

Semi-annual Management Report of Fund Performance

As at March 31, 2024

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.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 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.

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 \$81,856,880 on March 31, 2024. The net assets are comprised of \$77,720,961 in net unitholder activity and \$4,135,919 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 March 31, 2024, the Fund's aggregate exposure reached a low of 0.00% and a high of 79.63% of the Fund's NAV. As at March 31, 2024, the Fund's aggregate exposure was 75.01% of the Fund's NAV. The primary source of leverage was short positions in equity securities.

Market Overview

Core inflation continued to decline during the period. In the early months of 2024, expectations for the number and speed of U.S. Federal Reserve (Fed) interest rate cuts were revised lower.

Equity markets ended the first quarter of 2024 at all-time highs, with registered equity supply rising to its highest level since late 2021. There were a number of structural themes that drove equity markets, including enthusiasm over artificial intelligence (AI), cloud computing, biotechnology, glucagon-like peptide 1 drugs, onshoring, commercial aerospace, infrastructure, electrification, and data centre power, to name a few. There was also increased dispersion in the marketplace and correlations were low, which made for a great backdrop for stock pickers.

Factors That Have Affected Performance

Positive sector contributors were stock selection in Information Technology and Communication Services. Being overweight Health Care and Industrials also added to performance.

NVIDIA Corp. was the leading contributor to performance as the company reported strong results with revenues up 265% year-over-year driven by surging demand for accelerated computing and generative AI. Celestica Inc. was the second-largest contributor as it has been successful in repositioning its business towards higher margins and reported an improved growth outlook driven by capital expenditures associated with hyperscalers.

Negative sector contributors were stock selection in Real Estate and Health Care. Being overweight Information Technology and underweight Energy both detracted from performance.

The Fund does not hold a position in Canadian National Railway Co., which performed well, and this also detracted from performance. The portfolio sub-advisor has a preference for Canadian Pacific Kansas City Ltd. given the company's opportunity for synergies from its transformational Kansas City Southern acquisition.

Rogers Communications Inc. was a detractor as Canadian telecommunications equities were lower during the period due to competition concerns and changes by the federal government to immigration policies.

Portfolio Changes

An existing position in Manulife Financial Corp. was increased. The company's outlook improved following its reinsurance deal to remove a portion of its long-term care exposure. Furthermore, life insurance equities will likely perform well in a structurally higher interest rate environment.

Recent Developments

While global gross domestic product has no shortage of soft spots, the resilience of the U.S. economy has most investors expecting an economic "soft landing" scenario, even though some recession indicators remain, including a still-inverted yield curve. The portfolio sub-advisor does not believe this is a good time to embrace equity risk with newly committed capital, as investors must continue to grapple with the Fed's interest rate cut expectations being pushed out. This lack of potential boost for valuations is just one risk and though equity performance seems to have broadened from the narrow leadership of mega-capitalization Information Technology stocks, corporate earnings expectations still seem weak.

The portfolio sub-advisor continues to question whether investors can maintain or expand stock valuations while also seeing corporate earnings expand to drive stocks even higher. As such, the portfolio sub-advisor continues to be cautious with respect to sectors or themes in equity markets that bear momentum.

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 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.

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 Long Short Equity 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 period ended March 31, 2024 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. 2024 | 10.00 | 0.07 | -0.23 | -0.15 | 0.83 | 0.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.50 |
| C | Mar. 2024 | 10.00 | 0.07 | -0.19 | -0.15 | 0.80 | 0.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.53 |
| F | Mar. 2024 | 10.00 | 0.07 | -0.22 | -0.15 | 0.90 | 0.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.51 |
| I | Mar. 2024 | 10.00 | 0.07 | -0.19 | -0.15 | 0.81 | 0.54 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.53 |
| O | Mar. 2024 | 10.00 | 0.07 | -0.19 | -0.15 | 0.80 | 0.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.53 |

