

Annual Management Report of Fund Performance as at September 30, 2009

This Annual Management Report of Fund performance contains financial highlights but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-888-809-3333, by writing us at Northwest & Ethical Investments L.P., 155 University Avenue Suite 400, Toronto, ON M5H 3B7 or by visiting our website at www.northwestfunds.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Performance

Investment Objective and Strategies

The Fund strives to achieve long term growth by investing in equity securities of Europe, Australia, and the Far East, across all market capitalizations.

Sub Advisor Sky Investment Counsel Inc. uses a "fundamental value" approach to select stocks and create the portfolio. The primary focus of this approach is to find high quality companies priced at a discount to their true intrinsic value. "Quality" factors such as a company's track record, financial strength, management and competitive advantage are combined with "price" factors such as earning power, free cash flow, asset values and accounting policies to uncover the best candidates for the Fund. This bottom-up stock selection process combined with the Fund's ability to consider small, medium and large cap companies helps the Sub Advisor expand its investment universe beyond the most popular stocks to create a well diversified and unique portfolio.

Risk management and capital preservation are also key objectives of the Fund. Sky uses various risk controls including independent research, quality grades and diversification across industry in an effort to limit downside performance. Companies that generate a strong dividend yield are also considered to preserve capital. The geographic breakdown of the Fund across Europe, Australia and the Far East is ultimately determined by all the factors above. A concentration of holdings in any one region would more reflect a wealth of good quality and price opportunities over any macro-economic considerations.

Risk

Interest Rate risk is not expected to be significant for the upcoming year as it is anticipated that central banks around the world will keep interest rates at today's low levels until late spring 2010 at the earliest. Currency Risk is quite significant, particularly as it pertains to the US Dollar which is under pressure due to concerns about the strength of the US economy and balance sheet. However, this risk maybe reduced given the already enormous downward move in the US Dollar versus most major currencies. Equity Risk or volatility remains elevated as investors are concerned that corporate profits may disappoint and/or the possibility of another economic slowdown.

Political climates are also a consideration in the assessment of the fundamentals of the companies invested.

Results of Operations

The Northwest EAFE Fund Series A units returned 18.7% during the 12 months ended September 30th 2009, compared with the benchmark MSCI EAFE Index's return of 4.4%. Unlike the Index return, the Fund's return is after the deduction of fees and expenses paid by the Fund. Performance differences between series of units are mainly attributable to management fees charged to each series. Refer to the Past Performance section for the details of returns by Series. The Fund's net assets increased by 3% to \$75MM at September 30, 2009 from \$73MM at September 30, 2008. Of this change, approximately \$14MM was a function of performance with the balance resulting from net redemptions.

The outperformance was driven by strong stock selection in the Financials, Utilities and Industrials sectors. As markets declined so dramatically last year and into the first quarter of this year, companies with leadership positions and strong long term fundamentals were selling at all time lows, creating an opportunity to buy quality companies at distressed prices. Furthermore, style was a major driver of returns as the value style outperformed the growth style by 8.5%. During the period, 80% of the stocks within the fund had a value bias based on traditional measures such as Price to Book and Price to Earnings.

By sector, Materials and Consumer Discretionary stocks, which have historically been considered to be among the most economically sensitive, produced strong relative performance over the one year period despite steep declines toward the end of last year. The Fund was overweight both these sectors boosting relative performance. Also, an underweight allocation to Utilities which was surprisingly the worst performing sector of the past year was beneficial to overall returns.

Northwest EAFE Fund

Currencies fluctuated widely, but were overall additive to returns for the one year period. Most major currencies such as the Yen, the Australian dollar, the Swiss Franc and the Euro strengthened against the Canadian dollar. The exception was the British Pound and the Mexican Peso which were weak against our dollar.

By region, overweight positions in China and India relative to the benchmark and a significant underweight position in Japan supported performance. Underweight exposure to Spain and Sweden and overweight exposure to Mexico detracted most from relative returns.

Recent Developments

The Investment professionals and the Investment process at Sky remain constant. Majority ownership is held by the employees of the firm.

It was remarkable that the market returns over this one year period appear so muted given the historical scale of the downturn in the latter part of last year. From the first quarter of this year, markets all around the world have enjoyed a strong rebound which has helped to partially offset the decline last year.

