

Annual Management Report of Fund Performance

As at September 30, 2024

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 investment objective of NEI Long Short Equity Fund (the "Fund") is to generate long-term capital appreciation primarily through a portfolio comprised of long and short equity securities. The Fund may also invest in fixed income securities, derivative instruments, securities of investment funds, and cash and cash equivalents. The Fund may engage in physical short sales and/ or borrowing for investment purposes. The Fund's aggregate gross exposure shall not exceed the limits on the use of leverage described in the Investment Strategies section of the simplified prospectus or as otherwise permitted under applicable securities legislation or any exemptions therefrom. The Fund follows a responsible approach to investing, as described in the simplified prospectus of the Fund.

The Fund will buy quality companies with reasonable valuations that have upside potential due to positive fundamental change in their business. The Fund will invest primarily in long positions. The Fund will short sell securities that are unattractive based on similar metrics or to hedge market exposure of the Fund's long positions. The Fund uses risk-control tools as part of a portfolio construction process to minimize risk. The Fund will invest primarily in Canadian and U.S. securities and will not be limited in the type of equity securities in which it may invest. The Fund may temporarily hold a portion of its assets in cash or fixed-income securities while seeking investment opportunities or for defensive purposes during times of anticipated market volatility.

Risk

The risks associated with investing in the Fund remain as discussed in the simplified prospectus. This Fund is suitable for investors investing for the long term, with a low to medium tolerance for risk. Any changes in the Fund have not affected the overall level of risk of the Fund.

Results of Operations

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.

The blended benchmark is composed of 75% S&P/TSX Composite TR Index and 25% FTSE Canada 30 Day Treasury Bill Index.

The Fund commenced operations on January 22, 2024. The net asset value of the Fund was \$91,312,138 on September 30, 2024. The net assets are comprised of \$79,368,494 in net unitholder activity and \$11,943,644 in investment operations, including market appreciation (depreciation), income, and expenses.

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that would otherwise not be possible.

The Fund's aggregate gross exposure, calculated as the sum of the following, must not exceed three times an alternative mutual fund's NAV: (i) the aggregate value of outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional value of the alternative mutual fund's specified derivatives positions, excluding any specified derivatives used for hedging purposes.

During the period January 22, 2024 to September 30, 2024, the Fund's aggregate exposure reached a low of 0.00% and a high of 92.19% of the Fund's NAV. As at September 30, 2024, the Fund's aggregate exposure was 86.53% of the Fund's NAV. The primary source of leverage was short positions in equity securities.

Market Overview

Having been somewhat cautious at the onset of the period, and with a U.S. Federal Reserve Board (the "Fed") sitting on the sidelines while a "soft landing" narrative cemented in the minds of market participants, the portfolio sub-advisor grew cautiously optimistic that deteriorating economic datapoints would level off, if not turn positive at the margin. The crux of the Fed's position related to inflation was that goods appeared to be in outright price deflation, yet core services inflation remained uncomfortably high. This situation for the Fed almost required services inflation to roll over to offer the central bank a green light to cut interest rates. Yet, the longer the world's largest economy went without monetary easing, the greater the odds of recession.

Market sentiment did not seem quite as sensitive to this conundrum, it seemed, as their bias to be buyers on pullbacks offered only brief opportunities to do so in April and August, the latter being a more violent risk-off episode than the former, but neither being supremely compelling buying opportunities in retrospect.

Factors That Have Affected Performance

For much of the period, equity valuations remained high, positioning of market participants was stretched on the long side, and various signs of late-cycle speculation had returned to the market.

The Fund outperformed its benchmark. Positive sector contributors were stock selection in the Financials and Information Technology sectors. Having overweight allocations to both Health Care and Utilities also contributed to performance. Detracting from performance was stock selection in Utilities as well as holding underweight allocations to the Financials and Materials sectors.

On an individual stock basis, the top contributor to performance was NVIDIA Corp., driven by hyperscaled demand for artificial intelligence. The top detractor was an underweight position in Brookfield Corp. Its share price rose due to lower interest rates as the company is quite levered.

Portfolio Changes

In equity markets, as expected, the reaction to lower short-term interest rates was a burst of risk-on sentiment and as the portfolio sub-advisor has a more positive outlook relative to their last update (when economic indicators were deteriorating more broadly), they have taken the opportunity to increase cyclicality in equity portfolios at the margin. That said, the portfolio sub-advisor does remain cautious, but believes the balance of probabilities remains constructive on a medium-term forward-looking view.

