

**NORTHWEST MUTUAL FUNDS**  
**ANNUAL INFORMATION FORM DATED JUNE 30, 2009**

(Series A units, Series F units and Series I units unless otherwise indicated)

**CORE FUNDS**

Northwest Money Market Fund (Series A units and Series I units)  
Northwest Canadian Equity Fund  
Northwest Canadian Bond Fund  
Northwest Canadian Dividend Fund  
Northwest Growth and Income Fund  
Northwest Global Equity Fund  
Northwest U.S. Equity Fund  
Northwest EAFE Fund

**SPECIALTY FUNDS**

Northwest Specialty High Yield Bond Fund  
Northwest Specialty Global High Yield Bond Fund  
Northwest Specialty Equity Fund  
Northwest Specialty Innovations Fund  
Northwest Specialty Growth Fund Inc.

**QUADRANT PORTFOLIOS**

Northwest Quadrant Conservative Portfolio (Series A units and Series F units)  
Northwest Quadrant Income Portfolio (Series A units and Series F units)  
Northwest Quadrant Balanced Portfolio (Series A units and Series F units)  
Northwest Quadrant Balanced Growth Portfolio (Series A units and Series F units)  
Northwest Quadrant Growth Portfolio (Series A units and Series F units)  
Northwest Quadrant Global Growth Portfolio (Series A units and Series F units)  
Northwest Quadrant Global Equity Portfolio (Series A units and Series F units)  
Northwest Quadrant All Equity Portfolio (Series A units and Series F units)

*No securities regulatory authority has expressed an opinion about the merits of these units. To claim that they have is an offence.*

*The Funds and the securities of the Funds offered under this annual information form are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.*

## INDEX

THE FUNDS.....	1
INVESTMENT RESTRICTIONS .....	8
Dealer Managed Mutual Funds.....	8
Changes To Fundamental Investment Objectives.....	8
FUNDAMENTAL CHANGES .....	9
CAPITALIZATION AND DESCRIPTION OF UNITS .....	9
Net Asset Value Per Unit.....	10
INVESTING IN THE FUNDS .....	12
Mechanics of the Issuance of Units .....	12
Cash Purchases.....	13
Pre-authorized Payment Plan .....	13
Automatic Withdrawal Plan.....	13
Deferred Income Plans.....	14
Sales Commissions and Redemption Fees.....	15
REDEMPTIONS, SWITCHES AND CONVERSIONS OF UNITS .....	16
Switching Between Funds.....	16
Conversion of Units .....	17
Mechanics of Redemption .....	17
Suspension of Redemptions.....	18
Redemption Fees.....	18
RESPONSIBILITY FOR PRINCIPAL FUNCTIONS.....	22
Manager .....	22
Independent Review Committee.....	24
Portfolio Manager .....	25
Portfolio Sub-Advisors .....	25
Brokerage Arrangements .....	30
Registrar.....	35
Auditors .....	35
Custodian .....	35
INCOME TAX CONSIDERATIONS.....	36
Funds Organized as Trusts.....	36
Specialty Growth Fund .....	37
Tax Records .....	38
PRINCIPAL HOLDERS OF SECURITIES .....	38
AFFILIATED ENTITIES .....	40
FUND GOVERNANCE .....	41
MATERIAL CONTRACTS .....	42
REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE.....	43
AUDITORS' CONSENT.....	44
CERTIFICATE OF THE FUNDS, MANAGER AND PROMOTER.....	45

## THE FUNDS

The complete names of the funds whose securities are offered by this document are:

Northwest Money Market Fund (“Money Market Fund”)  
Northwest Canadian Equity Fund (“Canadian Equity Fund”)  
Northwest Canadian Bond Fund (“Canadian Bond Fund”)  
Northwest Canadian Dividend Fund (“Canadian Dividend Fund”)  
Northwest Growth and Income Fund (“Growth and Income Fund”)  
Northwest Global Equity Fund (“Global Equity Fund”)  
Northwest U.S. Equity Fund (“U.S. Equity Fund”)  
Northwest EAFE Fund (“EAFE Fund”)  
Northwest Specialty High Yield Bond Fund (“Specialty High Yield Fund”)  
Northwest Specialty Global High Yield Bond Fund (“Specialty Global High Yield Fund”)  
Northwest Specialty Equity Fund (“Specialty Equity Fund”)  
Northwest Specialty Innovations Fund (“Specialty Innovations Fund”)  
Northwest Specialty Growth Fund Inc. (“Specialty Growth Fund”)  
Northwest Quadrant Conservative Portfolio (“Quadrant Conservative Fund”)  
Northwest Quadrant Income Portfolio (“Quadrant Income Fund”)  
Northwest Quadrant Balanced Growth Portfolio (“Quadrant Balanced Growth Fund”)  
Northwest Quadrant Global Growth Portfolio (“Quadrant Global Fund”)  
Northwest Quadrant All Equity Portfolio (“Quadrant All Equity Fund”)  
Northwest Quadrant Balanced Portfolio (“Quadrant Balanced Fund”)  
Northwest Quadrant Growth Portfolio (“Quadrant Growth Fund”)  
Northwest Quadrant Global Equity Portfolio (“Quadrant Global Equity Fund”)

These funds are hereinafter referred to individually as a “Fund” and collectively as the “Funds”. Quadrant Conservative Fund, Quadrant Balanced Growth Fund, Quadrant All Equity Fund, Quadrant Income Fund, Quadrant Global Fund, Quadrant Balanced Fund, Quadrant Growth Fund and Quadrant Global Equity Fund are referred to collectively as the “Quadrant Funds”. The Funds, other than Specialty Growth Fund which is organized as a corporation, are governed by a master declaration of trust, as amended from time to time (the “Declaration of Trust”) bearing the dates set out below. The Declaration of Trust (or in the case of Specialty Growth Fund, the articles of incorporation) permits each Fund to issue more than one series of units (the purpose of any additional series of units being to provide other management fee structures, dealer compensation packages, or investment options to investors). Unless the context indicates otherwise, references to “units” in this document also refer to shares of Specialty Growth Fund.

Money Market Fund offers Series A units and Series I units. The Quadrant Funds offer Series A and Series F units. Each of the other Funds offers Series A units, Series F units and Series I units. Series A units, Series F units and Series I units are sometimes collectively referred to as “units” in this annual information form. Quadrant Balanced Growth Fund also distributes Series I units on a private placement basis.

Northwest & Ethical Investments L.P. is the manager and portfolio manager of the Funds (the “Manager”) and is the trustee of the Funds, other than Specialty Growth Fund which is organized as a corporation. Prior to December 28, 2007 Northwest Mutual Funds Inc. was the manager and trustee of the Funds, other than Specialty Growth Fund and Northwest Asset Management Inc. was the portfolio manager of the Funds.

Fund and Date of Formation	Major Events in Last 10 Years	Name Change	Other Changes to Declaration of Trust Affecting the Fund
<p>Money Market Fund <b>October 6, 2000</b></p>	<p><b>June 4, 2004</b>, manager changed from Desjardins Investment Management Inc. ("DIM") to NMFI. The portfolio advisor changed from DIM to Northwest Asset Management Inc. ("NAMI").</p> <p><b>June 4, 2004</b> merged with Northwest Money Market Fund.</p> <p><b>June 4, 2004</b>, Desjardins Global Asset Management Inc. appointed portfolio sub-advisor.</p>	<p><b>June 4, 2004</b> from Maestral Money Market Fund to Northwest Money Market Fund.</p>	<p><b>June 4, 2004</b>, Fund was brought under the Northwest declaration of trust resulting in a change in law governing the declaration of trust pertaining to the Fund from Quebec to Ontario and change in trustee from Desjardins Trust Inc. to NMFI. This consolidation was completed in the context of the integration of the Maestral and Northwest mutual fund families.</p> <p><b>June 8, 2007</b>, to create Series I units of the Fund.</p>
<p>Canadian Equity Fund <b>December 20, 1991</b></p>	<p><b>December 17, 1999</b>, Kingwest &amp; Company appointed portfolio sub-advisor.</p> <p><b>December 31, 2000</b>, change in manager and trustee from Northwest Mutual Funds Inc. to Marathon Mutual Funds, Inc. (which subsequently changed its name to Northwest Mutual Funds Inc. ("NMFI")).</p> <p><b>September 30, 2003</b>, NMFI became an indirect wholly owned subsidiary of La Fédération des Caisses Desjardins du Québec.</p>	<p><b>April 11, 2003</b>, from Northwest Growth Fund to Northwest Canadian Equity Fund.</p>	<p><b>December 21, 1999</b>, change in the dates for year end distributions to unitholders to provide consistency with amendments to the tax legislation and mutual fund industry practice resulting from such tax legislation amendments.</p> <p><b>August 1, 2000</b>, updated to reflect requirements of National Instrument 81-102.</p> <p><b>April 12, 2002</b>, consolidation of declarations of trust of the Funds to harmonize administration of the Funds and permit the redesignation of units as Series A units and the creation of Series F units.</p> <p><b>June 4, 2004</b>, to create Series I units of the Fund.</p>
<p>Canadian Bond Fund <b>October 6, 2000</b></p>	<p><b>April 1, 2004</b>, Addenda Capital Inc. appointed portfolio sub-advisor.</p> <p><b>June 4, 2004</b>, manager changed from DIM to NMFI. The portfolio manager changed from DIM to NAMI.</p>	<p><b>June 4, 2004</b> from Maestral Canadian Bond Fund to Northwest Canadian Bond Fund.</p>	<p><b>June 4, 2004</b>, Fund was brought under the Northwest declaration of trust resulting in a change in law governing the declaration of trust pertaining to the Fund from Quebec to Ontario and change in trustee from Desjardins Trust Inc. to NMFI. This consolidation was completed in the context of the integration of the Maestral and Northwest mutual fund families.</p>

<b>Fund and Date of Formation</b>	<b>Major Events in Last 10 Years</b>	<b>Name Change</b>	<b>Other Changes to Declaration of Trust Affecting the Fund</b>
Canadian Dividend Fund <b>October 18, 2002</b>	<p><b>December 1, 2003</b>, Beutel, Goodman &amp; Company Ltd. appointed portfolio sub-advisor.</p> <p><b>June 4, 2004</b>, manager changed from DIM to NMFI. The portfolio manager changed from DIM to NAMI.</p>	<p><b>June 4, 2004</b> from Maestral Canadian Dividend Fund to Northwest Canadian Dividend Fund.</p>	<p><b>June 4, 2004</b>, Fund was brought under the Northwest declaration of trust resulting in a change in law governing the declaration of trust pertaining to the Fund from Quebec to Ontario and change in trustee from Desjardins Trust Inc. to NMFI. This consolidation was completed in the context of the integration of the Maestral and Northwest mutual fund families.</p>
Growth and Income Fund <b>March 1, 1995</b>	<p><b>December 17, 1999</b>, Kingwest &amp; Company appointed portfolio sub-advisor.</p> <p><b>December 31, 2000</b>, change in manager and trustee from NMFI to Marathon Mutual Funds, Inc. (which subsequently changed its name to NMFI).</p> <p><b>September 30, 2003</b>, NMFI became an indirect wholly owned subsidiary of La Fédération des Caisses Desjardins du Québec.</p>	<p><b>June 4, 2004</b>, from Northwest Balanced Fund to Northwest Growth and Income Fund.</p>	<p><b>December 21, 1999</b>, change in the dates for year end distributions to unitholders to provide consistency with amendments to the tax legislation and mutual fund industry practice resulting from such tax legislation amendments.</p> <p><b>June 15, 2000</b>, providing discretion for the manager to reduce management fees with respect to investors who acquire mutual fund units having values that exceed certain thresholds.</p> <p><b>August 1, 2000</b>, updated to reflect requirements of National Instrument 81-102.</p> <p><b>April 12, 2002</b>, consolidation of declarations of trust of the Funds to harmonize administration of the Funds and permit the redesignation of units as Series A units and the creation of Series F units.</p> <p><b>June 4, 2004</b>, to create Series I units of the Fund.</p>

Fund and Date of Formation	Major Events in Last 10 Years	Name Change	Other Changes to Declaration of Trust Affecting the Fund
<p>Global Equity Fund March 1, 1995</p>	<p><b>December 31, 2000</b>, change in manager and trustee from NMFI to Marathon Mutual Funds, Inc. (which subsequently changed its name to NMFI).</p> <p><b>October 3, 2002</b> change in portfolio sub-advisor from OPCap Advisors to Foyston, Gordon Payne Inc. ("Foyston").</p> <p><b>September 30, 2003</b>, NMFI became an indirect wholly owned subsidiary of La Fédération des Caisses Desjardins du Québec.</p> <p><b>November 22, 2004</b>, Sky Investment Counsel Inc. was appointed portfolio sub-advisor of the Fund.</p> <p><b>February 28, 2007</b>, Beutel, Goodman &amp; Company Ltd. appointed sole portfolio sub-adviser of the Fund.</p>	<p><b>April 11, 2003</b>, from Northwest International Fund to Northwest Foreign Equity Fund.</p> <p><b>February 28, 2007</b>, from Northwest Foreign Equity Fund to Northwest Global Equity Fund.</p>	<p><b>December 21, 1999</b>, change in the dates for year end distributions to unitholders to provide consistency with amendments to the tax legislation and mutual fund industry practice resulting from such tax legislation amendments.</p> <p><b>June 15, 2000</b>, providing discretion for the manager to reduce management fees with respect to investors who acquire mutual fund units having values that exceed certain thresholds.</p> <p><b>August 1, 2000</b>, updated to reflect requirements of National Instrument 81-102.</p> <p><b>April 12, 2002</b>, consolidation of declarations of trust of the Funds to harmonize administration of the Funds and permit the redesignation of units as Series A units and the creation of Series F units.</p> <p><b>June 4, 2004</b>, to create Series I units of the Fund.</p>
<p>U.S. Equity Fund October 6, 2000</p>	<p><b>April 1, 2004</b>, Kingwest &amp; Company appointed portfolio sub-advisor.</p> <p><b>June 4, 2004</b>, manager changed from DIM to NMFI. The portfolio manager changed from DIM to NAMI.</p>	<p><b>June 4, 2004</b> from Maestral American Equity Fund to Northwest U.S. Equity Fund.</p>	<p><b>June 4, 2004</b>, Fund was brought under the Northwest declaration of trust resulting in a change in law governing the declaration of trust pertaining to the Fund from Quebec to Ontario and change in trustee from Desjardins Trust Inc. to NMFI. This consolidation was completed in the context of the integration of the Maestral and Northwest mutual fund families.</p>