As markets declined so dramatically last year and into the first quarter of this year, companies with leadership positions and strong long term fundamentals were selling at all time lows, creating an opportunity to buy quality companies at distressed prices.

Some of the companies purchased were Adidas, a worldwide recognized sports brand, ICICI Bank, the largest privately owned Indian bank, United Group, a leading infrastructure company based in Australia and Sabesp, the largest water treatment company in Latin America.

These companies all have structural long term growth potential, yet were selling at bargain prices reflecting the panic in the market at the time.

As some of the investments in the fund have appreciated to target levels, they have been sold. These companies such as Stanley Electric and Daikin in Japan were sold to lock in profits. The proceeds were re-deployed to be invested in companies with better upside potential.

When the share prices of all companies came down, it provided an opportunity to purchase businesses with leadership positions and long-term organic growth. In particular, this strategy led the Sub Advisor to invest in many companies that were involved in infrastructure and water as well as companies that would benefit from the positive demographics of developing countries.

Overall, buying good businesses at bargain prices continues to be the focus of the Sub Advisors endeavours.

International Financial Reporting Standards

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") announced that Canadian Generally Accepted Accounting Principles (the "GAAP"), for publicly accountable enterprises, will be replaced by International Financial Reporting Standards ("IFRS") and it will apply to semi-annual and annual financial statements for fiscal years beginning on or after January 1, 2011.

A team was appointed to oversee the IFRS conversion project. As of today, the Manager has completed the *Identification* phase. The *Feasibility* phase is under way, including analysis of the accounting impacts of conversion to IFRS. From 2010 on, the team will start gathering comparative information as at March 31, 2011 in order to prepare the semi-annual financial statements ending March 31, 2012 in accordance with IFRS standards.

The Manager has presently determined that there will be no significant impact to the Funds' net asset value per unit as a result of the changeover to IFRS.

Related Party Transactions

Northwest & Ethical Investments L.P. ("NEILP") is the Manager, the Trustee, the Portfolio Manager and the Registrar of the Fund. NEILP is 50% owned by the Fédération des caisses Desjardins du Québec ("Fédération") and 50% indirectly owned by seven Provincial Credit Union Centrals.

NEILP is the Manager of the Fund pursuant to the administration agreement. The Manager ensures the daily administration of the Fund. NEILP provides the Fund or makes sure the Fund is provided with all services (accounting, custody, portfolio management, record maintenance, transfer agent) required to function properly. The fees are presented in the "Management Fees" section.

Desjardins Trust Inc. is the custodian of the Fund. Desjardins Trust Inc. is a wholly-owned subsidiary of the Fédération, which is a 50% owner of NEILP. The custodian fees of Desjardins Trust Inc. are at the Fund's expense and are established based on market conditions.

Management, custodian and administrative fees presented in the Statement of Operations are incurred by the Fund with NEILP or with other companies of which

Northwest EAFE Fund

Fédération is a significant owner. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the period ended September 30, 2009, accrued expenses payable to related parties are \$103,026 (\$209,900 as at September 30, 2008).

The Fund is distributed through Credential Asset Management Inc., Credential Securities Inc, Desjardins Securities Inc., Desjardins Financial Services Firm Inc., Desjardins Financial Security Investments Inc. and Gestions SFL Inc. and other non-related dealers. The named dealers are related to NEILP by way of shared ownership. NEILP pays to these related parties distribution and servicing fees based on a percentage of the average daily value of the units of each held by the dealer's clients and additionally, in some cases, on the amount of the initial purchase.

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as "plan", "anticipate", "intend", "expect", "estimate", or other similar wording. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices, fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

Northwest EAFE Fund

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the past five years.

Net Assets per Unit⁽¹⁾ - Northwest EAFE Fund, Series A

	September 30 2009 \$	September 30 2008 \$	September 30 2007 \$	September 30 2006 \$	September 30 2005 \$
Net assets, beginning of year	4.97	7.74	7.31	6.73	6.17
Increase (decrease) from operations:					
Total revenue	0.21	0.26	0.22	0.17	0.19
Total expenses	(0.14)	(0.20)	(0.24)	(0.20)	(0.19)
Realized gains (losses)	(1.73)	(1.01)	1.05	0.15	0.09
Unrealized gains (losses)	2.45	(1.70)	(1.00)	0.46	0.35
Commissions and other portfolio transaction costs	(0.02)	(0.04)	(0.03)	-	-
Total increase (decrease) from operations⁽²⁾	0.77	(2.69)	(0.00)	0.58	0.44
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.09	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions⁽³⁾	0.09	-	-	-	-
Net Assets, End of Year	5.77	4.97	7.74	7.31	6.73

