per share operating metrics while reducing contract concentration risk over time.

The Fund reduced exposure to E-L Financial as liquidity was available during the quarter. While there is still significant value in the business, the portfolio sub-advisor sees better potential in some of the Fund's other holdings.

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.

NEI's Responsible Investing & ESG Services team (RI team) engaged five companies, including AltaGas, Evertz Technologies, and Lassonde Industries, on the topics of ESG management and disclosure, governance of significant holdings, and net-zero commitments.

The RI team voted against management on 63% of the proxy items at five annual general meetings.

Recent Developments

At the end of Q1, the market seems more optimistic about the near future than it did during a difficult 2022. Despite the positive shifting sentiment, data points continue to be mixed. Low unemployment levels and plateauing inflation contrast with surprises of bank failures, speaking to hidden underlying risks. While striving to be vigilant of risks, it should not be underappreciated that the unexpected or improbable seems to occur more often than modelled or planned. The Fund continues to be positioned to weather various outcomes by maintaining below historical average valuation levels and improving diversification. Although it is uncertain what type of 'economic landing' may materialize, the Fund provides a 3% dividend yield to patient long-term investors and risk-managed exposure to a diverse set of businesses with strong balance sheets capable of funding either further returns to shareholders or franchise growth opportunities.

During the latter half of the reporting period, the Fund demonstrated an improvement in overall portfolio characteristics including more attractive valuation measures, stronger profitability as measured by 4-year average return on equity and improving balance sheet risk metrics. These improvements were driven by a few factors including execution within strategy holdings, active reduction of some of the large positions that have appreciated, and allocating more capital to businesses that reflect reasonable risk/reward ratio. The additions have enhanced the Fund's dividend yield and are priced to offer attractive margins of safety.

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 Canadian Small Cap Equity RS Fund

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.

	March 2023 (\$)	March 2022 (\$)
Commissions paid by the Fund to DSI	7,645	16,060

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 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 (\$) ⁽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	Mar. 2023	29.37	0.45	-0.42	0.81	1.95	2.79	0.00	0.24	0.00	0.92	0.00	1.16	30.96
	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
	Sept. 2018	27.18	0.79	-0.75	2.90	-1.48	1.46	0.00	0.09	0.00	0.66	0.00	0.75	27.94
F	Mar. 2023	18.80	0.29	-0.15	0.51	1.23	1.88	0.00	0.37	0.00	0.59	0.00	0.96	19.72
	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
	Sept. 2018	17.28	0.50	-0.27	1.84	-0.91	1.16	0.00	0.24	0.00	0.42	0.00	0.66	17.79
I	Mar. 2023	28.05	0.45	-0.01	0.76	1.86	3.06	0.08	1.07	0.00	0.88	0.00	2.03	29.02
	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
	Sept. 2018	26.14	0.69	-0.02	2.71	-1.63	1.75	0.00	1.25	0.00	0.78	0.00	2.03	26.18
O	Mar. 2023	11.36	0.17	-0.01	0.31	0.73	1.20	0.00	0.44	0.00	0.36	0.00	0.80	11.77
	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
	Sept. 2018	10.00	0.08	-0.01	1.09	-0.93	0.23	0.00	0.00	0.00	0.00	0.00	0.00	10.23
P	Mar. 2023	11.79	0.18	-0.15	0.32	0.77	1.12	0.00	0.15	0.00	0.37	0.00	0.52	12.40
	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	Mar. 2023	12.16	0.18	-0.08	0.33	0.75	1.18	0.00	0.26	0.00	0.40	0.00	0.66	12.72
	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 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 (%) ⁽¹⁾	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) ⁽²⁾	Portfolio Turnover Rate (%) ⁽³⁾	Net Asset Value per Unit (\$)
A	Mar. 2023	159,855	5,163	2.70	2.70	0.04	6.07	30.96
	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
	Sept. 2018	374,946	13,422	2.70	2.70	0.07	35.74	27.94
F	Mar. 2023	35,451	1,797	1.47	1.47	0.04	6.07	19.72
	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
	Sept. 2018	65,910	3,705	1.47	1.52	0.07	35.74	17.79
I	Mar. 2023	243,287	8,385	N/A	N/A	0.04	6.07	29.02
	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
	Sept. 2018	57,600	2,200	N/A	N/A	0.07	35.74	26.18
O	Mar. 2023	1,753	149	0.05	0.05	0.04	6.07	11.77
	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
	Sept. 2018	1	-	0.06	0.06	0.07	35.74	10.23
P	Mar. 2023	73,105	5,897	2.32	2.32	0.04	6.07	12.40
	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	Mar. 2023	46,760	3,675	1.21	1.21	0.04	6.07	12.72
	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 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 (%) ⁽¹⁾	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	2.10	55.25	44.75
Series F	1.05	100.00	N/A
Series P	1.85	45.94	54.06
Series PF	0.85	100.00	N/A

(1) Effective June 28, 2022, the management fee rates were reduced from 1.10% to 1.05% for Series F.

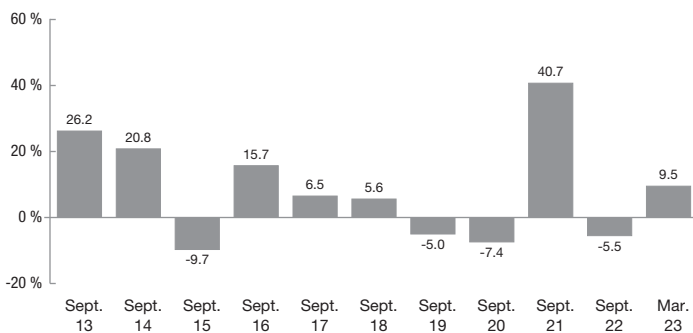
Past Performance

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.