Fund and Date of Formation	Major Events in Last 10 Years	Name Change	Other Changes to Declaration of Trust Affecting the Fund
EAFE Fund <b>October 6, 2000</b>	<p><b>June 4, 2004</b>, manager changed from DIM to NMFI. The portfolio manager changed from DIM to NAMI.</p> <p><b>June 4, 2004</b>, change of fundamental investment objectives to become an EAFE Fund.</p> <p><b>June 4, 2004</b>, Foyston appointed portfolio sub-advisor.</p> <p><b>November 22, 2004</b> Sky Investment Counsel Inc. was appointed portfolio sub-advisor of the Fund.</p> <p><b>June 21, 2007</b> Sky Investment Counsel Inc. appointed as sole portfolio sub-advisor.</p>	<p><b>June 4, 2004</b> from Maestral Global Equity Fund to Northwest EAFE Fund.</p>	<p><b>June 4, 2004</b>, Fund was brought under the Northwest declaration of trust resulting in a change in law governing the declaration of trust pertaining to the Fund from Quebec to Ontario and change in trustee from Desjardins Trust Inc. to NMFI. This consolidation was completed in the context of the integration of the Maestral and Northwest mutual fund families.</p>
Specialty High Yield Fund <b>December 20, 1991</b>	<p><b>November 7, 2000</b>, change of fundamental investment objectives to become High Yield Bond Fund.</p> <p><b>December 31, 2000</b>, change in manager and trustee from NMFI to Marathon Mutual Funds, Inc. (which subsequently changed its name to NMFI).</p> <p><b>September 30, 2003</b>, NMFI became an indirect wholly owned subsidiary of La Fédération des Caisses Desjardins du Québec.</p> <p><b>May 12, 2005</b> Aviva Capital Management, Inc. was appointed as a portfolio sub-advisor of the Fund.</p>	<p><b>November 7, 2000</b>, from Northwest Income Fund to Northwest Specialty High Yield Bond Fund.</p>	<p><b>December 21, 1999</b>, change in the dates for year end distributions to unitholders to provide consistency with amendments to the tax legislation and mutual fund industry practice resulting from such tax legislation amendments.</p> <p><b>August 1, 2000</b>, updated to reflect requirements of National Instrument 81-102.</p> <p><b>April 12, 2002</b>, consolidation of declarations of trust of the Funds to harmonize administration of the Funds and permit the redesignation of units as Series A units and the creation of Series F units for some of the Funds.</p> <p><b>March 1, 2004</b>, to create Series F units.</p> <p><b>June 4, 2004</b>, to create Series I units.</p>
Specialty Global High Yield Fund <b>May 12, 2005</b>	n/a	n/a	n/a

Fund and Date of Formation	Major Events in Last 10 Years	Name Change	Other Changes to Declaration of Trust Affecting the Fund
Specialty Equity Fund <b>March 27, 1986</b>	<p><b>August 6, 1999</b>, manager changed from Marathon Securities Limited to Marathon Mutual Funds, Inc. (which subsequently changed its name to NMFI).</p> <p><b>December 3, 1999</b>, Marathon Mutual Fund Inc. became a subsidiary of FAMI.</p> <p><b>July 27, 2001</b>, merged with Northwest Specialty Aggressive Growth Fund.</p> <p><b>April 19, 2002</b>, merged with Northwest Specialty Resource Fund.</p> <p><b>September 30, 2003</b>, NMFI became an indirect wholly owned subsidiary of La Fédération des Caisses Desjardins du Québec.</p> <p><b>February 22, 2006</b> Montrusco Bolton Investments Inc. was appointed as a portfolio sub-advisor of the Fund.</p>	<b>December 31, 2000</b> , from Marathon Equity Fund to Northwest Specialty Equity Fund.	<p><b>April 12, 2002</b>, consolidation of declarations of trust of the Funds to harmonize administration of the Funds and permit the redesignation of units as Series A units and the creation of Series F units for some of the Funds.</p> <p><b>March 1, 2004</b>, to create Series F units of the Fund.</p> <p><b>June 4, 2004</b>, to create Series I units of the Fund.</p>
Specialty Innovations Fund <b>November 16, 2000</b>	<p><b>December 31, 2000</b>, change in manager and trustee from NMFI to Marathon Mutual Funds, Inc. (which subsequently changed its name to NMFI).</p> <p><b>September 30, 2003</b>, NMFI became an indirect wholly owned subsidiary of La Fédération des Caisses Desjardins du Québec.</p> <p><b>April 1, 2004</b>, Selective Asset Management Inc. appointed portfolio sub-advisor.</p> <p><b>May 28, 2004</b>, change in fundamental investment objectives to invest more broadly in the technology sector.</p>	n/a	<p><b>April 12, 2002</b>, consolidation of declarations of trust of the Funds to harmonize administration of the Funds and permit the redesignation of units as Series A units and the creation of Series F units for some of the Funds.</p> <p><b>March 1, 2004</b>, to create Series F units of the Fund.</p> <p><b>June 4, 2004</b>, to create Series I units of the Fund.</p>

<b>Fund and Date of Formation</b>	<b>Major Events in Last 10 Years</b>	<b>Name Change</b>	<b>Other Changes to Declaration of Trust Affecting the Fund</b>
Quadrant Conservative Fund <b>May 12, 2005</b>	n/a	n/a	<b>December 11, 2006</b> , to create Series I units of the Fund
Quadrant Balanced Growth Fund <b>May 12, 2005</b>	n/a	<b>October 19, 2007</b> , from Northwest Quadrant Growth and Income Portfolio to Northwest Quadrant Balanced Growth Portfolio	<b>December 11, 2006</b> , to create Series I units of the Fund
Quadrant All Equity Fund <b>May 12, 2005</b>	n/a	n/a	<b>December 11, 2006</b> , to create Series I units of the Fund
Quadrant Income Fund <b>May 12, 2005</b>	n/a	<b>October 19, 2007</b> , from Northwest Quadrant Monthly Income Portfolio to Northwest Quadrant Income Portfolio	<b>December 11, 2006</b> , to create Series I units of the Fund
Quadrant Global Fund <b>June 8, 2007</b>	n/a	n/a	n/a
Quadrant Balanced Fund <b>October 19, 2007</b>	n/a	n/a	n/a
Quadrant Growth Fund <b>October 19, 2007</b>	n/a	n/a	n/a
Quadrant Global Equity Fund <b>September 19, 2007</b>	n/a	n/a	n/a

*Northwest Specialty Growth Fund Inc.*

Northwest Specialty Growth Fund Inc. was incorporated under Part 1A of the *Companies Act* (Québec) on January 14, 1987 and became a mutual fund on February 26, 1987. On December 6, 1993 the Fund was converted from a closed-end mutual fund to an open-end mutual fund. Effective October 1, 2001, the Fund changed its name from Québec Growth Fund Inc. to Maestral Québec Growth Fund Inc. Effective June 4, 2004, the Fund changed its name from Maestral Québec Growth Fund Inc. to Northwest Specialty Québec Growth Fund Inc. Effective January 15, 2005, the Fund changed its name from Northwest Specialty Québec Growth Fund Inc. to Northwest Specialty Growth Fund Inc.

On September 28, 2001, the manager and portfolio advisor of the Fund was changed from Montrusco Bolton Inc. to DIM, in conjunction with Desjardins Trust Inc.'s acquisition of all of the Fund's outstanding subordinate voting shares from Montrusco Bolton Inc. On June 4, 2004 the manager of the Fund was changed from DIM to NMFJ and the portfolio advisor was changed from DIM to NAMI in the context of the integration of the Maestral and Northwest mutual fund families. On December 28, 2007 the Manager became the manager and portfolio advisor of the Fund. Montrusco Bolton Investments Inc. acts as portfolio sub-advisor to the Fund pursuant to an agreement dated September 28, 2001.

## **INVESTMENT RESTRICTIONS**

Subject always to compliance with its fundamental investment objective, each Fund is subject to, and managed in accordance with, securities legislation, including the standard investment restrictions and practices set out in National Instrument 81-102 (the “National Instrument”) (being the code established by the Canadian Securities Administrators to generally govern mutual funds whose securities are offered by prospectus in Canada), which are designed in part to ensure that the Funds’ investments are diversified and relatively liquid and to ensure the proper administration of the Funds.

### **Dealer Managed Mutual Funds**

Each of the Funds is a “dealer managed” mutual fund by virtue of the Manager having principal shareholders who directly or indirectly own more than 10% of the securities of certain registered securities dealers. See “Dealer Compensation-Related Dealers” in the Funds’ simplified prospectus. In addition, Canadian Equity Fund, Growth and Income Fund and U.S. Equity Fund are dealer managed mutual funds because Kingwest & Company (“Kingwest”), the portfolio sub-advisor for Canadian Equity Fund, Growth and Income Fund and U.S. Equity Fund, is a registered dealer; Specialty Equity Fund and Specialty Growth Fund are dealer managed mutual funds because Montrusco Bolton Investments Inc. (“Montrusco Bolton”), a portfolio sub-advisor for Specialty Equity Fund and Specialty Growth Fund has a principal shareholder that directly owns more than 10% of the securities of a registered dealer; and Money Market Fund is a dealer managed mutual fund because Desjardins Global Asset Management Inc. (“Desjardins Global”), the portfolio sub-advisor for that Fund, has a principal shareholder that indirectly owns more than 10% of the securities of a registered dealer. Applicable securities laws impose restrictions on investments made by dealer managed mutual funds. If you would like a copy of these restrictions, please contact us by calling our toll-free number at 1-888-809-3333 and you will be provided with a copy.

In accordance with the “dealer managed” mutual fund rules applicable to the Funds, the Funds may not knowingly make an investment in any class of securities of any issuer (other than those issued or guaranteed by the Government of Canada, the government of a province of Canada or an agency of the foregoing) (i) for which any of Kingwest, Montrusco Bolton and Desjardins Global, as applicable, or the Manager or any of their associates or affiliates has acted as underwriter (except for a small selling group participation) during the preceding 60 days or (ii) of which any director, officer or employee of any of Kingwest, Montrusco Bolton and Desjardins Global as applicable, or the Manager or their associates or affiliates is a partner, director, officer or employee, if such person participates in the formulation of, influences or has access prior to implementation of, investment decisions made on behalf of the Funds.

### **Changes To Fundamental Investment Objectives**

Canadian securities law requires that no change may be made in the fundamental investment objectives of a fund without the prior approval of the unitholders of the fund, by a majority of votes cast at a meeting of unitholders called for such purpose. Please see “Fundamental Changes” for details of the matters which may not be affected without unitholder approval.

## **FUNDAMENTAL CHANGES**

The Funds' trustee must convene a meeting of unitholders or a series of unitholders, as the case may be, of a Fund to consider and approve certain matters prescribed by the National Instrument. The matters currently include:

- (a) a change in the basis of calculation of a fee or expense that is charged to the Fund, or directly to its unitholders by the Fund or its manager, in connection with the holding of units of the Fund, in a way that could result in an increase in charges to the Fund or its unitholders.
- (b) the introduction of a fee or expense to be charged to the Fund, or directly to its unitholders by the Fund or its manager, in connection with the holding of units of the Fund;

Except that (a) and (b) will not apply if:

- (i) the Fund is at arm's length with the person or company charging the fee; and
  - (ii) the unitholders have received 60 days' notice before the effective date of the change.
- (c) a change of the administrative manager of the Fund, except where the new manager is an affiliate of the Manager;
  - (d) any change in the fundamental investment objective of the Fund;
  - (e) certain material reorganizations with, or transfers of assets to or from, another mutual fund; and
  - (f) any decrease in the frequency of calculating the Fund's net asset value.

A meeting of unitholders of a Fund or a series of units of a Fund, as applicable, for any of the foregoing purposes may be called by the Fund's trustee, the Manager or by the holders of at least 20% of the units or series of units, as applicable, of the Fund. Approval by the unitholders of a Fund or a series of units of a Fund requires the affirmative vote of more than 50% of the votes cast at a meeting of unitholders of the Fund, or such series, called for such purpose.

In respect of any proposed meeting of unitholders, unitholders have the right to obtain from the registrar a list of unitholders of a Fund or a series of units of a Fund, as applicable, upon payment of a fee sufficient to reimburse the registrar for its reasonable costs incurred in connection therewith.

## **CAPITALIZATION AND DESCRIPTION OF UNITS**

Each Fund is authorized to issue an unlimited number of series of units and an unlimited number of units of each series. Each series unit entitles the holder thereof to participate equally in the distributions of the Fund made to that series. Fractions of units may be issued.

The units of a Fund are of the same category and confer the same rights and privileges except that in respect of a Fund with more than one series of units, each series of units may have a different management fee, dealer compensation structure or distribution structure. As a result, each unit entitles its holder to one vote and to participate equally in distributions made in respect of the series of units by the

subject Fund and, on liquidation, in the net assets of the series of units remaining after satisfaction of outstanding liabilities. A fraction of a unit will entitle the holder to similar proportionate participation, but will not entitle him or her to vote.

Units and fractions of units may be issued by a Fund only as fully paid and non-assessable. An investor will be entitled to redeem units in the manner described under “Redemptions, Switches and Conversions of Units”. The Declaration of Trust does not impose any restrictions on the transfer of units.

Title to units is conclusively evidenced by the register of unitholders maintained by the Funds’ registrar. Certificates representing units will not be issued.

### **Net Asset Value Per Unit**

The net asset value per unit for all purposes except financial statements (the “Unit Value”) for each series of units of a Fund is determined by the Manager after 4:00 p.m. (Toronto time) on each business day, being each day that the Toronto Stock Exchange is open for trading but in some circumstances, we may calculate it at another time.

It is the Manager’s intention to maintain the Unit Value for Money Market Fund as near as possible to \$10. This is done by allocating realized net income daily, distributing realized net income on a monthly basis to investors, distributing capital gains, if any, prior to the end of the year to investors, and by investing in short term securities resulting in only minor price fluctuations in portfolio securities.

