

NORTHWEST FUNDS
Amendment No. 1 dated September 11, 2009
to the Simplified Prospectus 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

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)

(the “**Funds**”)

The Simplified Prospectus dated June 30, 2009 relating to the offering of securities of the Funds, is hereby amended as set out below.

Proposed Fixed Administration Fee

Northwest & Ethical Investments L.P., the manager of the Funds (the “Manager”) has announced a proposal to implement fixed administration fees for the mutual funds it manages.

Currently, each Fund pays all of its operating expenses, together with all applicable taxes, including GST. The main expenses incurred by the Funds include brokerage fees, legal, audit, transfer agent, custodial services, the costs of financial reporting, the costs of prospectus printing and regulatory filing fees, as well as the costs associated with the independent review committee.

As is the case with other mutual fund groups which have implemented similar pricing arrangements, the fixed administration fee will cover operating expenses other than applicable taxes, including GST, borrowing costs, the costs of the independent review committee and costs associated with any future regulatory changes.

The change is intended to improve the predictability of the management expense ratios of the Funds.

Securityholders of the Funds will be asked to approve this change at meetings to be held in October 2009. If approved, the fixed administration fees will be effective on or about November 1, 2009.

Proposed Fund Mergers

The Manager has announced the following proposed mergers of Funds:

Terminating Fund	Continuing Fund
Northwest Canadian Bond Fund	Ethical Income Fund
Northwest Quadrant Conservative Portfolio	Credential Select Conservative Portfolio
Northwest Quadrant Income Portfolio	Credential Select Conservative Portfolio
Northwest Quadrant Growth Portfolio	Northwest Quadrant Balanced Growth Portfolio
Northwest Quadrant Global Growth Portfolio	Northwest Quadrant Balanced Growth Portfolio
Northwest Quadrant Global Equity Portfolio	Credential Select High Growth Portfolio
Northwest Quadrant All Equity Portfolio	Credential Select High Growth Portfolio
Credential [®] Money Market Fund	Northwest Money Market Fund

Securityholders of the affected Funds will be asked to approve the mergers at meetings to be held in October 2009. The mergers are also subject to regulatory approval. If the necessary approvals are obtained, it is anticipated that the mergers will be completed on or about October 25, 2009.

Capping of Northwest Specialty High Yield Bond Fund

Effective September 30, 2009, the Northwest Specialty High Yield Bond Fund will be closed to new purchases. This closure will not apply to any pre-existing pre-authorized contribution plans, or to reinvested distributions. It will also not apply to any fund of fund purchase arrangements currently in place or to purchases within the Planimaîtres asset allocation model.

What Are Your Legal Rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund securities and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits. For more information, refer to the securities legislation of your province or territory.