



## NOTICE TO DEALERS

### **Termination of the Northwest RSP Foreign Equity Fund (Series A units and Series F units)**

Northwest Mutual Funds Inc. announced the termination effective July 14, 2005 of the Northwest RSP Foreign Equity Fund (Series A units and Series F units) ( the “Northwest RSP Fund”). On termination, unitholders of the Northwest RSP Fund will receive, as payment for the units held by them at that time, units of an equal value in the underlying Northwest Foreign Equity Fund.

This measure follows the Royal Assent given to Bill C-43 on June, 29, 2005 which repealed the 30% foreign content limit applicable to registered plans (RRSP, RRIF, LIRA, LIF, etc.). The RSP clone funds were created to allow Canadian investors to gain exposure to foreign securities in excess of this limit - notably through the use of forward contracts linked to the performance of mutual funds which held foreign securities - which however brought about additional administrative fees. With the repeal of the foreign content limit, investors will now be able to invest their registered plans directly in mutual funds holding foreign securities without having to incur such additional fees.

Unitholders of the Northwest RSP Fund need take no action pending termination. As of June 30, 2005 the Northwest RSP Fund has terminated its forward contract and is now fully invested in units of the underlying Northwest Foreign Equity Fund. Consequently, as of July 1<sup>st</sup>, 2005 the management fees and the management expense ratio related to the Northwest RSP Fund have effectively been lowered to the level of the Northwest Foreign Equity Fund. Therefore, unitholders of the Northwest RSP Fund now incur no more fees than if they held units in the Northwest Foreign Equity Fund.

As a consequence of the foregoing, it is important to note that:

- The sale of units of the Northwest RSP Fund shall be terminated as of July 8, 2005;
- Upon termination of the Northwest RSP Fund unitholders shall receive units of equal value of the underlying Northwest Foreign Equity Fund;
- Northwest Foreign Equity Fund units received shall be of the same series and bear the same features as the Northwest RSP Fund units previously held;

- The Northwest RSP Fund may pay a special distribution in additional units to its unitholders immediately before the switch to units of the Northwest Foreign Equity Fund. If applicable, this special distribution will be paid on July 14, 2005 to unitholders registered as at July 13, 2005;
- The automatic rebalancing of foreign content in registered accounts has been stopped, since it is no longer needed;
- Changes will be brought to certain portfolios of the Northwest Quadrant Program to replace the Northwest RSP Fund by the underlying Northwest Foreign Equity Fund.

**Northwest Mutual Funds strongly encourages all Dealers and Advisers to discuss this matter with their clients.**

Should you have any questions relating to the termination of the Northwest RSP Foreign Equity Fund please contact our client service team at 416-594-6633 (Toronto area) or 1-888-809-3333 (outside Toronto area).