The net asset value for each series of units is calculated by taking the series’ proportionate share of a Fund’s common assets less common liabilities and deducting from this amount all liabilities that relate solely to a specific series. The Unit Value for each series of units is derived by dividing the net asset value of the series by the total number of series units outstanding. The Unit Value so determined at any time will remain in effect until the next such determination. The purchase price and redemption price (before deduction of any redemption fee payable by an investor as described under “Redemptions, Switches and Conversions of Units”) of each unit of each series will be the Unit Value of the series, determined in the manner described below, as of the applicable valuation date.

The following principles are applied in the valuation of the Funds’ assets:

- (a) cash on hand or on deposit, bills and notes and accounts receivable and prepaid expenses are valued at their full amount unless the Manager has determined that any of these assets is not worth the full amount, in which event the value shall be deemed to be the value as the Manager reasonably deems to be the fair value;
- (b) bonds, debentures, notes and other such instruments are valued by taking the average between the bid and asked quotation or the bid quotation, depending on the circumstances, as of the valuation date;
- (c) stocks listed on a recognized stock exchange are valued at the closing sale price applicable to a board lot as of the applicable valuation date; in the event that no sale has taken place, the last published sale price or the average between the bid and asked prices is used, whichever, in the opinion of the Manager, most fairly reflects the actual market value. Stocks not listed on any stock exchange are valued at the average of bid and asked quotations as of the applicable valuation date. The value of securities not so traded is determined on the basis of over-the-counter quotations, if available, or by such other method as is deemed by the Manager to reflect fair market value;

- (d) if securities are traded on more than one exchange, the Manager must determine which exchange constitutes the principal market for the trading of those securities and must use the trading prices on that exchange or market for their valuation; if no bid or sale price is available, the Manager must take into consideration the last sale price and make a valuation which is fair and reasonable;
- (e) amounts of interest accrued but not yet received, dividends having an ex-dividend date prior to the applicable valuation date but not yet received as well as other sums which a Fund will receive are added to the assets;
- (f) for options written by the Fund:
  - (i) the premium received by the Fund for these options shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the options that would have the effect of closing the position;
  - (ii) any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment;
  - (iii) the deferred credit shall be deducted in arriving at the net asset value for each series of units of the Fund; and
  - (iv) any securities that are the subject of a written option shall be valued at their current market value in the manner described above for listed securities;
- (g) securities which a Fund has agreed to buy or sell are included or excluded, as the case may be, as if the transaction had effectively been completed;
- (h) discounted securities issued without interest are appraised according to the market. The difference between the cost and the amount to be received at maturity is amortized using the declining balance amortization method at a fixed rate at each valuation date. This amortization is credited directly to the income of the Fund. The difference between the cost and the value at maturity is allotted amongst the unitholders in the form of income;
- (i) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Fund or by the Fund's predecessor in title, shall be the value which the Manager considers fair and reasonable in the circumstances;
- (j) a long position in an option or a debt-like security is valued at the current market value of the position;
- (k) the value of any derivative, the investment in which or the use of which is permitted by Canadian securities legislation together with any premium received or margin paid or deposited with respect thereto, shall be determined in accordance with Canadian securities legislation;
- (l) if an investment cannot be valued under the foregoing rules or under any other valuation rules adopted under securities legislation or if any rules adopted by the Manager but not set out under securities legislation are at any time considered by the Manager to be inappropriate under the circumstances, then the Manager shall use a valuation which it considers fair and reasonable in the interests of investors of the Fund; and

- (m) values calculated in accordance with the foregoing principles in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on the applicable valuation date.

For greater certainty, if at any time the foregoing rules conflict with the valuation rules adopted under securities legislation, the Manager shall use the valuation rules adopted under securities legislation. The Manager has not exercised its discretion to deviate from the valuation principles set forth above in the preceding three years.

Each transaction of purchase or sale of portfolio securities effected by a Fund is reflected in the first computation of the net asset value which is made after the date on which the transaction becomes binding upon the Fund.

The issue or redemption of units of a series of a Fund is reflected in the next computation of the Unit Value which is made after the time as of which the Unit Value is determined for the purpose of issue or redemption of units of such Fund.

Pursuant to the Notice of Amendment to NI 81-106, which came into effect September 8, 2008, investment funds will calculate their Net Asset Value using fair value (as defined therein) for purposes of securityholder transactions. Net Assets of the Funds will continue to be calculated in accordance with Canadian generally accepted accounting principles (“GAAP”) for the purposes of the Funds’ financial statements, resulting in the use of bid prices for long positions and ask prices for short positions, unless such value is determined to be unreliable or not readily available by the Manager, in which case the fair value will be estimated using certain valuation techniques on such basis and in such manner as may be determined by the Manager in accordance with CICA Handbook Section 3855 for such purpose. The financial statements of each Fund will include a reconciliation of the net assets per security contained in the financial statements to the net asset value per security used for other purposes.

## **INVESTING IN THE FUNDS**

Units are offered for sale to the public only in those jurisdictions where they may be lawfully offered on a continuous basis and may only be offered by those persons registered with the appropriate securities authorities in the jurisdictions and which have been approved by the Manager.

### **Mechanics of the Issuance of Units**

Units may be purchased through any dealer duly registered in the jurisdiction where units are lawfully offered for sale. Units of a series are issued on the valuation date based on the Unit Value of such series of units purchased coinciding with or following the receipt of the purchase order by the Manager at its principal place of business situated at 155 University Avenue, 4<sup>th</sup> Floor Toronto, Ontario M5H 3B7 or at the offices of Fédération des caisses Desjardins du Québec, 1 Complexe Desjardins, South Tower, Suite 1422, Montréal, Québec, H5B 1E4, the Funds’ registrar. Any purchase order received after 4:00 p.m. (Toronto time) on a valuation date will be processed at the Unit Value of the relevant series of units on the next valuation date.

Purchase orders which are transmitted to a dealer must be forwarded by such dealer to the Manager on the same day on which the purchase order is received or, if received by the dealer after normal business hours or on a day which is not a business day, on the next business day. Whenever practicable, the dealer must forward the purchase order of the subscriber by courier, priority post or telecommunications facility in order to expedite its receipt by the Manager. The cost of this transmittal, regardless of its form, must be borne by the dealer.

Without limiting the other rights of the Funds and of the Manager, the purchaser must pay a \$25 administrative fee for each dishonoured cheque tendered by the purchaser or if there are insufficient funds in any account from which payment is to be made. The Manager reserves the right to accept or reject subscriptions on behalf of the Funds. Any decision to reject a subscription will be made within one business day after receipt of the subscription by the Manager, and if a subscription is rejected the purchase money will be immediately returned to the subscriber.

In accordance with the National Instrument, the payment in respect of a purchase order must reach the Manager's head office on or before the third business day following the date on which the Unit Value of the units was determined (for Money Market Fund the Manager requires payment to be delivered with the purchase order). If the payment of the subscription price is not received within the prescribed period, the applicable Fund will be deemed to have received and accepted on the next business day an order to redeem the same number of units originally purchased by the investor and the amount of the redemption proceeds will be applied to reduce the amount owing to the Fund in respect of the purchase of such units. If the redemption price is greater than the purchase price, the Fund is required by the National Instrument to retain the excess amount. If the redemption price is less than the purchase price, the Manager is entitled on behalf of the Fund to collect such amount together with all costs, charges and expenses with interest, from the dealer who placed the purchase order. That dealer may collect such amounts together with its costs, charges and expenses in so doing and interest thereon from the defaulting investor. If no dealer was involved in a purchase order, the Manager is entitled, on behalf of the Fund, to collect such amount from the investor who has failed to make payments for the units ordered.

The following options may be exercised to purchase units:

### **Cash Purchases**

The minimum initial investment in the Funds is as follows:

- \$500 for all Funds other than the Quadrant Funds (other than purchases made pursuant to either the low load sales charge option or the low load 2 sales charge option, both of which are described below under "Sales Commissions and Redemption Fees", which require a minimum of \$10,000 or \$5,000, respectively); and
- \$2,000 for the Quadrant Funds.

The Manager may, in its sole discretion, change the minimum investment amounts from time to time without notice.

### **Pre-authorized Payment Plan**

An investor may make regular monthly, quarterly or semi-annual purchases of units by establishing a pre-authorized payment plan where the minimum initial investment is \$500 and the minimum amount of each monthly, quarterly or semi-annual purchase is \$25. Where the minimum initial investment is \$2,000, the minimum amount of each monthly, quarterly or semi-annual purchase is \$25.

### **Automatic Withdrawal Plan**

If you own units of a Fund having a value of \$5,000 or more you may establish an automatic withdrawal plan to provide periodic cash payments through the automatic redemption of units with a minimum requirement of \$100 per withdrawal. There is no administration fee for the automatic withdrawal plan; however, units redeemed may be subject to a redemption fee payable at the time of redemption if such units were purchased under the deferred sales charge option or the low load sales charge option.

All distributions paid on units held in the plan will be reinvested in additional units at the Unit Value thereof.

**Withdrawals that are in excess of distributions and capital appreciation will result in encroachment on or possible exhaustion of the original capital.**

### **Deferred Income Plans**

The Manager will assist you in establishing, through a licensed trust company, a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), life income fund (“LIF”), locked-in retirement income fund (“LRIF”), locked-in retirement account (“LIRA”), registered education savings plan (“RESP”) registered under the Tax Act or a retirement savings fixed term annuity (in Québec only) (“RSFA”), to invest in units of the Funds.

Registered plan client name accounts which are opened on or after April 13, 2009 which have assets of less than \$5,000 on the first Friday of October of any year will, on that day, be charged an annual fee of \$25. We charge you only one administration fee per year even if you own or participate in more than one registered plan. We do not charge the administration fee if you have a total of \$5,000 or more invested in mutual funds managed by us on the date the fee is assessed, if the mutual funds are held within a NEI Group RRSP, or if you maintain an active pre-authorized contribution plan. If you have only one fund in your account, we will charge this fee to that fund by redeeming the appropriate amount of units. If you have multiple funds in your account, including a money market fund, we will redeem the appropriate amount of units of the money market fund to pay this fee. If you have multiple funds in your account but no money market fund, we will redeem front end sales charge units if possible to pay this fee. If you do not have front end sales charge units, we will redeem deferred sales charge units, low load sales charge units or low load 2 sales charge units to pay this fee, and will charge you the corresponding deferred sales charge, low load sales charge or low load 2 sales charge.

Registered plan accounts which are opened on or after April 13, 2009 will be charged an administrative fee of \$25 if the account is closed or transferred to another institution.

Employers can arrange for the registration of special purpose retirement savings plans (“Group RRSPs”) under which employers, on behalf of employees, and/or employees on their own behalf can make periodic deposits. The administrators of Group RRSPs are entitled to establish minimum deposit thresholds and to charge fees for their services. If an employee is participating as a member of a Group RRSP, the employee should be aware that although the inclusion of certain of the Funds on the list of available investment alternatives for the Group RRSP may have been an employer’s decision, the employer generally will not monitor the performance of the Funds on an ongoing basis and will also generally disclaim any responsibility with respect to such performance. Accordingly, the decision as to the purchase of units of a Fund from the available investment alternatives through the Group RRSP, and the decision as to which units to retain, may be that of the employee alone. Employees are encouraged to consult the particular dealer, broker or mutual fund specialist through which the Group RRSP investments are made, in order to discuss all available investment alternatives. Employees participating in a Group RRSP may not be required by their employer to have investments made by them or on their behalf through the Group RRSP or to retain investments therein. Such employees may wish to consult their own investment advisors about investment opportunities available to them in addition to those available through the Group RRSP.

## **Sales Commissions and Redemption Fees**

### Series A units

An investor who purchases Series A units may choose to pay a sales commission at the time of purchase. If an investor chooses to purchase Series A units on a sales commission (i.e. a “front-end sales charge”) basis, the purchase price of each unit is the Unit Value of such series plus a commission, payable to the investor’s dealer, of up to 5% of the purchase price (or, conversely, the amount invested in units will be the aggregate purchase amount less the commission payable to the investor’s dealer).

In the alternative, an investor in Series A units of the Funds (other than of the Money Market Fund) can choose from three redemption fee payment options: a deferred sales charge option, a low load sales charge option (formerly volume sales charge option) or a low load 2 sales charge option (formerly low load sales charge option), each of which is described below. An investor will be deemed to have purchased Series A units subject to a redemption fee unless he or she has advised the Manager to the contrary at the time of purchase.

Series A units purchased under the front-end sales charge sales option described above are hereinafter referred to as “SCO Units”. Series A units purchased under the deferred sales charge option described below are hereinafter referred to as “DSC Units”. Series A units purchased under the low load sales charge option described below are hereinafter referred to as “LL Units”. Series A units purchased under the low load 2 sales charge option described below are hereinafter referred to as “LL2 Units”.

If an investor purchases DSC Units, the Manager will pay to the dealer selling such units a commission of 5% (other than for units of Specialty High Yield Fund, Specialty Global High Yield Fund, Canadian Bond Fund, Quadrant Conservative Fund and Quadrant Income Fund for which the Manager pays the dealer 4%, and units of the Money Market Fund, which are not available for sale under this option) of the purchase amount. Such commission may be changed from time to time in the discretion of the Manager. The redemption fees payable on DSC Units redeemed within six years of purchase are described below under “Redemptions, Switches and Conversions of Units - Redemption Fees”.

If an investor purchases LL Units, the Manager will pay to the dealer selling such units a commission of up to 1% of the purchase amount. The low load sales charge option is only available to investors purchasing at least \$10,000 of units of a Fund and is not available for units of Money Market Fund. The redemption fees payable on LL Units redeemed within two years of purchase are described below under “Redemptions, Switches and Conversions of Units - Redemption Fees”.

If an investor purchases LL2 Units, the Manager will pay to the dealer selling such units a commission of up to 2.5% of the purchase amount. The low load sales charge option is only available to investors purchasing at least \$5,000 of units of a Fund and is not available for units of Money Market Fund. The redemption fees payable on LL2 Units redeemed within three years of purchase are described below under “Redemptions, Switches and Conversions of Units - Redemption Fees”.