Environmental, Social, And Governance (“ESG”) Activities

In addition to any ESG-related commentary made in the sections above, other ESG-related activities undertaken in the period are described here.

NEI completed 153 ESG evaluations on companies that were either already held in the Fund, or that were requested by the portfolio sub-advisor for evaluation as part of their initial investment decision. As a result, 143 companies were deemed to be eligible for investment in the Fund and ten companies were deemed to be ineligible.

Recent Developments

Going into September, the Fed had to choose between stimulating a slowing U.S. economy and remaining firm in its fight against potential inflationary forces lingering on the supply side. The central bank chose the former and as of the time of writing, further interest rate cuts have been priced into interest rate markets, some of which could be larger or come sooner than earlier expected. The portfolio sub-advisor believes the decision to cut interest rates this soon could stoke inflation given the structural issues in housing and labour supply, as well as challenging supply-side dynamics in certain key commodities. This, in turn, will have implications (i.e., shorter cycles, 60/40 underperformance and lower cash returns) that investors need to remain conscious of in relation to portfolio construction. To wit, these dynamics are a meaningful shift from the generally benign environment that allowed traditional balanced portfolio constructs to thrive for most investors’ memories up to very recently.

On June 28, 2024, the exclusionary screens for gambling and nuclear power were removed from the Fund.

The term of Mr. W. William Woods ended on September 30, 2024. Mr. Woods had served with distinction on the Independent Review Committee (“IRC”) since 2015. After consulting with the Manager, the IRC decided to replace Mr. Woods with Mr. Jean Morissette. Mr. Morissette was appointed as a new IRC member effective October 1, 2024, for a one (1) year term. Ms. Caroline Cathcart will continue in her role as an IRC member, and Ms. McCarthy will continue to serve as both an IRC member and the Chair.

Related Party Transactions

Northwest & Ethical Investments L.P. (“NEI LP” and “NEI Investments”) 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, CU CUMIS Wealth Holdings LP, 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 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.



NEI Long Short Equity Fund

Effective April 1, 2024, Credential Asset Management Inc. and Credential Qtrade Securities Inc. merged into Aviso Financial Inc. As a result, the Fund is now distributed through Aviso Financial 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. 2024	10.00	0.44	-0.76	-0.29	2.08	1.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.37
C	Sept. 2024	10.00	0.44	-0.59	-0.29	1.96	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.52
F	Sept. 2024	10.00	0.45	-0.70	-0.30	2.12	1.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.44
I	Sept. 2024	10.00	0.44	-0.59	-0.29	1.98	1.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.53
O	Sept. 2024	10.00	0.44	-0.59	-0.29	1.96	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.52

(1) All per unit figures presented in 2024 are referenced to net assets determined in accordance with International Financial Reporting Standards and are derived from the Fund's audited annual financial statements for the period ended September 30, 2024.

(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 excluding Performance Fees (%)	Trading Expense Ratio (%) ⁽²⁾	Portfolio Turnover Rate (%) ⁽³⁾	Net Asset Value per Unit (\$)
					2.59			
A	Sept. 2024	713	63	7.59	2.59	2.40	373.75	11.37
C	Sept. 2024	1	-	5.65	0.09	2.40	373.75	11.52
F	Sept. 2024	678	59	6.60	1.44	2.40	373.75	11.44
I	Sept. 2024	89,919	7,799	5.48	N/A	2.40	373.75	11.53
O	Sept. 2024	1	-	5.65	0.09	2.40	373.75	11.52

(1) Management expense ratio is based on total expenses charged to the Fund (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. See Management Fees for more information.

(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. The Fund's trading expense ratio includes the short dividend expense and short interest expense. The trading expense ratio excluding these short dividend and interest expenses was 0.74% for each series. The Fund commenced operations on January 22, 2024 and the total commissions included the initial transaction cost, which was annualized. The trading expense ratio excluding these short dividend and interest expenses would have been 0.52% if it had not been annualized.

(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 management fees, before HST, from the Fund, which are calculated daily and based on the net asset value of the Fund at an annual rate shown below. The Fund does not pay management fees for Series C, I and O units. Series C unitholders negotiate directly with the dealer and pay management fees directly by the dealer to the Manager. 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 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	2.00	77.39	22.61
Series F	1.00	100.00	N/A

Subject to the attainment of the high-water mark (described below), the Manager charges a performance fee, payable to the Portfolio Sub-Advisor in respect of the Fund. The performance fee for each series shall be calculated, earned and accrued daily and become a liability of the Fund on each valuation day and shall be paid by the Fund at the end of each calendar quarter.