(1) All per unit figures presented in 2024 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, 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 | Trading Expense Ratio (%) ⁽²⁾ | Portfolio Turnover Rate (%) ⁽³⁾ | Net Asset Value per Unit (\$) |
|--------|-----------|-------------------------------------|-------------------------------------|---|--------------------------------|--|--|-------------------------------|
| | | | | | excluding Performance Fees (%) | | | |
| A | Mar. 2024 | 337 | 32 | 9.60 | 2.59 | 2.33 | 151.70 | 10.50 |
| C | Mar. 2024 | 1 | - | 7.60 | 0.09 | 2.33 | 151.70 | 10.53 |
| F | Mar. 2024 | 192 | 18 | 8.96 | 1.44 | 2.33 | 151.70 | 10.51 |
| I | Mar. 2024 | 81,326 | 7,720 | 7.61 | N/A | 2.33 | 151.70 | 10.53 |
| O | Mar. 2024 | 1 | - | 7.67 | 0.09 | 2.33 | 151.70 | 10.53 |

(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. 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 0.59% 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 0.11% 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 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 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 | 76.07 | 23.93 |
| 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 March 31, 2024, the Fund incurred performance fees of \$994,293.

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.



NEI Long Short Equity Fund

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.

Summary of Investment Portfolio as at March 31, 2024

Total Net Asset Value: \$81,856,880

| Top Holdings | | % | Net Asset Value Mix | | % |
|---|--|------|---------------------------------|--|-------|
| Long Positions (73.5%) | | | Long Positions (164.8%) | | |
| Cash and Equivalents | | 22.4 | Equity | | 138.7 |
| Royal Bank of Canada | | 6.1 | Cash and Equivalents | | 22.4 |
| Canadian Pacific Kansas City | | 4.7 | Unit Trust | | 3.1 |
| Bank of Montreal | | 3.6 | Other | | 0.6 |
| Sun Life Financial | | 3.2 | Short Positions (-64.8%) | | |
| Waste Connections | | 2.9 | Equity | | -37.2 |
| Canadian Natural Resources | | 2.8 | Unit Trust | | -27.1 |
| iShares Russell 2000 Value ETF | | 2.8 | Other | | -0.5 |
| Element Fleet Management | | 2.6 | Total | | 100.0 |
| Manulife Financial | | 2.6 | Sector Allocation | | |
| Suncor Energy | | 2.3 | % | | |
| AltaGas | | 2.2 | Long Positions (164.8%) | | |
| Shopify, Class A | | 2.2 | Financials | | 37.0 |
| Enbridge | | 2.0 | Industrials | | 24.1 |
| Constellation Software | | 2.0 | Cash and Equivalents | | 22.4 |
| Teck Resources, Class B | | 1.9 | Information Technology | | 18.7 |
| Fairfax Financial Holdings | | 1.9 | Energy | | 17.2 |
| Agnico Eagle Mines | | 1.9 | Materials | | 11.7 |
| MEG Energy | | 1.8 | Consumer Discretionary | | 7.4 |
| George Weston | | 1.6 | Health Care | | 5.9 |
| Short Positions (-24.1%) | | | Utilities | | 5.8 |
| Vanguard Total Stock Market ETF | | -9.2 | Consumer Staples | | 5.2 |
| iShares Core S&P/TSX Capped Composite Index ETF | | -5.3 | Communication Services | | 4.9 |
| Invesco QQQ Trust Series 1 ETF | | -5.0 | Real Estate | | 3.3 |
| iShares Russell 2000 Growth ETF | | -2.4 | Index-Based Investments | | 0.6 |
| iShares MSCI USA Momentum Factor ETF | | -2.2 | Other | | 0.6 |
| Total | | 49.4 | Short Positions (-64.8%) | | |
| | | | Index-Based Investments | | -25.9 |
| | | | Financials | | -12.6 |
| | | | Industrials | | -5.5 |
| | | | Information Technology | | -3.6 |
| | | | Consumer Discretionary | | -3.4 |
| | | | Materials | | -3.0 |
| | | | Energy | | -2.7 |
| | | | Utilities | | -1.8 |
| | | | Health Care | | -1.6 |
| | | | Consumer Staples | | -1.5 |
| | | | Communication Services | | -1.4 |
| | | | Real Estate | | -1.3 |
| | | | Other | | -0.5 |
| | | | Total | | 100.0 |

| Geographic Distribution | % |
|---------------------------------|-------|
| Long Positions (164.8%) | |
| Canada | 91.0 |
| United States | 48.3 |
| Cash and Equivalents | 22.4 |
| Other Countries | 3.1 |
| Short Positions (-64.8%) | |
| United States | -45.6 |
| Canada | -16.5 |
| Other Countries | -2.7 |
| 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.