### Series F units

Each of the Funds other than Money Market Fund offers Series F units for sale. Series F units are only available to investors enrolled in an eligible fee for service or wrap program and who are subject to an annual advisory or asset-based fee rather than commissions for each transaction.

For such investors, the Manager is able to reduce the management fee rate on the Series F units because costs to the Manager are lower and because investors who purchase Series F units will already have entered into a separate agreement to pay account fees to their dealer organization for their individual investment program.

If the Manager becomes aware that an investor is no longer eligible to hold Series F units, the Manager will change such investor's Series F units for Series A units of the same Fund after giving the investor 30 days notice. The Manager will not make the change if the investor or his or her dealer notifies the Manager during the notice period that the investor is once again eligible to hold Series F units.

The Manager may also issue Series F units to other investors for whom the Manager does not incur distribution costs.

### Series I units

Each of the Funds other than the Quadrant Funds offers Series I units for sale under the Funds' simplified prospectus. Series I units are only offered to institutional investors and other high net worth investors.

Such investors pay management fees directly to the Manager on a negotiated basis. Such fees will not exceed the management fee rates attributable to Series F units. No sales charge is payable to us when such investors purchase or redeem Series I units; they will negotiate sales charges directly with their dealer. We may, if requested by that dealer and agreed to in writing by the investor, agree to collect this fee on that dealer's behalf.

## **REDEMPTIONS, SWITCHES AND CONVERSIONS OF UNITS**

### **Switching Between Funds**

You can redeem units of one Fund to buy units of the same series of another Fund as long as you meet the minimum initial investment and minimum account balance requirements, as the case may be. This is called a switch. When we receive your order to switch, we will sell your units in the original Fund and use the proceeds to buy units of the same series of the new Fund.

You can switch from one Fund to another fund in our group of funds including units for units or shares of the Northwest Corporate Class funds, the Ethical Funds, the Credential Select Funds, or the Credential EnRich Pools (provided that your dealer is authorized to sell units of those funds and you live in a province or territory in which those funds are qualified for sale), all of which are offered under separate offering documents, or to of any new mutual fund which is created and offered by NEI after the date of this document (provided that units of the new mutual fund have been qualified for sale in your province or territory of residence) through your dealer who may charge you a switching fee. In addition, if you switch within 29 days of your original purchase you will be subject to a short term trading fee.

You may switch units purchased under the deferred sales charge option, low load sale charge option or low load 2 sales charge option for similar sales charge option units or shares of another fund without paying the applicable deferred sales charge; units acquired under one of these options cannot be switched for units with a different sales charge option, either of the same Fund or a different fund. The deferred sales charge on the new units is based on the date and original purchase price of the units before the switch.

However, you may switch your annual free redemption amount to the front-end sales charge option of a fund in order not to lose that entitlement, since the free redemption cannot be carried forward to succeeding years. Special rules of the self-regulatory organization your dealer belongs to apply to these

types of switches; any order to switch your annual free redemption amount that we receive from your dealer must comply with the applicable rules. Your dealer is paid a higher trailing commission on units switched to the front-end sales charge option.

**A switch is a disposition for tax purposes and may result in a capital gain or loss for tax purposes in a non-registered account.**

### **Conversion of Units**

Units of one series of a Fund may be converted to units of another series of the same Fund provided that all conditions attaching to the units have been satisfied. In addition, the Manager may cause the conversion of units of one series to units of another series of the same Fund where the unitholder fails to meet the conditions attached to the series of units as specified in the Declaration of Trust and the Funds' simplified prospectus. In any such conversion, the converting unitholder will receive that number of new units, the fair market value of which is equal to the fair market value of the units to be converted, both as determined at the time of conversion. Units originally acquired under the deferred sales charge or low load sales charge option and subject to a redemption fee may not be converted to another series. When converting from Series F units to Series A units, your dealer may charge you a front-end sales charge or convert your units into those which are subject to a deferred sales charge.

A conversion of units from one series to another series of the same Fund is not a disposition for tax purposes and does not result in a capital gain or loss to a converting unitholder.

### **Mechanics of Redemption**

Subject to any short-term trading fees or redemption fees that may be applicable, units may be redeemed at their Unit Value calculated as at the valuation date following or coinciding with the receipt of the redemption order by the Manager or Fédération des caisses Desjardins du Québec (the Fund's registrar), at their addresses set out above. The investor must sign the redemption order, and a Canadian bank, trust company, credit union, securities dealer or mutual fund dealer, which the Manager deems acceptable, must certify the signature. If the investor is a corporation, partnership, agent, fiduciary or surviving joint owner, additional documentation will be required. The Manager will deduct from the redemption proceeds any applicable short-term trading fee or redemption fee. Please see "Redemption Fees" and "Short-Term Trading Fee" below.

If, at any time, the investor holds units in a Fund having both an aggregate Unit Value of less than \$500 and an aggregate original subscription price of less than \$500, the Manager may, after giving 15 days' written notice to the investor, cause the Fund to redeem the balance of his or her units in the Fund. The unitholder may avoid such mandatory redemption by making an additional investment during such 15 day period to increase the aggregate Unit Value of the investor's units in the Fund to an amount equal to or greater than \$500. We reserve the right to redeem, without notice to the investor, all of the shares or units that the investor holds in a Fund if their investment in that Fund falls below \$50. We also intend to observe all redemption policies that may be implemented from time to time by industry participants such as FundSERV, the provider of the transaction processing system used by most mutual funds in Canada.

No redemption order will be effective unless the written order has been duly completed and actually delivered to the Manager or to Fédération des caisses Desjardins du Québec (the Fund's registrar), at their addresses set out above, together with any additional documentation so required. Any redemption order that is not forwarded directly to the Manager or Desjardins Trust Inc. by the unitholder will be appropriately forwarded by the dealer receiving it on the same day the completed redemption order is received. The particulars of such redemption order will be transmitted by the dealer by courier, priority mail or telecommunications, without charge to the investor. Such redemption orders will be accepted on

the basis that the dealer will submit in writing a proper redemption order before settlement of the redemption proceeds by the Fund.

In accordance with the National Instrument, if an investor fails to provide a Fund with a duly completed redemption order together with all other required documentation within ten business days of the date on which the Unit Value was determined for purposes of the redemption, the applicable Fund will be deemed to have received and accepted on the tenth business day an order for the purchase of the equivalent number of units being redeemed and will apply the amount of the redemption proceeds to payment of the subscription price of such units. If the amount of the issue price of such units is less than the redemption proceeds, the Fund is required by the National Instrument to retain the excess. If the amount of the issue price of such units exceeds the redemption proceeds, the Fund may recover the amount of the deficiency from the dealer through whom the redemption request was made. That dealer may collect such amount together with its costs, charges and expenses in so doing and interest thereon from the defaulting investor. Where no dealers were involved in an application for redemption, the Manager is entitled, on behalf of the Fund, to collect such amounts from the defaulting investor.

Unless the calculation of Unit Value for a series has been suspended by the Manager (as described below), payment of the redemption proceeds for units in respect of which a redemption order has been received by the Manager or Desjardins Trust Inc. will be made within three business days after the applicable valuation date, provided that all documents required to be delivered in connection with the redemption have been delivered to the head office of the Manager or Desjardins Trust Inc. as described above.

All redemption orders will be dealt with in the order of their receipt. Requests requiring transfers to or from a registered plan may be delayed if the transfer documents are not filed according to the requirements of the tax authorities.

### **Suspension of Redemptions**

A Fund may suspend the calculation of the Unit Value for a series and the redemption of its units in the following cases:

- (a) for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 50% in value or underlying market exposure of the total assets of the Fund, without allowance for liabilities (provided that such securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund); or
- (b) if the Ontario Securities Commission authorizes such suspension.

If the right of redemption is suspended, a unitholder may either withdraw his or her redemption request or receive payment based on the series Unit Value next determined after the end of the suspension. Such Fund is not permitted to issue units during any period when the right to redeem units is suspended.

### **Redemption Fees**

If an investor chooses to purchase DSC Units (or LL or LL2 Units), then a redemption fee will be payable on any redemption of such units (other than a redemption made for the purpose of investment in another Fund) during the first six years (in the case of LL Units, two years and in the case of LL2 Units (i) if purchased prior to April 13, 2009, four years and (ii) if purchased on or after April 13, 2009, three years)

after the date of original purchase of such units, subject to the right to annually redeem certain of such units without payment of any redemption fee as described below.

Redemption fees to be paid on DSC Units (or LL or LL2 Units) to be redeemed depend on the date of the initial subscription of the units and their subscription price. If the units to be redeemed were purchased through a transfer between the Funds, the redemption fees are calculated on the basis of the date at which the initial units were subscribed for and their subscription price.

Redemption fees also apply to all DSC Units (or LL or LL2 Units), which have been acquired by the investor through the reinvestment of the distribution of income and capital gains on DSC Units (or LL or LL2 Units) which are subject to a redemption fee and which were purchased prior to April 13, 2009, including reinvestments of income or capital gains distributions on unites received after April 13, 2009 where the original purchase was made prior to April 13, 2009. Redemption fees do not apply to DSC Units (or LL or LL2 Units) which have been acquired by the investor through the reinvestment of the distribution of income and capital gains on DSC Units (or LL or LL2 Units) which were purchased on or after April 13, 2009. To calculate the redemption fees, the acquisition date of the units acquired through the reinvestment of distributions is deemed to be the acquisition date of the original units. The initial subscription price of such units is the Unit Value calculated immediately following said distribution.

The redemption fees are subtracted from the aggregate Unit Value of the redeemed units. The redemption fees are a fixed percentage of the initial subscription price of the redeemed units (and not of the Unit Value at the time of redemption).

The redemption fee with respect to DSC Units redeemed is initially 6%\*, but the percentage diminishes progressively with time as set out in the following table:

<b>If redeemed during the following period after the date of original purchase</b>	<b>Redemption fee as a percentage of original cost</b>
During the first year	6.0%
During the second year	5.5%
During the third year	5.0%
During the fourth year	3.5%
During the fifth year	2.5%
During the sixth year	1.5%
After the end of the sixth year	Nil

\*Units of Money Market Fund, Canadian Bond Fund, Canadian Dividend Fund, U.S. Equity Fund, EAFE Fund or Specialty Growth Fund (the former Maestral Funds) purchased prior to the date of this annual information form, and units acquired on the re-investment of distribution of such Funds will continue to be subject to the redemption schedule in effect at the time of their purchase.

The redemption fee with respect to LL Units redeemed within two years of purchase is 1.5%.

The redemption fee with respect to LL2 units purchased on or after April 13, 2009 is initially 3%, but the percentage diminishes progressively with time as set out in the following table:

<b>If redeemed during the following period after the date of original purchase</b>	<b>Redemption fee as a percentage of original cost</b>
During the first year	3.0%
During the second year	2.5%
During the third year	2.0%
After the end of the third year	Nil

The redemption fee with respect to LL2 units purchased before April 13, 2009 is initially 4%, but the percentage diminishes progressively with time as set out in the following table:

<b>If redeemed during the following period after the date of original purchase</b>	<b>Redemption fee as a percentage of original cost</b>
During the first year	4.0%
During the second year	4.0%
During the third year	3.0%
During the fourth year	1.5%
After the end of the fourth year	Nil

For the purpose of calculating redemption fees, the following rules apply:

- (a) an investor may redeem (the “DSC redemption right”), in any calendar year, without payment of a redemption fee, such number of DSC Units of a Fund as is equal to:
- 10% of the number of DSC Units of the Fund held by the investor as at December 31 of the previous year,
  - plus 10% of the number of DSC Units of the Fund purchased by the investor during the current year,
  - less any distributions or dividends received in cash which are not reinvested in units in respect of units purchased prior to April 13, 2009,
  - less the number of units previously redeemed by you during the calendar year or prior to the redemption date.

If an investor transfers all or part of his or her investment in such units from a Fund to another during the calendar year, the investor may redeem in that calendar year, without payment of a redemption fee, units of such Fund having a redemption value equal to the relevant portion of the unexercised DSC redemption right in the first Fund determined on the basis of the percentage of such units transferred. Any number of redemptions up to this limit will be permitted in any calendar year, but the right is not cumulative and cannot be carried forward to future years if any portion remains unexercised in any year;

(b) an investor may redeem (the “LL redemption right”), in any calendar year, without payment of a redemption fee, such number of LL Units of a Fund as is equal to:

- 10% of the number of LL Units of the Fund held by the investor as at December 31 of the previous year,
- plus 10% of the number of LL Units of the Fund purchased by the investor during the current year,
- less any distributions or dividends received in cash which are not reinvested in units in respect of units purchased prior to April 13, 2009,
- less the number of units previously redeemed by you during the calendar year or prior to the redemption date.

If an investor transfers all or part of his or her investment in such units from a Fund to another during the calendar year, the investor may redeem in that calendar year, without payment of a redemption fee, units of such Fund having a redemption value equal to the relevant portion of the unexercised LL redemption right in the first Fund determined on the basis of the percentage of such units transferred. Any number of redemptions up to this limit will be permitted in any calendar year, but the right is not cumulative and cannot be carried forward to future years if any portion remains unexercised in any year;

(c) an investor may redeem (the “LL2 redemption right”), in any calendar year, without payment of a redemption fee, such number of LL2 Units of a Fund as is equal to:

- 10% of the number of LL2 Units of the Fund held by the investor as at December 31 of the previous year,
- plus 10% of the number of LL2 Units of the Fund purchased by the investor during the current year,
- less any distributions or dividends received in cash which are not reinvested in units in respect of units purchased prior to April 13, 2009,
- less the number of units previously redeemed by you during the calendar year or prior to the redemption date.