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

Ratios and Supplemental Data - Northwest EAFE Fund, Series A

	September 30 2009	September 30 2008	September 30 2007	September 30 2006	September 30 2005
Total net asset value (000's of \$)	14,703	15,553	30,263	16,648	12,509
Number of units outstanding	2,539,510	3,125,392	3,904,114	2,277,397	1,857,635
Management expense ratio (%) ⁽¹⁾	3.03	2.96	2.87	2.89	2.90
Management expense ratio before waivers and absorptions (%)	3.12	2.96	2.94	3.07	3.37
Trading expense ratio (%) ⁽²⁾	0.40	0.59	0.37	0.24	0.33
Portfolio turnover rate (%) ⁽³⁾	93.03	85.72	53.56	41.99	42.59
Net asset value per unit (\$)	5.79	4.98	7.75	7.31	6.73

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Northwest EAFE Fund

Financial Highlights

Net Assets per Unit⁽¹⁾ - Northwest EAFE Fund, Series F

	September 30 2009 \$	September 30 2008 \$	September 30 2007 \$	September 30 2006 \$	September 30 2005 \$
Net assets, beginning of year	9.84	15.27	14.31	13.05	11.84
Increase (decrease) from operations:					
Total revenue	0.41	0.52	0.42	0.33	0.37
Total expenses	(0.18)	(0.26)	(0.29)	(0.25)	(0.23)
Realized gains (losses)	(3.32)	(1.97)	2.03	0.30	0.21
Unrealized gains (losses)	4.81	(3.41)	(1.24)	0.98	0.48
Commissions and other portfolio transaction costs	(0.04)	(0.08)	(0.06)	-	-
Total increase (decrease) from operations⁽²⁾	1.68	(5.20)	0.86	1.36	0.83
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.30	0.13	0.05	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions⁽³⁾	0.30	0.13	0.05	-	-
Net Assets, End of Year	11.41	9.84	15.27	14.31	13.05

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

Ratios and Supplemental Data - Northwest EAFE Fund, Series F

	September 30 2009	September 30 2008	September 30 2007	September 30 2006	September 30 2005
Total net asset value (000's of \$)	40,015	41,190	71,313	60,054	22,833
Number of units outstanding	3,498,205	4,177,161	4,661,184	4,195,527	1,749,138
Management expense ratio (%) ⁽¹⁾	1.96	1.92	1.81	1.83	1.83
Management expense ratio before waivers and absorptions (%)	2.05	1.92	1.89	2.03	2.33
Trading expense ratio (%) ⁽²⁾	0.40	0.59	0.37	0.24	0.33
Portfolio turnover rate (%) ⁽³⁾	93.03	85.72	53.56	41.99	42.59
Net asset value per unit (\$)	11.44	9.86	15.30	14.31	13.05

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Northwest EAFE Fund

Financial Highlights

Net Assets per Unit⁽¹⁾ - Northwest EAFE Fund, Series I

	September 30 2009 \$	September 30 2008 \$	September 30 2007 \$	September 30 2006 \$	September 30 2005 \$
Net assets, beginning of year	8.38	12.70	11.98	10.74	9.57
Increase (decrease) from operations:					
Total revenue	0.35	0.44	0.34	0.29	0.30
Total expenses	-	-	-	-	-
Realized gains (losses)	(2.73)	(1.92)	1.37	0.28	0.16
Unrealized gains (losses)	4.21	(2.95)	(0.88)	0.89	0.35
Commissions and other portfolio transaction costs	(0.03)	(0.06)	(0.05)	-	-
Total increase (decrease) from operations⁽²⁾	1.80	(4.49)	0.78	1.46	0.81
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.36	0.10	0.39	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions⁽³⁾	0.36	0.10	0.39	-	-
Net Assets, End of Year	9.75	8.38	12.70	11.98	10.74

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

Ratios and Supplemental Data - Northwest EAFE Fund, Series I

	September 30 2009	September 30 2008	September 30 2007	September 30 2006	September 30 2005
Total net asset value (000's of \$)	20,147	15,995	8,897	5,185	1,753
Number of units outstanding	2,062,111	1,903,866	699,616	432,649	163,145
Management expense ratio (%) ⁽¹⁾⁽⁴⁾	N/A	N/A	N/A	N/A	N/A
Management expense ratio before waivers and absorptions (%) ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A
Trading expense ratio (%) ⁽²⁾	0.40	0.59	0.37	0.24	0.33
Portfolio turnover rate (%) ⁽³⁾	93.03	85.72	53.56	41.99	42.59
Net asset value per unit (\$)	9.77	8.40	12.72	11.98	10.74

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) There are no expenses charged to this Series.

Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. The Manager receives from the EAFE Fund management fees, before GST, calculated daily on the net asset value of the Fund at an annual rate of 2.25% for Series A units and 1.25% for Series F units.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Fund. In addition, the Manager pays a trailer fee to dealers out of this management fee. The trailer fee is a percentage of the average daily value of the units of the Fund held by the dealer's clients.

The following table shows the major services paid for out of management fees as a percentage of the management fee for Series A and Series F units:

	Management Fee	Investment Advisory and other	Trailer Fee
Series A	2.25%	66.56%	33.44%
Series F	1.25%	100%	N/A ⁽¹⁾

(1) No trailer fees are paid in respect of any Series F units of the Fund

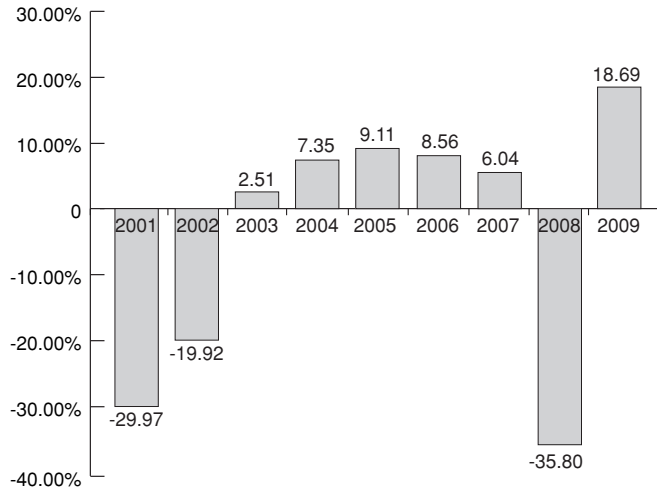
Northwest EAFE Fund

Past Performance

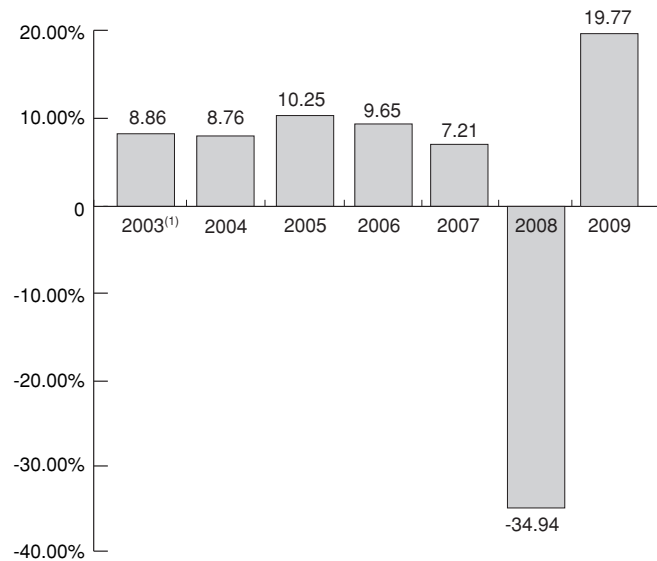
The following charts and tables show the past performance for each series of shares of the Fund and will not necessarily indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional shares of the relevant series of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance

The following charts show the annual performance for each series of units of the Fund for each year shown and illustrate how the Fund's performance has varied from year to year. The charts indicate how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Northwest EAFE Fund Series A
For the 12-month periods ended September 30