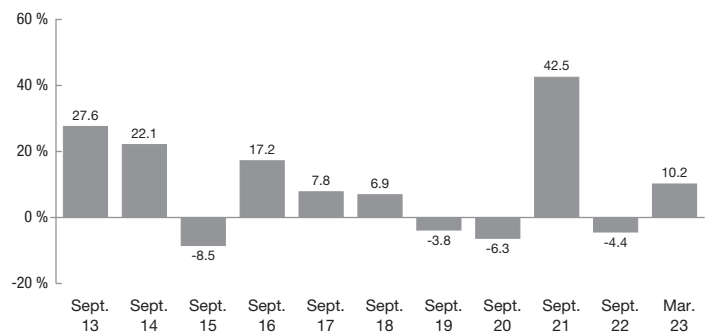
Year-by-Year Returns

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.

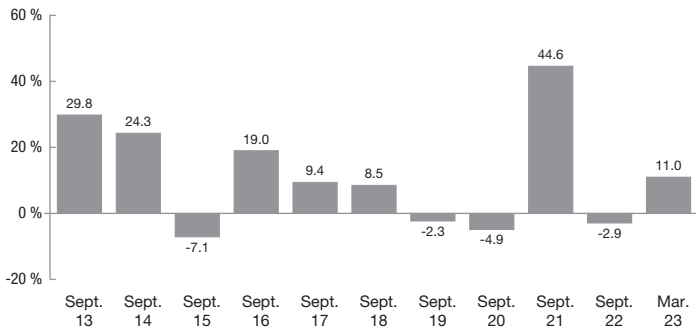
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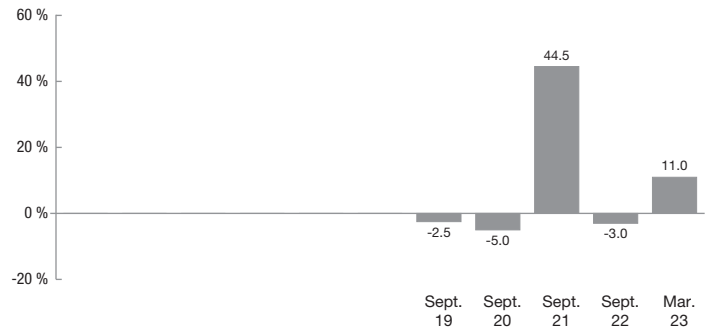
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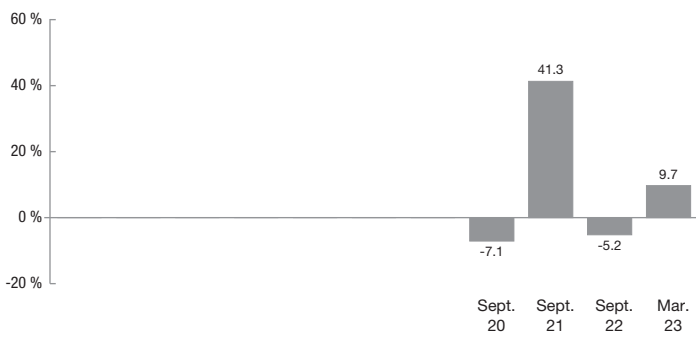
Series I



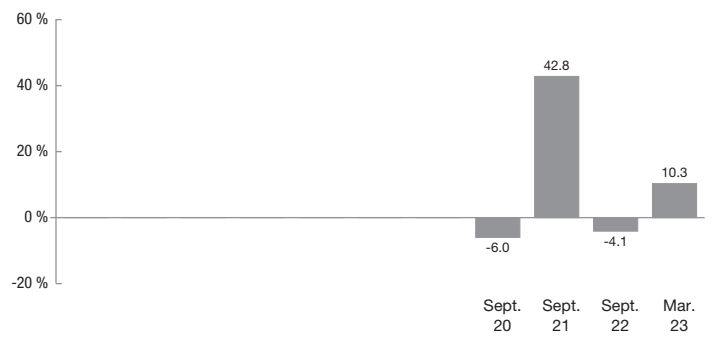
Series O



Series P



Series PF



Summary of Investment Portfolio as at March 31, 2023

Total Net Asset Value: \$560,211,132

Top Holdings		%
1	Stella-Jones	5.6
2	iA Financial Group	5.2
3	Winpak	5.0
4	Canadian Western Bank	4.2
5	Cash and Equivalents	4.1
6	Mullen Group	4.0
7	E-L Financial	3.7
8	Parkland	3.5
9	Guardian Capital Group, Class A	3.4
10	Information Services, Class A	3.1
11	Calian Group	3.1
12	Richelieu Hardware	3.0
13	AltaGas	2.9
14	Winmark	2.9
15	Major Drilling Group International	2.8
16	Freehold Royalties	2.4
17	Secure Energy Services	2.4
18	Enghouse Systems	2.2
19	PrairieSky Royalty	2.1
20	Transcontinental, Class A	2.1
21	Cogeco	2.1
22	Lassonde Industries, Class A	2.1
23	Melcor Developments	2.0
24	GDI Integrated Facility Services	1.9
25	National Research	1.9
	Total	77.7

Net Asset Value Mix		%
Equity		92.6
Cash and Equivalents		4.1
Unit Trust		3.3
Total		100.0

Sector Allocation		%
Financials		18.2
Industrials		16.9
Materials		15.4
Energy		12.0
Consumer Discretionary		8.8
Real Estate		6.6
Health Care		4.3
Cash and Equivalents		4.1
Information Technology		3.8
Consumer Staples		3.2
Utilities		2.9
Communication Services		2.1
Index-Based Investments		1.7
Total		100.0

Geographic Distribution		%
Canada		91.1
Other Countries		4.8
Cash and Equivalents		4.1
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.