

## Interim Management Report of Fund Performance as at March 31, 2009

This interim 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](http://www.northwestfunds.com) or SEDAR at [www.sedar.com](http://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

### Results of Operations

The Northwest Quadrant Balanced Portfolio Series A units returned -16.0% for the six months ended March 31, 2009, compared with a return of -11.1% for a blended index. Unlike the index return, the Fund's returns are after the deduction of fees and expenses paid by the Fund. Performance differences between series of units are mainly attributable to management fees charged to each series. Refer to the Past Performance section for the details of returns by Series.

### Factors That Have Affected Fund Performance

Over the past six months, capital markets have experienced a sell-off and declines of a magnitude not seen in almost a century. Contributing factors that included: Excessive debt levels, complicated derivatives, real asset price declines, and a lack of consumer confidence, made for a global financial crisis and losses have been felt by all investors.

Equity markets, regardless of geography, experienced significant losses, as continuing globalization of capital markets ensured that companies in the same industry fell in unison. Financial Services stocks were the first and hardest hit. Energy and Industrials stocks followed close behind. In Canada, the best performing industry sector was Consumer Staples, losing only 4.1%. An index of US value stocks returned -23.4% and its growth counterpart returned -12.8%, for the period. Similarly, an index of EAFE value stocks returned -19.3% vs. its growth counterpart at -16.7%. These highlight the market bias that weighed on value-based managers during the period.

From early October through to late November, world markets fell sharply. In December there was a short rally that gave the impression that the worst was over. However, February saw US and Canadian markets testing new lows. Finally, in March, a rally starting in the middle of the month reduced the losses incurred over the past six months.

There was considerable change in the exchange rate of the Canadian dollar in relation to other currencies. The falling price of oil and other commodities exported, as well as the perception of the US dollar as safe haven were largely responsible for this change. The Canadian dollar depreciated by 14 cents against the US dollar, effectively boosting the performance of US and EAFE investments by approximately 16%.

Bonds were the only asset class with gains over the past six months. The DEX Universe Index was up 6.1%. Returns of short, mid and long bond indices were 6.1%, 6.9% and 5.5%, respectively. During this period, the prices of non-government guaranteed, lower quality bonds fell dramatically as investors priced in the risk of default, and buyers were scarce. Higher yielding issues and income trusts suffered even more as business slowdowns contributed to the perception of risk. At their peak, yield spreads between government and higher yielding bonds exceeded 20%. The gap has since narrowed to about 15%.

Small cap stocks underperformed larger cap stocks as their respective indices fell by 29.1% and 24.3%. The Financials sector declined over 36%, the Energy sector over 29%. The best performing stocks were gold mining companies as the price of gold surged during this period. The best performing sector was Consumer Staples, followed by Materials (which included mining companies). The S&P/TSX Index has constituents that are of such significant size that changes in market value of just their stock contributes materially to the performance of the Index. Such was the case with Manulife, Bank of Nova Scotia, Royal Bank, TD Bank, and Suncor, among others.

The S&P 500 Index, led by the Financial Services sector, declined 31.6%. As economic conditions worsened and global effects were felt, all major sectors of the Index declined. The least affected was the Telecommunications Services, at -17.8% and the most was the Financials sector, at -51.5%. Even relatively economy insensitive sectors such as Consumer Staples and Utilities declined more than 24%. During this period the composition of the Financials sector also changed dramatically. The US federal budget, the new President's public addresses and recently announced programs have affected the make-up and outlook for many industries. Significantly positive changes in both foreign and domestic government policies have begun to restore positive sentiment in this

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market. Government assistance offered to auto manufacturers is forcing positive change. Extensive restructuring is expected to revive the industry and contribute to the overall economy. All figures are expressed in US dollar terms.

As international markets reacted to the US-led crisis by declining 31.1%, emerging markets stocks declined similarly, falling 27.6%. This was most evident in the last quarter of 2008, with the emerging region having a slightly positive return in the first quarter of 2009. Japan performed the best among other developed country markets and Finland, Italy, Austria and the UK among the worst. Globally, Financials declined by more than 55%. Utilities, Health Care and Consumer Staples sectors were all down by more than 24% each.

## Performance Attribution

Within the 20% of the portfolio allocated to the Northwest Global High Yield Bond Fund (Series I) the biggest negative impact on performance of the Fund was the widening of spreads of high yield bonds over 10 yr Government bonds from 10% to over 20% in December. There has been a significant contraction, by 4%, to 16% at the end of March. Fixed income holdings of the fund are fully hedged back to Canadian dollars. A consequence was that 16% relative decline of the Canadian dollar did not benefit unitholders. The impact of the 20% weight in the Northwest Specialty Global High Yield Bond Fund (Series I) on performance was -4.3%. The Northwest Canadian Bond Fund contributed 1.3% of underperformance due to its investment in provincial floating rate notes. Also detracting were the Northwest Global Growth and Income Fund (Series I) and the Northwest Global Equity Fund (Series I), a combined 20% weight, by approximately 1.2%. The funds underperformed their benchmark due to negative sector and security selection. Stock picking and an overweight in the Financials sector was the largest detractor from returns. As mentioned earlier, the value bias of the sub-advisors negatively impacted performance relative to the index