If an investor transfers all or part of his or her investment in such units from a Fund to another during the calendar year, the investor may redeem in that calendar year, without payment of a redemption fee, units of such Fund having a redemption value equal to the relevant portion of the unexercised LL2 redemption right in the first Fund determined on the basis of the percentage of such units transferred. Any number of redemptions up to this limit will be permitted in any calendar year, but the right is not cumulative and cannot be carried forward to future years if any portion remains unexercised in any year;

(d) an investor redeeming units of a Fund or transferring units of a Fund to another must specify whether he or she is redeeming or transferring units subject to a sales commission or units subject to a redemption fee, if the investor holds more than one type of units;

- (e) subject to paragraph (c), DSC Units or LL or LL2 Units which can be redeemed without payment of a redemption fee otherwise payable pursuant to the DSC redemption right, the LL redemption right or the LL2 redemption right will be deemed to be redeemed before other units;
- (f) subject to paragraphs (d) and (e), units will be deemed to have been redeemed or transferred in the order in which they were issued, or deemed to be issued;
- (g) DSC Units, LL Units or LL2 Units issued on a transfer from one Fund to another will be deemed to have been issued on the date of issue of the original unit to which they are attributable at the subscription price for such original units; and
- (h) DSC Units, LL Units or LL2 Units issued upon the automatic reinvestment of distributions upon such units, where such units were originally purchased prior to April 13, 2009, will be deemed to have been issued on the date of issue of the original units to which such units are attributable. The original subscription price for such reinvested units will be deemed to be the Unit Value thereof determined immediately following such distribution.

#### Short-Term Trading Fee

Units are subject to a short-term trading fee payable to the relevant Fund on redemptions and switches in excess of \$2,500 on the following basis:

- 2% of the redemption proceeds otherwise payable if a redemption or switch occurs within 1 to 7 days of a purchase or switch;
- 1% of the redemption proceeds otherwise payable if a redemption or switch occurs within 8 to 29 days of a purchase or switch.

### **RESPONSIBILITY FOR PRINCIPAL FUNCTIONS**

#### **Manager**

The Manager is responsible for providing all management and administrative services required by the Funds, which includes arranging for the distribution of the Funds' units and arranging for all investment management services of the Funds. In that capacity, it makes available to the Funds its accounting facilities and clerical staff. The Manager also acts as trustee of the Funds.

The initial term of the management agreement between the Funds (other than Specialty Equity Fund, Specialty Innovations Fund, Specialty Global High Yield Fund, Quadrant Funds, Money Market Fund, Canadian Bond Fund, Canadian Dividend Fund, U.S. Equity Fund, EAFE Fund and Specialty Growth Fund) and the Manager dated October 31, 1997 ended on October 31, 2007 and it may be terminated thereafter on 60 days' prior written notice. The management agreement for Specialty Equity Fund is dated May 24, 1994 and may be terminated on 90 days' notice and the management agreement for Specialty Innovations Fund is dated November 16, 2000 and may be terminated on 180 days' notice. The management agreement for Specialty Global High Yield Fund and the Quadrant Funds is dated June 9, 2005 and may be terminated on 60 days prior notice.

The Manager acts as manager of Money Market Fund, Canadian Bond Fund, Canadian Dividend Fund, U.S. Equity Fund, EAFE Fund and Specialty Growth Fund in accordance with the management agreement dated October 21, 2002. The management agreement for Money Market Fund, Canadian Bond Fund, Canadian Dividend Fund, U.S. Equity Fund, EAFE Fund and Specialty Growth Fund may be terminated by the Manager or by the Funds upon 60 days' prior written notice.

The head office and the principal address of the Manager and each of the Funds is situated at 155 University Avenue, 4<sup>th</sup> Floor Toronto, Ontario M5H 3B7; telephone: 416-594-6633; toll free: 1-888-809-3333; fax: 416-594-3370. The Manager's website address is [www.northwestfunds.com](http://www.northwestfunds.com).

The following is a list of directors and senior officers of the Manager, and of Specialty Growth Fund Inc., and their respective principal occupations during the last five years:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation for the Last Five Years</b>
Allan P. Morin Winnipeg, Manitoba	Director	President & Chief Executive Officer of Assiniboine Credit Union; Chair of Civil Service Superannuation Board; Director of Concentra Financial Group
Bernie O'Neil <sup>(1)</sup> Dartmouth, Nova Scotia	Director	President and Chief Executive Officer of Credit Union Central of Nova Scotia, prior to that Senior Vice-President and Chief Financial Officer of Credit Union Central of Nova Scotia.
Debbie Lane Regina, Saskatchewan	Director	Vice-President, MarketSolutions, Credit Union Central of Saskatchewan.
Jack Smit, London, Ontario	Director	President and Chief Executive Officer of Libro Financial Group;
J. Ross Montgomery <sup>(1)</sup> Surrey, B.C.	Director	Retired
Pierre Tardif Longueuil, Québec	Director and Chair	Retired Prior to that Notary, La Caisse Centrale Desjardins du Québec
Pierre Gingras <sup>(1)</sup> Québec, Québec	Director	President, Placements Moras Inc.
Bruno Morin Brossard, Québec	Director	Chief Executive Officer of Caisse centrale Desjardins
Marcel Pepin St-Jean-Chrysostome, Québec	Director	Retired
Jocelyne Poulin Payette <sup>(1)</sup> Montréal, Québec	Director	General Manager, Caisse populaire Desjardins des Milles-Îles.
John Kearns Toronto, Ontario	Chief Executive Officer	Chief Executive Officer of the Manager, prior to that President and Chief Executive Officer of the Canadian Scholarship Trust Foundation.
Craig Fookes, Coldwater, Ontario	Senior Vice President, Finance & CFO	Vice President, Finance; prior to that CFO with Growth Works Capital Ltd.; Prior to that Vice President, Finance with Aegon Canada Inc.
Robert Walker West Vancouver, B.C.	Vice-President, Sustainability	Vice-President, Sustainability of the Manager, prior to that Vice-President, Sustainability of Ethical Funds Inc.
Michael Butler Mississauga, Ontario	President & Chief Operating Officer	President and Chief Operating Officer of the Manager, prior to that President and Chief Operating Officer of Northwest Mutual Funds Inc.
Leslie Wood Pickering, Ontario	Executive Vice-President	Executive Vice-President of the Manager, prior to that Executive Vice-President of Northwest Mutual Funds Inc.
John Mountain	Senior Vice-President, Legal	Senior Vice-President, Legal, Chief Compliance Officer

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation for the Last Five Years</b>
Toronto, Ontario	Chief Compliance Officer, And Corporate Secretary	and Corporate Secretary of the Manager, prior to that Senior Vice-President, Legal & Chief Compliance Officer of Northwest Mutual Funds Inc., prior to that Vice-President Regulation of the Investment Funds Institute of Canada.
Chris Holland Mississauga, Ontario	Senior Vice-President, Portfolio Manager	Senior Vice-President of the Manager, prior to that Senior Vice-President of Northwest Mutual Funds Inc.
Steve Kunzel Burlington, Ontario	Senior Vice-President, Sales & Marketing	Senior Vice-President, Sales & Marketing of the Manager, prior to that Senior Vice-President, Sales & Marketing of Northwest Mutual Funds Inc., and prior to that sales, marketing and general management capacities with CIBC Asset Management Inc. and Talvest Fund Management Inc.
Normand Paquin Outremont, Québec	Senior Vice-President, Corporate Affairs Secretary	Vice-President, Private Management and Intermediary Markets, Fédération des caisses Desjardins du Québec.
Genna Louie Vancouver, B.C.	Vice-President	Vice-President of the Manager, prior to that Director, Products and Solutions of Ethical Funds Inc.

<sup>(1)</sup> member of our Audit Committee

### **Independent Review Committee**

In accordance with National Instrument 81-107 “Independent Review Committee for Investment Funds” (“NI 81-107”) the Manager has appointed an independent review committee (“IRC”) for the Funds. The IRC is composed of persons who are independent of the Manager, the Funds and entities related to the Manager.

The following is a list of the members of the IRC and their respective principal occupations:

<b>Name and municipality of residence</b>	<b>Principal Occupation</b>
Lawrence Ward Toronto, Ontario	Consultant
Eamonn McConnell Toronto, Ontario	Consultant
Michèle McCarthy Toronto, Ontario	Lawyer

Before proceeding with a conflict of interest matter or any other matter that securities legislation requires the Manager to refer to the IRC, the Manager is required to establish policies and procedures that it must follow on that matter or on that type of matter, having regard to its duties under securities legislation and refer such policies and procedures to the IRC for its review and input.

The IRC reviews conflict of interest matters related to the operations of the Funds. The Manager may not proceed with any of the following proposed transactions without IRC approval:

- the purchase or sale of a security of any issuer from to another investment fund managed by the Manager or an affiliate of the Manager;
- the making or holding of an investment in a security of an issuer relate to the Fund, the Manager or an entity related to the Manager;
- an investment in a class of securities of an issuer underwritten by an entity related to the Manager;
- a change in the auditors of the Funds;
- the reorganization of a Fund with or the transfer of its assets to another mutual fund.

Before the Manager may proceed with a matter related to a Fund giving rise to a conflict of interest (other than those noted above) the IRC must provide a recommendation to the Manager as to whether the proposed action provides a fair and reasonable result for the Fund. The Manager must consider the recommendation of the IRC and in the event that the Manager intends to proceed with the matter, in circumstances where the IRC has not given a favourable recommendation, the Manager must notify the IRC in writing of this intention before proceeding with the action. In such circumstances the IRC can require the Manager to notify the Fund's unitholders of its decision.

For recurring conflict of interest matters the IRC can provide the Manager with standing instructions. On an annual basis the Manager must report to the IRC describing each instance that it acted in reliance on a standing instruction.

The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

NI 81-107 provides that an Independent Review Committee may approve a change of auditors for mutual funds.

### **Portfolio Manager**

The Manager is the portfolio manager of the Funds pursuant to a portfolio management agreement dated June 4, 2004, assigned to the Manager effective December 28, 2007.

The person responsible for providing investment advisory services is Mr. Christopher Holland. Mr. Holland has been associated with the Manager and its predecessor since 1998. He served NAMI for a number of years as an associate portfolio manager, and has been the person responsible for providing investment advisory services to the Funds since mid-2006.

Mr. Holland obtained his Chartered Financial Analyst designation in 1996. He received his Master of Business Administration from the University of Toronto in 1990 and his Bachelor of Arts in Economics from the University of Western Ontario in 1986. He has been employed in the financial services industry since 1990.

### **Portfolio Sub-Advisors**

The services provided by the Portfolio Sub-Advisors include the provision of investment analysis and recommendations and the implementation of investment decisions, in accordance with the fundamental investment objectives of the applicable Funds, as described in the Funds' simplified prospectus.

Each of the Portfolio Sub-Advisors have been appointed under a portfolio advisory agreement (together the “Advisory Agreements”) as described below.

The Advisory Agreements provide for termination by the Manager or the applicable Portfolio Sub-Advisor on 90 days’ notice (or less, depending on the agreement) to the other, unless a shorter notice period is accepted by the other party and can also terminate in the event of default. Agreements originally entered into between NAMI, Northwest Mutual Funds Inc. and a Portfolio Sub-Advisor have been assigned to the Manager effective December 28, 2007.

The Manager is responsible for the advisory fees payable to the Portfolio Sub-Advisors.

#### Addenda Capital Inc.

Addenda Capital Inc. (“Addenda”) has been appointed Portfolio Sub-Advisor of Canadian Bond Fund pursuant to an Advisory Agreement dated April 1, 2004, assigned to NAMI as of June 4, 2004 and assigned to the Manager effective December 28, 2007.

Addenda is a corporation incorporated under the laws of the Province of Québec with its head office at 800 René-Lévesque Blvd. W., Suite 2750, Montréal, Québec, H3B 1X9. Addenda was founded by Carmand Normand in 1996 as a fixed income manager for pension plans, foundations, institutions and wealthy individuals. Stéphane Corriveau is principally responsible for the portfolio advisory services provided by Addenda to the Canadian Bond Fund. Mr. Corriveau holds a bachelor’s degree in actuarial studies from Laval University and joined Addenda in 1999 after practicing as an actuary commencing in 1991. In addition to his portfolio management duties, Mr. Corriveau provides research for the Insurance and Securitization corporate bond sectors.

#### Aviva Investors North America, Inc. (former name: Aviva Capital Management, Inc.)

Aviva Investors North America, Inc. (AINA) has been appointed as portfolio sub-advisor of the Specialty High Yield Fund, Specialty Global High Yield Fund pursuant to an amended and restated advisory agreement dated June 20, 2007, among NAMI, Northwest Mutual Funds Inc. and ACM and assigned to the manager effective December 28, 2007.

AINA is an Iowa corporation incorporated December 29, 1997, and headquartered at Suite 1700, 699 Walnut Street, Des Moines, Iowa 50309. AINA specializes in delivering fixed income investment management services to institutional clients.

As of December 31, 2008, AINA’s assets under management exceeded \$37 billion, with over \$1.6 billion in high yield assets. AINA’s high yield investment management team uses a disciplined portfolio management and research approach simultaneously considering fundamentals, valuations and technical factors to make investment decisions.

Gregory D. Boal is chief executive officer of AINA. He has more than 22 years of investment management experience and has held numerous senior management positions during his career. Mr. Boal joined AINA in 2003. Prior to that, he served as group head and managing director – global quantitative fixed income for Deutsche Bank Asset Management; director of fixed income and managing director – mutual funds/institutional group for Zurich Scudder Investments; and director of fixed income and senior vice president for ABN AMRO Asset Management (USA). Mr. Boal earned a master degree in finance and a bachelor of science degree from the University of Wyoming. Greg holds the Chartered Financial Analyst designation, and is a member of the CFA Institute and the CFA Society of Iowa.

Todd Youngberg is senior vice president - head of high yield for AINA and is located in Aviva Investors’

Chicago office. Mr. Youngberg joined the firm in 2008 and has 18 years of experience managing high yield bond portfolios. Prior to joining, he was with ABN AMRO Asset Management and its predecessors and/or affiliates since 1998. Mr. Youngberg was the global head of high yield, senior portfolio manager and ultimate decision maker, as well as primary founder of the company's high yield products and long/short capabilities. In that role, he created and oversaw all portfolio management activity for the firm's high yield strategies and helped develop new products and raise assets. Previously, he was a high yield portfolio manager with AmerUs Capital Management.

Mr. Youngberg is a member of the CFA Society of Chicago. He has been a regular speaker at global conferences, including: CFA Institute Annual Conference ("Opportunities in Global High-Yield"), Financial Management Association ("Emerging Trends in Fixed-Income: High-Yield"), and NAREIT Annual Convention (Spotlight Session: Debt Markets Today - Creditworthy?). He earned a bachelor of arts degree from Central College and a masters degree in business administration from Drake University. He is a CFA charter holder.