The Fund pays the Manager a daily performance fee equal to 20% of, the positive difference between the unit price on each valuation day and high-water mark less the hurdle amount per unit on the valuation day, multiplied by the number of units outstanding on the applicable valuation day on which the performance fee is determined. The high-water mark is the greatest unit price on any previous valuation day since the units of the series were first issued. The hurdle amount per unit for each applicable series on a valuation day is the product of (a) 2% for each calendar year (pro-rated for the number of days in the calendar year); (b) the unit price of each applicable series on the valuation day; and (c) the number of days since the most recently determined high-water mark or the beginning of the current calendar year, whichever is most recent. Once a high-water mark is attained, a performance fee is earned by the sub-advisor and will not be reduced if there is subsequent negative performance by the Fund. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. Performance fees are subject to applicable taxes, including GST/HST. For the period January 22, 2024 to September 30, 2024, the Fund incurred performance fees of \$2,799,658.

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

Historic performance reporting is not permitted until the series has at least 12 months of performance.

Series F

Historic performance reporting is not permitted until the series has at least 12 months of performance.

Series O

Historic performance reporting is not permitted until the series has at least 12 months of performance.

Series C

Historic performance reporting is not permitted until the series has at least 12 months of performance.

Series I

Historic performance reporting is not permitted until the series has at least 12 months of performance.

Annualized Compound Returns

Historic performance reporting is not permitted until the series has at least 12 months of performance.

The blended benchmark is composed of 75% S&P/TSX Composite TR Index and 25% FTSE Canada 30 Day Treasury Bill Index.

The S&P/TSX Composite is the headline index for the Canadian equity market. It consists of the largest companies on the Toronto Stock Exchange (TSX). The Index is comprised of the S&P/TSX 60 Index and the S&P/TSX Completion Index.

The FTSE Canada 30 Day Treasury Bill Index tracks the performance of 1 month Government of Canada Treasury Bills. The index is designed to reflect the performance of a portfolio that only owns a single security, the current on the run 30-day Treasury Bill, switching into the new Treasury Bill at each auction.

While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the above-noted index. As a result, the Fund may experience periods when its performance is not aligned with this index, either positively or negatively. Please see the "Results of Operations" section of this report for a discussion of recent performance results.

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Summary of Investment Portfolio as at September 30, 2024

Total Net Asset Value: \$91,312,138

Top Holdings		%	Sector Allocation		%
Long Positions (73.5%)			Long Positions (161.1%)		
Cash and Equivalents		19.6	Financials		31.8
Royal Bank of Canada		5.7	Industrials		23.2
Toronto-Dominion Bank		4.8	Information Technology		21.2
Canadian Pacific Kansas City		4.7	Cash and Equivalents		19.6
Canadian Imperial Bank of Commerce		2.9	Energy		16.7
Waste Connections		2.7	Materials		11.9
Element Fleet Management		2.6	Utilities		7.7
Shopify, Class A		2.5	Consumer Discretionary		7.2
Suncor Energy		2.5	Communication Services		6.1
Enbridge		2.4	Health Care		5.3
Manulife Financial		2.4	Consumer Staples		4.6
Teck Resources, Class B		2.1	Real Estate		3.8
Constellation Software		2.0	Index-Based Investments		1.1
AltaGas		1.9	Other		0.9
Agnico Eagle Mines		1.9			
Canadian Natural Resources		1.8	Short Positions (-61.1%)		
NVIDIA		1.8	Index-Based Investments		-24.4
George Weston		1.8	Financials		-10.3
WSP Global		1.5	Industrials		-4.8
Apple		1.5	Information Technology		-4.1
Microsoft		1.5	Consumer Discretionary		-3.1
CCL Industries, Class B		1.5	Materials		-2.8
Thomson Reuters		1.4	Energy		-2.7
			Utilities		-2.2
			Consumer Staples		-1.8
Short Positions (-15.1%)			Health Care		-1.7
iShares Core S&P 500 ETF		-8.5	Communication Services		-1.3
iShares Core S&P/TSX Capped Composite Index ETF		-6.6	Real Estate		-1.2
			Other		-0.7
Total		58.4	Total		100.0

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