## Asset Allocation

At the end of the period, the Northwest Quadrant Balanced Portfolio had a 45% weight in fixed income coming from the Northwest Canadian Bond Fund, the Northwest Specialty Global High Yield Bond Fund and the Northwest Global Growth and Income Fund. The 23% weight in Canadian stocks came from the Northwest Canadian Dividend Fund and Northwest Canadian Equity Fund. The 32% weight in global stocks came from the

Northwest Global Growth and Income Fund, Northwest Global Equity Fund, Northwest U.S. Equity Fund and Northwest EAFE Fund.

## Recent developments

The global financial crisis continued to worsen and has been transmitted globally through a combination of stress in the financial system, capital flight and declining global trade. Governments have stepped in as economic agents of last resort, bringing to bear substantial monetary and fiscal stimulus, but lags in implementation and the severity of the credit crisis argue for economic contraction through much of 2009. Interest rates in many countries have been cut as low as possible leading to increased adoption of quantitative easing strategies, which entail the purchase of assets in the market to further drive down the cost of borrowing.

Going forward the portfolio manager expects earnings to be weak in the quarters ahead and consumer confidence to remain relatively low. However, extreme pessimism, valuations at deep discounts, low inflation and the willingness of central banks and governments, particularly in North America, to entertain creative policy options leaves the door open for a rally over the short term.

## 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 Fédération is a significant owner. These transactions are in the normal course of operations and are measured at

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the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the period ended March 31, 2009, accrued expenses payable to related parties are \$13,602 (\$16,058 as at September 30, 2008).

In accordance with its investment objectives, the Fund invests in Series I units of Northwest Funds managed by NEILP. All transactions in those underlying funds are executed based on the net asset value per unit determined in accordance with the stated policies of the respective underlying funds on each transaction day. No commissions or other fees were received by the underlying funds in relation to these transactions. As at March 31, 2009, 100.8% of the Fund's net assets were invested in Northwest Funds (98.3% as at September 30, 2008).

During the period ended March 31, 2009, the Fund received \$135,591 of interest (\$24,410 in 2008), \$157,252 of dividends (\$8,736 in 2008) and \$34,592 of gains (\$12,769 in 2008) from the underlying Northwest Funds. These underlying funds have the same Manager as the Northwest Quadrant Balanced Portfolio.

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.*

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## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended March 31, 2009 and for the past period.

### Net Assets per Unit<sup>(1)</sup> - Northwest Quadrant Balanced Portfolio, Series A

	March 31 2009 (6 months) \$	September 30 2008* (11 months) \$
Net assets, beginning of period	8.12	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.25	0.27
Total expenses	(0.08)	(0.20)
Realized gains (losses)	(0.28)	0.03
Unrealized gains (losses)	(1.12)	(1.53)
Commissions and other portfolio transaction costs	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(1.23)</b>	<b>(1.43)</b>
<b>Distributions:</b>		
From income (excluding dividends)	0.04	0.04
From dividends	0.13	0.04
From capital gains	0.03	0.04
Return of capital	0.13	0.58
<b>Total Distributions<sup>(3)</sup></b>	<b>0.33</b>	<b>0.70</b>
<b>Net Assets, End of Period</b>	<b>6.49</b>	<b>8.12</b>

\* Beginning of operations in November 2007.

(1) This information is derived from the Fund's unaudited interim financial statements and audited annual 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 Quadrant Balanced Portfolio, Series A

	March 31 2009 (6 months)	September 30 2008* (11 months)
Total net asset value (000's of \$)	4,868	5,315
Number of units outstanding	750,163	654,887
Management expense ratio (%) <sup>(1)</sup>	2.41	2.41
Management expense ratio before waivers and absorptions (%)	3.63	4.08
Trading expense ratio (%) <sup>(2)</sup>	-	-
Portfolio turnover rate (%) <sup>(3)</sup>	26.85	11.97
Net asset value per unit (\$)	6.49	8.12

\* Beginning of operations in November 2007.

(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.

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## Financial Highlights

### Net Assets per Unit<sup>(1)</sup> - Northwest Quadrant Balanced Portfolio, Series F

	March 31 2009 (6 months) \$	September 30 2008* (10 months) \$
Net assets, beginning of period	8.44	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.27	0.24
Total expenses	(0.05)	(0.10)
Realized gains (losses)	(0.28)	-
Unrealized gains (losses)	(1.16)	(1.39)
Commissions and other portfolio transaction costs	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(1.22)</b>	<b>(1.25)</b>
<b>Distributions:</b>		
From income (excluding dividends)	0.06	0.07
From dividends	0.16	0.06
From capital gains	0.03	-
Return of capital	0.08	0.42
<b>Total Distributions<sup>(3)</sup></b>	<b>0.33</b>	<b>0.55</b>
<b>Net Assets, End of Period</b>	<b>6.79</b>	<b>8.44</b>

\* Beginning of operations in December 2007.