Joshua Rank is vice president, portfolio manager for AINA. Mr. Rank joined the firm in 2005 and is the lead manager for the Northwest & Ethical Investments LP Specialty High Yield Bond Fund and the Specialty Global High Yield Bond Fund. He also is responsible for high yield bond and leveraged loan portfolio management and trading for the firm. Josh is the lead portfolio manager for many of AINA's dedicated high yield strategies, and he is the lead for the Global High Yield Strategy among a team of five high yield portfolio managers located globally.

Mr. Rank has eight years of high yield investment management experience. Prior to joining AINA, he spent five years as a high yield and leveraged loan credit research analyst with a global financial service organization, AEGON USA Investment Management. Mr. Rank earned a bachelor of science degree in finance from Iowa State University. He holds the CFA designation and is a member of the CFA Institute and the CFA Society of Iowa.

AINA provides advice to the Specialty High Yield Fund and Specialty Global High Yield Fund in reliance on an exemption from registration and is not subject to a variety of requirements contained in the Ontario Securities Act applicable to advisors resident in Ontario. In certain circumstances it may be difficult to enforce legal rights against AINA because it is resident in the U.S., and all or substantially all of its assets are located outside Canada.

#### Beutel Goodman & Company Ltd.

Beutel, Goodman & Company Ltd. ("Beutel Goodman") has been appointed as Portfolio Sub-Advisor of Canadian Dividend Fund and Global Equity Fund pursuant to a Sub-Advisor Agreement dated December 1, 2003, assigned to NAMI on June 4, 2004 as amended and restated effective February 28, 2007 and assigned to the Manager effective December 28, 2007.

Beutel Goodman is a corporation incorporated under the laws of Canada with its head office at 20 Eglinton Avenue West, Suite 2000, Toronto, Ontario, M4R 1K8. Beutel Goodman was founded in 1967 and provides a variety of specialist fixed income products, specialist domestic and international equity products (large and small cap), and a balanced product. Mark Thompson and Stephen Arpin are principally responsible for the portfolio advisory services provided by Beutel Goodman to Canadian Dividend Fund. Gavin Ivory is principally responsible for the portfolio advisory services provided by Beutel Goodman to the Global Equity Fund.

Mark Thompson joined Beutel Goodman in April 1989. He is a Senior Vice President and Director of Research, and oversees the global equity research process. Mr. Thompson has led Beutel Goodman's Canadian Equity team since 1999 and has analytical responsibility for utilities and financial sector

companies. He is also a member of Beutel Goodman's asset mix and management committees. Mr. Thompson has a Master's degree in Fine Arts and holds the CFA designation.

Stephen Arpin joined Beutel Goodman in 1993, originally in equity trading. For the past nine years, he has been involved in equity analysis, both as a generalist, and with a recent focus on energy, materials and consumer staples. Stephen has also co-managed Beutel Goodman's Canadian Equity Small Cap fund for several years, and is now team leader. He received a B.A.H. from Queen's University in 1991, an M.A. from York University in 1993 and his CFA designation in 1997.

Gavin Ivory has managed non-domestic equities for over 22 years. Prior to joining Beutel Goodman in 1992, he managed global equities at the investment arm of a major Canadian bank, with a focus on European markets. Gavin leads Beutel Goodman's Global Equity team and has analytical responsibility for non-domestic financial sector companies. He is also a member of Beutel Goodman's asset mix committee. Gavin has a BA and holds the CFA designation.

#### Desjardins Global Asset Management Inc.

Desjardins Global Asset Management Inc. ("Desjardins Global") has been appointed as Portfolio Sub-Advisor of Money Market Fund pursuant to an Advisory Agreement dated June 4, 2004 between NAMI and Desjardins Global and assigned to the Manager effective December 28, 2007.

Desjardins Global is a corporation incorporated under the laws of the Province of Québec with its head office at 1 Complexe Desjardins, South Tower, 25th floor, Montréal, Québec, H5B 1B3. Desjardins Global was initially founded as a Québec numbered company in 1990 by the Desjardins Group. In October 2000, the company was acquired by Opvest Inc. and renamed Opvest International Inc. In January 2001, the company was accredited as an IFC (international financial centre) certified corporation in Montreal and was renamed in December 2003 as Desjardins Global Asset Management Inc. Desjardins Global is responsible for management and development of alternative investments and securities operations. Desjardins Global's main areas of expertise are global allocation strategies, management of North American bond and equity portfolios, hedge fund management and the creation of structured investment products for internal funds using non-traditional investment techniques.

Paul Robillard is principally responsible for the portfolio advisory services provided by Desjardins Global to Money Market Fund. He has worked in fixed-income markets for the past thirty years as a pension fund portfolio manager and corporate treasurer

Before joining Desjardins Asset Management in 2007, Mr. Robillard worked at Hydro-Québec for 10 years, where he successively held the positions of Financial Markets Manager and Treasurer. He oversees the management of fixed-income securities mandates, corporate credit management and loan and securities activities.

Paul Robillard is a chartered financial analyst (1984) and holds an M.Sc. in Economics from Université de Montréal (1977) and a B.Sc. in Mathematics from the same institution (1974).

#### Kingwest & Company

Kingwest & Company ("Kingwest") has been appointed as Portfolio Sub-Advisor of Canadian Equity Fund, Growth and Income Fund and U.S. Equity Fund pursuant to an amended and restated Advisory Agreement dated August 18, 2004 among NAMI, Northwest Mutual Funds Inc. and Kingwest and assigned to the Manager effective December 28, 2007.

Kingwest is a partnership with its head office at 86 Avenue Road, Toronto, Ontario, M5H 2H2. Richard L. Fogler, Managing Director and Chief Investment Officer of Kingwest, is principally responsible for making investment decisions for Canadian Equity Fund, Growth and Income Fund and U.S. Equity Fund. Mr. Fogler is a founding partner of Kingwest which was purchased in 1982 by R. Fogler & Partners. Mr. Fogler has over 25 years of investment experience.

#### Montrusco Bolton Investments Inc.

Montrusco Bolton Investments Inc. (“MBII”) has been appointed as Portfolio Sub-Advisor of Specialty Growth Fund pursuant to an Advisory Agreement dated September 28, 2001, assigned to NAMI on June 4, 2004 and as Portfolio Sub-Advisor of Specialty Equity Fund pursuant to an Advisory Agreement dated February 22, 2006 among NAMI, Northwest Mutual Funds Inc. and Montrusco Bolton, each assigned to the Manager effective December 28, 2007.

MBII, an investment management firm, offers services to private and institutional clients, including pension funds, foundations, religious communities, and insurance companies. MBII concluded its first management agreement in 1948 and it is still serving that client today. The head office is located in Montreal where all of its assets are managed and it has offices in Quebec City, Saint-Hyacinthe, Toronto and Calgary. MBII also holds a 49% interest in Louisbourg Investments based in the Atlantic Provinces (with offices in Moncton and Halifax). MBII is a private company held by the firm’s key employees and by two strategic partners, Affiliated Managers Group Inc. and the Solidarity Fund QFL.

At MBII Canadian equity portfolios are co-managed by Christian Godin and Peter Harrison. However, Mr. Godin is the main responsible for the portfolio advisory services provided by Montrusco Bolton to Specialty Growth Fund. Prior to joining MBII in 2001, Christian Godin worked for Merrill Lynch as Director and Senior Equity Research Analyst. He also worked for Midland Walwyn Capital and CTI Capital. Christian has a Masters Degree in Finance from HEC Montreal.

Peter Harrison has worked in the investment industry for more than 28 years and prior to joining MBII in December 1997, he worked for CN Pension Fund as a portfolio manager, venture capital specialist, manager of direct oil & gas investments and as head of Canadian equities. He has also worked for Alcan Pension Fund as a portfolio manager. Peter has a MBA from the University of Western Ontario and is a Chartered Financial Analyst (CFA) charterholder. Peter is also a member of the boards of directors of Freehold Royalty Trust and Midnight Oil Exploration.

#### Selective Asset Management Inc.

Selective Asset Management Inc. (“Selective Asset”) has been appointed Portfolio Sub-Advisor of Specialty Innovations Fund pursuant to an Advisory Agreement dated April 1, 2004 among NAMI, Northwest Mutual Funds Inc. and Selective Asset and assigned to the Manager effective December 28, 2007.

Selective Asset is a corporation with its head offices located at 910-120 Adelaide Street West, Toronto, Ontario, M5H 1T1. Selective Asset is an investment counsel and portfolio manager engaged in the business of general investment and fund management.

Selective Asset manages money for public investment funds, high net worth individuals and institutional investors. Robert J. McWhirter is principally responsible for making investment decisions on behalf of Specialty Innovations Fund. Mr. McWhirter established Selective Asset in 2004. He previously worked (since August 2000) with Triax Investment Management Inc. and prior thereto he was a senior ranking investment manager with a leading Canadian chartered bank and its investment management arm.

### Sky Investment Counsel Inc.

Sky Investment Counsel Inc. (“Sky”) was appointed as sole Portfolio Sub-Advisor for the EAFE Fund pursuant to an agreement dated June 21, 2007 among NAMI, Northwest Mutual Funds Inc. and Sky and assigned to the Manager effective December 28, 2007.

Sky is a corporation incorporated under the laws of Canada with its head office at Suite 2310, 1 Adelaide Street, Toronto, Ontario M5C 2V9. It was established in 2004.

Jennifer Witterick is principally responsible for the portfolio advisory services provided by Sky to the EAFE Fund. Jennifer Witterick is a graduate of the University of Western Ontario, where she completed an Honours Degree in Business Administration. She is also a CFA charterholder and former President of the Toronto Society of Financial Analysts. Prior to joining Sky, Jennifer worked for Foyston, Gordon & Payne Inc. since February 1993.

### **Brokerage Arrangements**

The policy of the Manager is that the purchase and sale of portfolio securities for the Funds are transacted through a number of registered brokers and dealers on the basis of the assessment of the following factors:

- (1) the ability of the registered broker or dealer to execute transactions promptly and on favourable terms; and
- (2) the quality and value of investment decision making services provided to the Fund by the registered broker or dealer. Investment decision making services include the provision of advice, valuations, research, and related data and software used in assessing potential investments.

Since June 25, 2008, the following brokers who have provided order execution services have also provided investment decision making services to the Portfolio Sub-Advisors of the following Funds, including research, statistical and other services to the Portfolio Sub-Advisors:

<b>Fund Name</b>	<b>Service Providers</b>
Canadian Equity Fund	BMO Nesbitt Burns TD Waterhouse Institutional
Growth and Income Fund	BMO Nesbitt Burns TD Waterhouse Institutional
U.S. Equity Fund	BMO Nesbitt Burns TD Waterhouse Institutional
Canadian Dividend Fund	Blackmont Capital BMO Capital markets Cannaccord Adams CIBC World Markets Citigroup Global Markets Commission Direct Credit Suisse Securities Dundee Securities Corp

Fund Name	Service Providers
	First Energy Genuity Capital Laurentian Bank Securities Lehman Brothers Maquarie Canada Merrill Lynch Canada Morgan Stanley National Bank Financial Pacific International Paradigm Securities Raymond James Ltd RBC Capital Markets Research Capital Corp Salman Partners Scotia Capital TD Newcrest Thomas Weisel Partners Tristone Capital UBS Canada Wellington West Westwind
Global Equity Fund	Auerbach Grayson Barclays Capital Bear Stearns BMO Capital Markets CIBC World Markets Citigroup Global Markets Commission Direct Credit Suisse Fox Pitt Kelton Inc Lehman Brothers Merrill Lynch Morgan Stanley Natixis Bleichroeder Openheimer & Co. Sanford Bernstein Societe Generale Americas Securities TD Newcrest UBS Securities UBS Canada Inc.
EAFE Fund	ABG Sundal Collier Abn - Amro Capital Markets

Fund Name	Service Providers
	Auerbach Grayson & Co Inc BNP Paribas - Peregrine Brockhouse Cooper Carnegie Cazenove Cheuvreux CIBC World Markets Citibank CLSA Calyon Credit Suisse Davy DBS Vickers Deutsche Bank Enskilda ESN Exane Inc Fortis Foxx-Pitt Goldman Sachs Handelsbanken Helvea - Pictet Instinet Intermonte Securities JP Morgan Kaupthing Keefe Bruyette & Woods Kempen Kepler Macquarie Merrill Lynch Int'l MF Global Mitsubishi Securities Mizuho Morgan Stanley Natexis Bleichroeder NCB Nomura ODDO Securities Petercam RABO Securities Sal. Oppenheim Jr & Cie Sec In Sanford Bernstein Santander Societe Generale UBS Securities LLC UOB KayHian Woori Securities
Specialty Innovations Fund	Bear Stearns Blackmont Capital

Fund Name	Service Providers
	BMO Nesbitt Burns Canaccord Capital CIBC Wood Gundy Clarus Securities Cormark Securities Desjardins Securities Inc. Dundee Securities Fraser Mackenzie Genuity Capital Markets GMP Securities Haywood Securities ITG Jennings Capital Inc. Lowen, Ondaatje McCutcheon Ltd MPartners Maquarie Merrill Lynch Ned Davis National Bank Northern Securities Octagon Capital Paradigm Capital Pacific International Raymond James RBC CM Research Capital Sandfire Scotia Capital TD Newcrest Thomas Weisel Versant Partners Wellington West
Specialty Growth Fund	Acumen Capital Beacon Securities Ltd. Blackmont Capital BLC Valeurs Mobilieres BMO Capital Makets Can Accord Capital CIBC World Markets Clarus Securities Inc. Cormark Securities Inc. Desjardins Securities Inc. Dundee Securities Corporation Firstenergy Capital Corp. Genuity Capital Market GMP Securities

Fund Name	Service Providers
	<p>Haywood Securities Inc.  Industrielle Alliance Securities  Macquarie-Capital Markets Ltd.  Merrill Lynch  National Bank Financial  Raymond James Limited  RBC Dominion Securities  Research Capital Corporation  Scotia Mcleod Inc.  Toronto Dominion Newcrest  Tradebook Bloomberg  Tristone Capital  UBS Securities Canada  Versant Partners</p>
Specialty Equity Fund	<p>Acumen Capital  Beacon Securities Ltd.  Blackmont Capital  BLC Valeurs Mobilieres  BMO Capital Makets  Can Accord Capital  CIBC World Markets  Clarus Securities Inc.  Cormark Securities Inc.  Credit Suisse First Boston  Desjardins Securities Inc.  Dundee Securities Corporation  Firstenergy Capital Corp.  Fraser Mackenzie  Genuity Capital Market  GMP Securities  Haywood Securities Inc.  Industrielle Alliance Securities  Jennings Capital Inc.  Macquarie-Capital Markets Ltd.  Merrill Lynch (CAD)  National Bank Financial  Peters &amp; Co. Ltd.  PI Financial Corp.  Raymond James Ltd.  RBC Dominion Securities</p>

Fund Name	Service Providers
	Research Capital Corporation Scotia Mcleod Inc. Toronto Dominion Newcrest Tradebook Bloomberg Tristone Capital UBS Securities Canada Versant Partners

### Registrar

The Manager and the Fédération des caisses Desjardins du Québec, 1 Complexe Desjardins, South Tower, Suite 1422, Montréal, Québec, H5B 1E4, are the Funds' registrars. The register of securities is kept at the offices of Fédération des caisses Desjardins du Québec in Montréal, Québec.

