

**NORTHWEST FUNDS**  
**Amendment No. 2 dated November 2, 2009**  
**to the Simplified Prospectus dated June 30, 2009**  
**as previously amended by Amendment No. 1 dated September 11, 2009**

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

**CORE FUNDS**

NEI Money Market Fund (formerly Northwest Money Market Fund) (Series A units and Series I units)

Northwest Canadian Equity 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 Select Global Balanced Portfolio (formerly Northwest Quadrant Balanced Portfolio)  
(Series A units and Series F units)

Northwest Select Global Growth Portfolio (formerly Northwest Quadrant Balanced Growth Portfolio) (Series A units and Series F units)

(the “**Funds**”)

The Simplified Prospectus dated June 30, 2009 as previously amended by Amendment No. 1 dated September 11, 2009, relating to the offering of securities of the Funds (the “Prospectus”), is hereby amended as set out below.

**Fixed Administration Fee**

Effective November 1, 2009, following receipt of securityholder approvals, Northwest & Ethical Investments L.P., the manager of the Funds (the “Manager”) has implemented fixed administration fees for the Funds. This change does not apply to Northwest Specialty Growth Fund Inc.

Previously, each Fund paid 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 covers 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.

In connection with the implementation of the fixed administration fee, the management fee applicable to Series A Units of Northwest Quadrant Balanced Growth Portfolio (now Northwest Select Global Growth Portfolio) set out in the section, "Management Fees" of the table titled "Fees and Expenses Payable by the Funds" at page 16 of the Prospectus is amended from 1.95% to 2.00%.

The following table amends and restates the section entitled "Operating Expenses" of the table titled "Fees and Expenses Payable by the Funds" at page 15 of the Prospectus in respect of the Funds:

<p><b>Operating Expenses</b></p>	<p>The Manager pays all of the operating expenses of the Funds other than:</p> <ul style="list-style-type: none"> <li>• costs and expenses associated with taxes, including GST, borrowing, the costs associated with the independent review committee and the costs of compliance with any regulatory changes imposed following September 30, 2009 (together the "Fund Expenses"); and</li> <li>• costs associated with portfolio transactions, including brokerage commissions and research and execution costs ("Portfolio Transaction Costs")</li> </ul> <p>The Fund Expenses and Portfolio Transaction Costs are paid directly by each Fund.</p> <p>In return for assuming the obligation to pay these operating expenses, the Manager is paid a fixed annual administration fee (the "Administration Fee"). The Administration Fee payable by Series A and Series F units of a Fund is equal a specified percentage of the net asset value of the series, calculated and accrued daily and paid monthly.</p> <p>The Administration Fee for Series A and Series F Units of a Fund is the same but the Administration Fee varies between Funds because the Expenses associated with various types of Funds differs. The following table shows the Administration Fee applicable to Series A and Series F units of each Fund:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>Fixed Administration Fee</u></th> </tr> </thead> <tbody> <tr> <td>NEI Money Market Fund (formerly Northwest Money Market Fund)</td> <td style="text-align: right;">0.05%</td> </tr> <tr> <td>Northwest Canadian Equity Fund</td> <td style="text-align: right;">0.40%</td> </tr> <tr> <td>Northwest Canadian Dividend Fund</td> <td style="text-align: right;">0.40%</td> </tr> </tbody> </table>		<u>Fixed Administration Fee</u>	NEI Money Market Fund (formerly Northwest Money Market Fund)	0.05%	Northwest Canadian Equity Fund	0.40%	Northwest Canadian Dividend Fund	0.40%
	<u>Fixed Administration Fee</u>								
NEI Money Market Fund (formerly Northwest Money Market Fund)	0.05%								
Northwest Canadian Equity Fund	0.40%								
Northwest Canadian Dividend Fund	0.40%								

Northwest Growth and Income Fund	0.45%
Northwest Global Equity Fund	0.50%
Northwest U.S. Equity Fund	0.50%
Northwest EAFE Fund	0.55%
Northwest Specialty High Yield Bond Fund	0.40%
Northwest Specialty Global High Yield Bond Fund	0.40%
Northwest Specialty Equity Fund	0.40%
Northwest Specialty Innovations Fund	0.40%
Northwest Select Global Balanced Portfolio (formerly Northwest Quadrant Balanced Portfolio)	0.40%
Northwest Select Global Growth Portfolio (formerly Northwest Quadrant Balanced Growth Portfolio)	0.50%
<p>No Administration Fee is charged to Series I Units of the Funds because of the fee structures associated with such series.</p> <p>The Funds, together with all funds managed by Northwest, pay the fees and expenses associated with the IRC, including annual fees and meeting fees, if any, payable to members of the IRC and the payment of any other expenses related to the operation of the IRC which could include travel expenses, educational amounts or legal fees. The Chair of the IRC is paid an annual fee of \$34,000 and the other members are each paid an annual fee of \$28,000. During the Funds' last financial year, the members of the IRC received total compensation in the amount of \$65,000. No expenses were reimbursed to the members of the IRC during this time. These amounts were allocated among the funds managed by Northwest in a manner that was fair and reasonable. For amounts allocated to a particular Fund please refer to the Fund's financial statements.</p>	

### Completion of Fund Mergers

Following receipt of securityholder and regulatory approval, the following mergers of Funds were completed on October 23, 2009:

Terminating Fund	Continuing Fund
Northwest Canadian Bond Fund	NEI Canadian Bond Fund (formerly Ethical Income Fund)
Northwest Quadrant Conservative Portfolio	Northwest Select Conservative Portfolio (formerly Credential Select Conservative Portfolio)
Northwest Quadrant Income Portfolio	Northwest Select Conservative Portfolio (formerly Credential Select Conservative Portfolio)
Northwest Quadrant Growth Portfolio	Northwest Select Global Balanced Portfolio (formerly Northwest Quadrant Balanced Portfolio)
Northwest Quadrant Global Growth Portfolio	Northwest Select Global Balanced Portfolio

	(formerly Northwest Quadrant Balanced Portfolio)
Northwest Quadrant Global Equity Portfolio	Northwest Select Global Maximum Growth Portfolio (formerly Credential Select High Growth Portfolio)
Northwest Quadrant All Equity Portfolio	Northwest Select Global Maximum Growth Portfolio (formerly Credential Select High Growth Portfolio)

All references to the Funds listed in the table above under the heading “Terminating Funds” are deleted from the Prospectus.

### **Name Changes**

Effective October 23, 2009 the following Funds have changed their names:

<b>Old Name</b>		<b>New Name</b>	
<b>English</b>	<b>French</b>	<b>English</b>	<b>French</b>
Northwest Money Market Fund	Fonds du marché monétaire NordOuest	NEI Money Market Fund	Fonds du marché monétaire PNE
Northwest Quadrant Balanced Portfolio	Portefeuille Quadrant équilibré NordOuest	Northwest Select Global Balanced Portfolio	Portefeuille NordOuest Sélect équilibré mondial
Northwest Quadrant Balanced Growth Portfolio	Portefeuille Quadrant équilibré croissance NordOuest	Northwest Select Global Growth Portfolio	Portefeuille NordOuest Sélect croissance mondiale

### **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 or consult your lawyer.