(1) This information is derived from the Fund's unaudited interim financial statements and audited annual 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 Quadrant Balanced Portfolio, Series F

	March 31 2009 (6 months)	September 30 2008* (10 months)
Total net asset value (000's of \$)	3,099	3,148
Number of units outstanding	456,148	373,011
Management expense ratio (%) <sup>(1)</sup>	1.46	1.47
Management expense ratio before waivers and absorptions (%)	2.68	3.18
Trading expense ratio (%) <sup>(2)</sup>	-	-
Portfolio turnover rate (%) <sup>(3)</sup>	26.85	11.97
Net asset value per unit (\$)	6.79	8.44

\* Beginning of operations in December 2007.

(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.

# Quadrant Balanced Portfolio

## Management Fees

The Manager is responsible for the management, supervision and administration of the Portfolio. The Manager receives from the Quadrant Balanced Portfolio management fees, before GST, calculated daily on the net asset value of the Portfolio at an annual rate of 1.90% for Series A units and 1.00% for Series F units.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Portfolio. 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 Portfolio 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
<b>Series A</b>	1.90%	56.92%	43.08%
<b>Series F</b>	1.00%	100%	N/A <sup>(1)</sup>

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

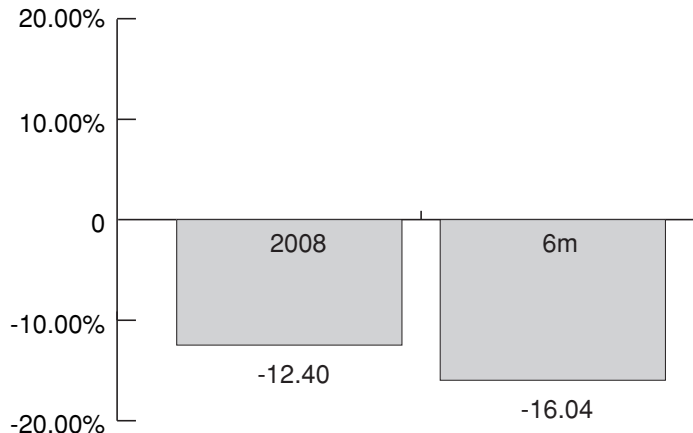
## Past Performance

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 performance for each series of units of the Fund for the six-month period ended March 31, 2009, and for each of the 12 month periods ended September 30 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.

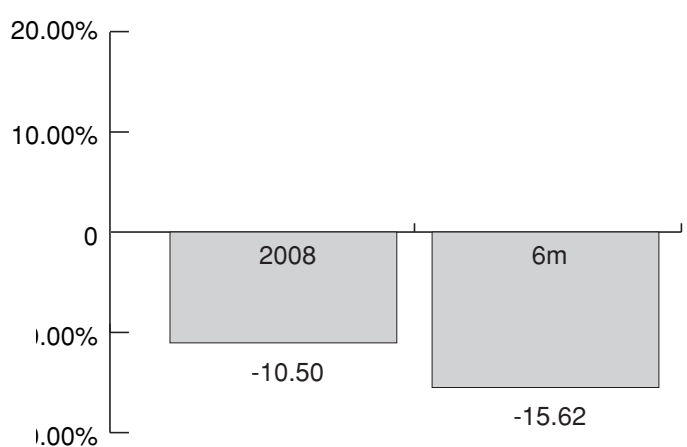
### Northwest Quadrant Balanced Portfolio Series A

For the 12-month periods ended September 30 and six-month period ended March 31, 2009



### Northwest Quadrant Balanced Portfolio Series F

For the 12-month periods ended September 30 and six-month period ended March 31, 2009



# Quadrant Balanced Portfolio

## Summary of Investment Portfolio as at March 31, 2009

Total Net Asset Value: \$7,967,053

<b>POSITIONS</b> (long positions)*		
<b>AND NET ASSET VALUE MIX</b>		<b>%</b>
1	Northwest Canadian Bond Fund, Series I	23.7
2	Northwest Specialty Global High Yield Bond Fund, Series I	16.4
3	Northwest Global Growth and Income Fund, Series I	13.5
4	Northwest Canadian Dividend Fund, Series I	12.7
5	Northwest Canadian Equity Fund, Series I	11.6
6	Northwest Global Equity Fund, Series I	10.3
7	Northwest EAFE Fund, Series I	7.3
8	Northwest U.S. Equity Fund, Series I	5.3
9	Cash and Cash Equivalents	-0.8
	<b>Total</b>	<b>100.0</b>

\* There is no short position in this Fund.

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

A quarterly update is available.

Prospectus and other information about the underlying investment funds are available on the Internet at [www.northwestfunds.com](http://www.northwestfunds.com).

Northwest & Ethical Investments L.P.

**1-888-809-3333**

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