### Auditors

The auditors of the Funds are PricewaterhouseCoopers LLP, in Montréal, Québec.

### Custodian

Desjardins Trust Inc. is the custodian of the portfolio of each of the Funds pursuant to a custodial agreement dated April 19, 2004 as amended (the "Custody Agreement") originally between the Northwest Mutual Funds Inc. and Desjardins Trust Inc. and assigned to the Manager. The securities are held at the Custodian's principal place of business situated at 1 Complexe Desjardins, South Tower, Suite 1422, Montréal, Québec, H5B 1E4, except for securities held by a domestic or foreign depository or clearing agency authorized to operate a national or transactional book-based system.

If the portfolio securities are acquired in any foreign market, they are kept at the offices of the sub-custodian appointed in the jurisdiction in which such market is situated. The sub-custodian for securities acquired in any foreign market is State Street Trust Company Canada, 770 Sherbrooke Street West, Montreal, Quebec, Canada.

Any other foreign sub-custodian will be appointed by or under the authority of the Custodian, based upon a variety of factors, including reliability as a custodian, financial stability and compliance with applicable regulatory requirements.

Either party may at any time terminate the Custody Agreement without penalty by giving at least 60 days notice to the other party of such termination; provided that the Custody Agreement may be terminated immediately by a party by notice in writing to the other if:

- (a) the other party ceases to carry on business, becomes bankrupt or insolvent, resolves to wind up or liquidate or if a receiver of its assets is appointed and is not discharged within 30 days, or proceedings of a receiver for that party are commenced and not discontinued within 30 days;
- (b) or if the Custodian ceases to be qualified to act as a custodian of mutual fund assets under the provisions of the National Instrument.

## INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations applicable to the Funds and individual unitholders or shareholders, other than trusts, resident in Canada who hold units of the Funds as capital property. The summary is based upon the provisions of the Tax Act, the regulations made under the Tax Act (the “Regulations”), publicly announced proposals to amend the Tax Act and the Regulations and an understanding of current administrative and assessing practices published by the Canada Revenue Agency. This summary is not exhaustive of all possible income tax considerations and is based upon the assumption that each of the Funds, other than Specialty Growth Fund, will qualify as a mutual fund trust under the Tax Act at all material times, and upon the assumption that Specialty Growth Fund will qualify as a mutual fund corporation and an investment corporation under the Tax Act at all material times. **Prospective purchasers of units are advised to consult their own tax advisors about their particular circumstances.**

### Funds Organized as Trusts

#### Taxation of the Funds

In each year, the net income and net realized capital gains, if any, of the Funds as would otherwise be taxable in the Funds will be payable to unitholders and paid in cash or by way of reinvestment in additional units. Consequently, the Funds will not be liable for income tax under Part I of the Tax Act. Capital or income losses incurred by the Funds cannot be allocated to unitholders but may, subject to certain limitations, be deducted by the Funds from capital gains or net income realized in other years. Generally, gains and losses from derivatives will be realized on income account, rather than as capital gains and losses. In certain circumstances, capital losses realized by the Quadrant Portfolios may be suspended and, therefore, will be unavailable to shelter capital gains.

All of a Fund’s deductible expenses, including expenses common to all series of units of the Fund and management and other expenses specific to a particular series of the Fund, will be taken into account in determining the income or loss of the Fund as a whole.

#### Taxation of Unitholders

Unitholders must include in their income the net income and the taxable portion of the net realized capital gains, if any, payable to them by the Funds, whether paid to them in cash or by reinvestment in additional units. To the extent applicable, the Funds intend to make designations to ensure that the maximum portion of their Canadian dividends, foreign source income, taxable capital gains and foreign creditable tax will be deemed to be Canadian dividends, foreign source income or taxable capital gains of unitholders, as the case may be, or be deemed to be paid by unitholders in the case of foreign creditable tax.

If distributions from a Fund are greater than a Unitholder’s share of the Fund’s net income and net realized capital gains, the excess will be a return of capital. A return of capital is not taxable but will reduce the adjusted cost base of the Unitholder’s units of the Fund. If the adjusted cost base of a Unitholder’s units would otherwise be less than zero, the negative amount will be deemed to be a capital gain and subject to tax, and the adjusted cost base of the units will be increased by the amount of the gain.

Management fees paid by Unitholders who hold Series I shares will not be deductible.

Upon a disposition, including a redemption to effect a transfer to another Fund, a unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the unitholder’s adjusted cost base of the unit at such time and any costs of disposition.

Unitholders must include the taxable portion of a capital gain in computing income while the equivalent allowable portion of a capital loss may be deducted from the taxable portion of a capital gain. The inclusion rate for capital gains and losses is generally 50%. A conversion of units of one series of a Fund to units of another series of the same Fund will not result in a disposition.

Unitholders may be subject to alternative minimum tax in respect of capital gains and dividends.

#### Eligibility for Investment by Registered Plans

The Funds currently qualify as mutual fund trusts under the Tax Act. Provided that the Funds qualify as mutual fund trusts under the Tax Act, units of the Funds will be qualified investments for RRSPs, RRIFs, RESPs, TFSAs, deferred profit-sharing plans, and registered disability savings plans (collectively, “Registered Plans”).

Investors who choose to purchase units through a Registered Plan should consult their own professional advisers regarding the tax treatment of contributions to and acquisitions of property by such Registered Plan.

### **Specialty Growth Fund**

#### The Fund

Specialty Growth Fund is organized as a corporation.

Taxable dividends received from taxable Canadian corporations with respect to shares that are neither term preferred shares, within the meaning of the Tax Act, nor certain other guaranteed shares to which the Tax Act refers will normally be deductible in computing the taxable income of the Specialty Growth Fund.

The taxable capital gains realized by the Specialty Growth Fund will be taxed at the corporate rate applicable to a mutual fund corporation. Specialty Growth Fund may, however, obtain a refund of such income tax when shares are redeemed or by paying to its shareholders capital gains dividends. The Fund will generally pay capital gain dividends in a sufficient amount to enable it to obtain full refund of the income tax payable with respect to its capital gains. The Fund will, however, consider paying such capital gain dividends after deduction of any net capital losses carried forward from prior years.

Specialty Growth Fund is subject to tax on its other income, however, it is entitled to deduct from its tax otherwise payable 20% of the amount by which its taxable income exceeds, generally, its net taxable capital gains.

#### Taxation of Shareholders

Dividends (other than capital gains dividends) received by shareholders (whether received in cash or reinvested in additional shares) must be included in the computation of income and will be subject to the gross-up and income tax credit rules applicable to taxable dividends paid by taxable Canadian corporations. An enhanced gross-up and dividend tax credit is available for certain eligible dividends paid by Specialty Growth Fund.

Distributions of net realized capital gains by Specialty Growth Fund will be paid as capital gains dividends. Capital gains dividends received by a shareholder (whether received in cash or reinvested in additional units) will be deemed to be realized capital gains of such shareholder and will be taxed as described herein below.

Management fees paid by holders of Series I shares will not be deductible.

If a shareholder redeems or otherwise disposes of a share, the shareholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of related costs, are higher (or lower) than the adjusted cost base of the shares. Generally, one half of a realized capital gain will have to be included in the shareholder's income and one half of a realized capital loss may be deducted from any realized taxable capital gain in the year or any other year, subject to the loss carryover rules. A conversion of shares of one series to shares of another series will not result in a disposition.

#### Eligibility For Investment by Registered Plans

The shares of the Specialty Growth Fund are qualified investments for Registered Plans.

Investors who choose to purchase shares through a Registered Plan should consult their own professional advisers regarding the tax treatment of contributions to and acquisitions of property by such Registered Plan.

#### **Tax Records**

The Funds will provide unitholders each year with income tax information necessary to complete their income tax returns. Individual unitholders should keep records of the original cost, along with any sales charges, of their units and any re-invested distributions so that any capital gain or loss on redemption or other disposition can be accurately determined for tax purposes.

#### **PRINCIPAL HOLDERS OF SECURITIES**

**The Funds:** As at June 8, 2009, other than as set out below, no person owns of record or beneficially, directly or indirectly, more than 10% of the units of a series of any of the Funds.

<b>Northwest Fund</b>	<b>Unitholder</b>	<b>Percentage Holding</b>	<b>Number and Series of Units</b>
Money Market Fund	Northwest Short Term Corporate Class	99.98% Series I units	62,124 Series I units
Canadian Equity Fund	Northwest Quadrant Balanced Growth Portfolio	39.02% Series I units	800,695 Series I units
	Northwest Quadrant All Equity Portfolio	17.53% Series I units	359,625 Series I units
	Northwest Canadian Equity Corporate Class	16.50% Series I units	338,560 Series I units
Canadian Bond Fund	Northwest Quadrant Balanced Growth Portfolio	14.17% Series I units	973,087 Series I units
	Northwest Growth and Income Fund	61.79% Series I units	3,684,470 Series I units

<b>Northwest Fund</b>	<b>Unitholder</b>	<b>Percentage Holding</b>	<b>Number and Series of Units</b>
Canadian Dividend Fund	Northwest Quadrant Balanced Growth Portfolio	34.87% Series I units	698,225 Series I units
	Northwest Quadrant All Equity Portfolio	15.25% Series I units	305,350 Series I units
	Northwest Quadrant Income Portfolio	12.74% Series I units	255,011 Series I units
	Northwest Canadian Dividend Corporate Class	12,20% Series I units	244,206 Series I units
Growth and Income Fund	DSF FPG - Northwest Growth and Income Fund	83,56% Series I units	1,849,954 Series I units
	Sunwise Elite Northwest Growth and Income Fund	12.65% Series I units	280,064 Series I units
Global Equity Fund	Northwest Growth and Income Fund	42,20% Series I units	3,868,108 Series I units
	Northwest Quadrant Balanced Growth Portfolio	14,13% Series I units	1,295,601 Series I units
	Northwest Growth and Income Fund	27,59% Series I units	2,528,799 Series I units
U.S. Equity Fund	Northwest Quadrant Balanced Growth Portfolio	38,80% Series I units	654,317 Series I units
	Northwest Quadrant All Equity Portfolio	18,27% Series I units	308,013 Series I units
	Northwest Quadrant Balanced Growth Portfolio	10,18% Series I units	171,616 Series I units
EAFE Fund	Northwest Quadrant Balanced Growth Portfolio	38,64% Series I units	773,416 Series I units
	Northwest Quadrant All Equity Portfolio	19,79% Series I units	396,136 Series I units
	Individual Investor A	10,42% Series I units	208,482 Series I units
Specialty High Yield Fund	Northwest & Ethical Investments L.P.	100% Series I Units	112 Series I units
Specialty Global High Yield Fund	Fonds Desjardins NordOuest Spécialisé d'obligations mondiales à rendement élevé	78.89% Series I units	14,835,708 Series I units
Specialty Equity Fund	Northwest Quadrant Balanced Growth Portfolio	10,09% Series I units	362,031 Series I units
	Fonds Desjardins NordOuest Spécialisé actions	51,76% Series I units	1,856,291 Series I units
	DSF FPG - Northwest Specialty Equity Fund	14,03% Series I units	503,024 Series I units

<b>Northwest Fund</b>	<b>Unitholder</b>	<b>Percentage Holding</b>	<b>Number and Series of Units</b>
Specialty Innovations Fund	Northwest Quadrant All Equity Portfolio	32,85% Series I units	86,449 Series I units
	Northwest Specialty Innovations CC	39,31% Series I units	103,523 Series I units
Specialty Growth Fund	DSF FPG - Northwest Ultimate Portfolio	14,97% Series I units	134,430 Series I units
	DSF FPG - Northwest Specialty Growth Fund inc.	85,05% Series I units	763,739 Series I units
Quadrant Conservative Fund	Individual investor B	28,03% Series F units	98,663 Series I units
Quadrant Balanced Growth Fund	DSF FPG - Northwest Dynamic Portfolio	99,84% Series I units	2,971,779 Series I units
Quadrant All Equity Fund	Individual investor C	13,52% Series F units	15,541 Series F units
	Individual investor D	10,14% Series F units	11,659 Series F units
	Individual investor E	11,69% Series F units	13,441 Series F units
	Individual investor F	11,02% Series F units	12,672 Series F units
Quadrant Income Fund	Individual investor G	26,91% Series F units	168,973 Series F units
	Individual investor H	10,50% Series F units	65,909 Series F units
Quadrant Global Fund	Northwest & Ethical Investments L.P.	100,00% Series F units	123 Series F units
Quadrant Growth Fund	Individual investor I	18,40% Series F units	43,112 Series F units
Quadrant Global Equity Fund	Individual Investor J	12,84% Series A units	8,916 Series A units
	Individual Investor K	10,76% Series A units	7,466 Series A units
	Northwest Mutual Funds Inc.	22,18% Series A units	15,395 Series A units

**The Manager:** The following table shows the number of voting shares of the Manager owned of record or beneficially, directly or indirectly, by persons owning 10% or more of the voting limited partnership units of the Manager as at the close of business on June 1, 2008:

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>% of Ownership</b>
La Fédération des caisses Desjardins du Québec	Directly	50%
Central 1 Credit Union	Indirectly	26%

## **AFFILIATED ENTITIES**

The Manager is 50% owned by La Fédération des caisses Desjardins du Québec and 50% owned by Ethical Funds Inc., which is in turn owned by seven Provincial Credit Union Centrals. The Manager is not an affiliated entity of any person or company.