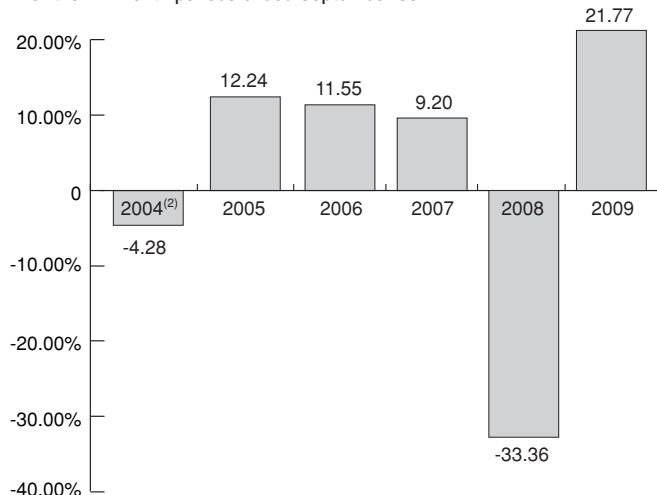


Northwest EAFE Fund Series F
For the 12-month periods ended September 30



(1) From February 26, 2003 to September 30, 2003

Northwest EAFE Fund Series I
For the 12-month periods ended September 30



(2) From June 4, 2004 to September 30, 2004

Northwest EAFE Fund

Annualized Compound Returns

The following table(s) show the historical annual compound return for Series A, F, and I units of the Fund for each period indicated, ending September 30, 2009. The annual compound return is also compared to the returns of the MSCI EAFE Index.

This index is composed of over 1,000 large company stocks from over 20 of the world's industrialized nations. It does not include stocks issued in North America.

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

	1 Year	3 Years	5 Years	10 Years	Since Inception*
Northwest EAFE Fund, Series A	18.69%	-6.86%	-0.88%	N/A	-5.70%
MSCI EAFE Index	4.43%	-4.86%	2.64%	N/A	-0.94%
Northwest EAFE Fund, Series F	19.77%	-5.82%	0.20%	N/A	2.75%
MSCI EAFE Index	4.43%	-4.86%	2.64%	N/A	6.41%
Northwest EAFE Fund, Series I	21.77%	-3.94%	2.11%	N/A	1.14%
MSCI EAFE Index	4.43%	-4.86%	2.64%	N/A	1.13%

*Series A inception October 6, 2000, Series F inception February 26, 2003 and Series I inception June 4, 2004.

Northwest EAFE Fund

Summary of Investment Portfolio as at September 30, 2009

Total Net Asset Value: \$74,865,299

TOP 25 POSITIONS (long positions)*		%
1	Eni	5.8
2	ICICI Bank, ADR	3.8
3	Companhia de Saneamento Básico do Estado de São Paulo, ADR	3.6
4	Alumina	3.3
5	Sanofi-Aventis	3.3
6	United Group	2.9
7	Adidas	2.7
8	Intesa SanPaolo	2.6
9	Vodafone Group	2.5
10	Casino Guichard-Perrachon	2.5
11	Barclays	2.4
12	Nippon Telegraph and Telephone Corporation	2.4
13	BNP Paribas	2.3
14	Wolters Kluwer	2.1
15	Prudential	2.0
16	CNOOC, ADR	2.0
17	HSBC Holdings	2.0
18	Cash and Cash Equivalents	1.8
19	Aviva	1.8
20	Mapfre	1.7
21	Kingboard Chemical Holding	1.6
22	Bayer	1.5
23	Schneider Electric	1.4
24	Plenus Co.	1.4
25	Toyota Motor Corporation	1.3
	Total	60.7

* There is no short position in this Fund.

** This category includes all countries representing less than 5% of the Fund's net asset value.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment Fund.

A quarterly update is available.

NET ASSET VALUE MIX

as at September 30, 2009

% Total

98.2 Equities

26.4	Financials
13.0	Industrials
12.9	Materials
12.2	Consumer Discretionary
11.0	Energy
6.7	Telecommunication Services
5.2	Utilities
4.5	Consumer Staples
3.3	Health Care
3.0	Information Technology

1.8 Cash and Cash Equivalents

100.0 Total Net Asset Value

GEOGRAPHIC DISTRIBUTION

as at September 30, 2009

% Total

16.7	United Kingdom
13.5	France
11.2	Japan
8.4	Italy
7.8	Germany
6.2	Australia
34.4	Other Countries **
1.8	Cash and Cash Equivalents

100.0 Total Net Asset Value

Notes

Notes

Northwest & Ethical Investments L.P.

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