## **FUND GOVERNANCE**

The Manager (who is also the trustee of each of the Funds) has responsibility for governance of the Funds. The Manager has a Code of Business Conduct (the “Code”) which applies to all of its employees and which has been provided to all of the Portfolio Sub-Advisors with the request that their employees comply therewith. The Code is in place to ensure that all employees of the Manager and the Portfolio Sub-Advisors are working with the sole purpose of doing what is best for the clients with no real or perceived conflicts of interest. The Code provides mandatory policies in respect of the conduct of business including conflicts of interest, privacy and confidentiality.

### **Derivatives Policies and Practices**

To the extent that the Funds use derivatives, the Portfolio Sub-Advisors will be responsible to ensure that derivatives used will be consistent with the applicable investment objectives and restrictions of the Funds and conform to the requirements of the National Instrument.

Derivative transactions for the Funds may be initiated only by authorized investment personnel approved by senior management who ensure that these individuals have the necessary proficiency and experience to use derivatives. As in the case of other portfolio transactions, all derivative transactions for the Funds must be recorded on a real time basis and immediately reflected in the Funds’ portfolio management records. Derivative positions will be monitored daily to ensure compliance with all regulatory requirements, including cash cover requirements.

### **Proxy Voting Policies**

The Manager has established a policy on the exercise of voting rights which establishes the basis on which and the manner that the voting rights related to securities held in the Funds’ portfolios will be exercised (the “Policy”). The Policy reflects the Manager’s responsibility to protect the medium and long-term interests of investors in the Funds by fully exercising the rights attached to securities held in the Funds’ portfolios and its broader standards of ethics. The Policy covers several subjects on which the Funds can be called upon to exercise proxy voting rights. It cannot, however, be exhaustive or foresee all possible situations. Generally, the Policy provides that unless an issuer’s particular situation justifies other action:

- on some matters such as the appointment of directors and auditors and the remuneration of auditors, the securities held by the Funds will be voted in accordance with management’s recommendations. However, with regard to the appointment of directors, the securities held by the Funds will be voted for resolutions whose effect will be to create or maintain a majority of independent directors, and to support the individual election of directors rather than the election of slates;
- on other matters, including director and management compensation matters, matters related to takeover bids and similar transactions, and shareholders’ rights matters, the securities held by the Funds will be voted in accordance with specific policies aimed at protecting the medium and long-term interests of investors in the Funds and Manager’s broader standards of ethics;
- although the Manager does not foresee a situation arising in which the interests of the Manager conflict with the medium and long-term interests of the investors in a Fund, should such a situation ever arise, the Fund will exercise its proxy voting rights in a manner that respects the aforementioned general values and principles.

The Manager has retained ISS Governance Services, a division of RiskMetrics Group, Inc. (“ISS”) to assist with the exercise of the voting rights attached to securities held in the Funds’ portfolios. ISS receives all proxy materials and formulates voting recommendations in accordance with the Policy. The voting recommendations are conveyed to the Manager, which analyzes the voting recommendation having regard to the Policy and the issuer’s particular situation and makes the final voting decision which is then conveyed to the issuer via ISS. ISS provides the Manager with records of all votes.

The Policy is available on the Manager’s website at [www.northwestfunds.com](http://www.northwestfunds.com), or by request at no cost by calling 416-594-6633 in the Toronto area or by calling toll-free 1-888-809-3333 or by writing to Northwest Funds Customer Service at 155 University Avenue, Suite 400, Toronto, Ontario M5J 3B7. The Funds’ proxy voting record for the most recent period ended June 30 will be available on the Manager’s website or free of charge to any unitholder of the Funds upon request at any time after August 31 of that year.

### **Short-Term Trading**

We have policies and procedures to detect and deter short-term trading that include the ability to refuse your present or future order(s) to purchase or switch securities. If you switch or redeem units within 29 days of a purchase or switch, you will be charged a short-term trading fee to be paid directly to the Fund out of the redemption proceeds, reducing the amount otherwise payable to you on the redemption or switch.

Units are subject to a short-term trading fee payable to the relevant Fund on redemptions and switches in excess of \$2,500 on the following basis:

- 2% of the redemption proceeds otherwise payable if a redemption or switch occurs within 1 to 7 days of a purchase or switch;
- 1% of the redemption proceeds otherwise payable if a redemption or switch occurs within 8 to 29 days of a purchase or switch.

We have the option to waive this penalty at any time.

The restrictions imposed on short-term trading, including the short-term trading fees, will generally not apply in connection with redemptions or switches: from money market funds and other short-term funds; systematic withdrawal plans and rebalancing in connection with the Planimaîtres asset rebalancing program and in respect of redemptions made by other mutual funds managed by the Manager.

### **MATERIAL CONTRACTS**

The material contracts of the Funds are as follows:

- Declaration of Trust (see pages 1 to 7);
- Management Agreements (see page 21);
- Portfolio Management Agreements (see page 24);
- Portfolio Advisory Agreements (see pages 24 to 29); and
- Custody Agreement (see page 36).

Copies of these agreements may be inspected at the head office of the Funds during normal business hours.

### **REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE**

Other than Specialty Growth Fund, the Funds do not have officers and directors. Northwest & Ethical Investments L.P., as trustee of the Funds other than Specialty Growth Fund, is not entitled to any remuneration.

No payment or reimbursement has been made by Specialty Growth Fund to the directors and officers of Specialty Growth Fund as at the date of this annual information form.

The individual IRC members are compensated by way of an annual retainer fee as well as being reimbursed for expenses associated with IRC duties, if any. These costs were allocated amongst the Funds in a manner that was fair and reasonable. For the financial year ended September 30, 2008 total compensation paid by the Funds to the IRC members was in the aggregate amount of \$65,000 plus applicable taxes, no expenses were reimbursed.

## AUDITORS' CONSENT

(Series A units, Series F units and Series I units unless otherwise indicated)

**Northwest Money Market Fund (Series A units and Series I units)**

**Northwest Canadian Equity Fund**

**Northwest Canadian Bond Fund**

**Northwest Canadian Dividend Fund**

**Northwest Growth and Income Fund**

**Northwest Global Equity Fund**

**Northwest U.S. Equity Fund**

**Northwest EAFE Fund**

**Northwest Specialty High Yield Bond Fund**

**Northwest Specialty Global High Yield Bond Fund**

**Northwest Specialty Equity Fund**

**Northwest Specialty Innovations Fund**

**Northwest Specialty Growth Fund Inc.**

**Northwest Quadrant Conservative Portfolio (Series A units and Series F units)**

**Northwest Quadrant Income Portfolio (Series A units and Series F units)**

**Northwest Quadrant Balanced Growth Portfolio (Series A units and Series F units)**

**Northwest Quadrant Global Growth Portfolio (Series A units and Series F units)**

**Northwest Quadrant All Equity Portfolio (Series A units and Series F units)**

(collectively, the "Funds")

**Northwest Quadrant Balanced Portfolio (Series A units and Series F units)**

**Northwest Quadrant Growth Portfolio (Series A units and Series F units)**

**Northwest Quadrant Global Equity Portfolio (Series A units and Series F units)**

(collectively referred to as the "New Funds")

We have read the Simplified Prospectus and the Annual Information Form of the Funds and the New Funds dated June 30, 2009 relating to the issue and sale of units of the Funds and the New Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above-mentioned Simplified Prospectus of our report to the unitholders of the Funds on the statements of investment portfolio as at September 30, 2008, the statements of net assets as at September 30, 2008 and 2007 and the statements of operations, cash flows and changes in net assets for the years then ended. Our report is dated December 4, 2008.

We consent to the use through incorporation by reference in the above-mentioned Simplified Prospectus of our report to the unitholders of the New Funds on the statements of investment portfolio and net assets as at September 30, 2008 and the statements of operations, cash flows and changes in net assets for the period then ended. Our report is dated December 4, 2008.

(signed) "PricewaterhouseCoopers LLP"

**Chartered Accountants**

Montréal, Quebec  
June 30, 2009

## CERTIFICATE OF THE FUNDS, MANAGER AND PROMOTER

Northwest Money Market Fund  
Northwest Canadian Equity Fund  
Northwest Canadian Bond Fund  
Northwest Canadian Dividend Fund  
Northwest Growth and Income Fund  
Northwest Global Equity Fund  
Northwest U.S. Equity Fund  
Northwest EAFE Fund  
Northwest Specialty High Yield Bond Fund  
Northwest Specialty Global High Yield Bond Fund  
Northwest Specialty Equity Fund  
Northwest Specialty Innovations Fund  
Northwest Quadrant Conservative Portfolio  
Northwest Quadrant Income Portfolio  
Northwest Quadrant Balanced Portfolio  
Northwest Quadrant Balanced Growth Portfolio  
Northwest Quadrant Growth Portfolio  
Northwest Quadrant Global Growth Portfolio  
Northwest Quadrant Global Equity Portfolio  
Northwest Quadrant All Equity Portfolio

(the "Funds")

This annual information form, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by securities legislation in all provinces and territories of Canada and do not contain any misrepresentations.

Dated: June 30 2009

Northwest & Ethical Investments L.P., acting through its general partner Northwest & Ethical Investments Inc., as trustee, manager and promoter of the Funds

(signed) "John Kearns"  
\_\_\_\_\_  
John Kearns  
Chief Executive Officer

(signed) "Craig Fookes"  
\_\_\_\_\_  
Craig Fookes  
Senior Vice President, Finance  
Chief Financial Officer

On behalf of the Board of Directors of  
Northwest & Ethical Investments L.P., acting through its general partner Northwest & Ethical Investments Inc., as trustee, manager and promoter of the Funds

(signed) "Bernie O'Neil"  
\_\_\_\_\_  
Bernie O'Neil  
Director

(signed) "Marcel Pepin"  
\_\_\_\_\_  
Marcel Pepin  
Director

**CERTIFICATE OF NORTHWEST SPECIALTY GROWTH FUND INC.**  
(the "Fund")

This annual information form, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by securities legislation in all provinces and territories of Canada and do not contain any misrepresentations.

Dated: June 30, 2009.

(signed) "John Kearns" \_\_\_\_\_  
John Kearns  
Chief Executive Officer  
Northwest Specialty Growth Fund Inc.

(signed) "Craig Fookes" \_\_\_\_\_  
Craig Fookes  
Senior Vice-President, Finance  
Chief Financial Officer  
Northwest Specialty Growth Fund Inc.

On behalf of the Board of Directors of the Fund

(signed) "Bernie O'Neil" \_\_\_\_\_  
Bernie O'Neil  
Director

(signed) "Marcel Pepin" \_\_\_\_\_  
Marcel Pepin  
Director

**CERTIFICATE OF THE MANAGER AND PROMOTER OF  
NORTHWEST SPECIALTY GROWTH FUND INC.**  
(the “Fund”)

This annual information form, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by securities legislation in all provinces and territories of Canada and do not contain any misrepresentations.

Dated: June 30, 2009.

Northwest & Ethical Investments L.P., acting through its general partner Northwest & Ethical  
Investments Inc., as manager of Northwest Specialty Growth Fund Inc.

(signed) “John Kearns”  
John Kearns  
Chief Executive Officer

(signed) “Craig Fookes”  
Craig Fookes  
Senior Vice-President, Finance  
Chief Financial Officer

On behalf of the Board of Directors of  
Northwest & Ethical Investments L.P., acting through its general partner Northwest & Ethical  
Investments Inc., as manager of Northwest Specialty Growth Fund Inc.

(signed) “Bernie O’Neil”  
Bernie O’Neil  
Director

(signed) “Marcel Pepin”  
Marcel Pepin  
Director

## **NORTHWEST MUTUAL FUNDS**

(Series A units, Series F units and Series I units unless otherwise indicated)

### **CORE FUNDS**

Northwest Money Market Fund (Series A units and Series I units)  
Northwest Canadian Equity Fund  
Northwest Canadian Bond Fund  
Northwest Canadian Dividend Fund  
Northwest Growth and Income Fund  
Northwest Global Equity Fund  
Northwest U.S. Equity Fund  
Northwest EAFE Fund

### **SPECIALTY FUNDS**

Northwest Specialty High Yield Bond Fund  
Northwest Specialty Global High Yield Bond Fund  
Northwest Specialty Equity Fund  
Northwest Specialty Innovations Fund  
Northwest Specialty Growth Fund Inc.

### **QUADRANT PORTFOLIOS**

Northwest Quadrant Conservative Portfolio (Series A units and Series F units)  
Northwest Quadrant Income Portfolio (Series A units and Series F units)  
Northwest Quadrant Balanced Portfolio (Series A units and Series F units)  
Northwest Quadrant Balanced Growth Portfolio (Series A units and Series F units)  
Northwest Quadrant Growth Portfolio (Series A units and Series F units)  
Northwest Quadrant Global Growth Portfolio (Series A units and Series F units)  
Northwest Quadrant Global Equity Portfolio (Series A units and Series F units)  
Northwest Quadrant All Equity Portfolio (Series A units and Series F units)

Northwest & Ethical Investments L.P.  
155 University Avenue, 4<sup>th</sup> Floor  
Toronto, Ontario M5H 3B7

Tel: 416-594-6633  
Fax: 416-594-3370  
Toll Free Tel 1-888-809-3333  
Toll Free Fax 1-888-809-4444

Additional information about the Funds is available in the Funds' management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling toll-free 1-888-809-3333 if you are outside the Toronto area or 416-594-6633 in the Toronto area, or from your dealer or by e-mail at [clientservice@northwestfunds.com](mailto:clientservice@northwestfunds.com).

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Northwest Mutual Funds' internet site at [www.northwestfunds.com](http://www.northwestfunds.com) or at [www.sedar.com](http://www.sedar.com).