

Credential Funds

Annual Financial Statements

For the Nine Month Period Ended September 30, 2008



Credential Money Market Fund
Credential Select Conservative Portfolio
Credential Select Balanced Portfolio
Credential Select Growth Portfolio
Credential Select High Growth Portfolio

800 – 1111 West Georgia Street, Vancouver BC
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Credential[®]

Credential Money Market Fund

Statement of Net Assets

In thousands (except per unit figures)

	September 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$ 82,106	\$ 75,609
Cash and deposits	696	673
Accrued investment income	285	87
Due from brokers	-	-
Other accounts receivable	10	12
	<u>83,097</u>	<u>76,381</u>
Liabilities		
Due to brokers	-	-
Accrued expenses	130	92
Other accounts payable	39	41
	<u>169</u>	<u>133</u>
Net Assets, representing Unitholders' Equity (GAAP NAV) (notes 3 & 4)	<u>\$ 82,928</u>	<u>\$ 76,248</u>

Class net assets		
Class A	\$ 82,032	\$ 75,475
Class D	\$ 893	\$ 760
Class F	\$ 3	\$ 13
Net asset value per unit		
Class A	\$ 9.99	\$ 10.00
Class D	\$ 9.99	\$ 10.00
Class F	\$ 9.99	\$ 10.00

Approved on behalf of the Board of Directors of Northwest & Ethical Investments Inc., acting as general partner of Northwest & Ethical Investments L.P. as manager and trustee:



Bernie O'Neill
Director



Pierre Tardif
Director

Statement of Operations

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands (except per unit figures)

	2008	2007
Investment Income		
Dividends	\$ -	\$ -
Interest and other income	2,281	3,692
Gain on derivatives	-	-
Securities lending (note 12)	2	4
	<u>2,283</u>	<u>3,696</u>
Less: Foreign withholding tax	-	-
	<u>2,283</u>	<u>3,696</u>
Expenses (note 6)		
Management fees (note 6(a))	545	719
Registrar fees (note 6(b))	169	213
Audit fees	7	13
Custodian fees	5	6
Legal fees	-	-
Securityholder reporting cost	44	3
Other	37	34
	<u>807</u>	<u>988</u>
Net income (loss) before expenses absorbed by Fund Manager	1,476	2,708
Expenses absorbed by Fund Manager	(6)	(5)
	<u>1,482</u>	<u>2,713</u>
Net Income (Loss)		
Realized gain (loss) on sale of investments	-	-
Change in unrealized appreciation (depreciation)	(87)	(115)
Transaction costs (note 3)	-	-
Net gain (loss) on investments	<u>(87)</u>	<u>(115)</u>
Increase (decrease) in net assets from operations	<u>\$ 1,395</u>	<u>\$ 2,598</u>
Increase (decrease) in net assets from operations		
Class A	\$ 1,375	\$ 2,573
Class D	\$ 20	\$ 25
Class F ²	\$ -	\$ -
Increase (decrease) from operations per unit (note 3 (d))		
Class A	\$ 0.17	\$ 0.33
Class D	\$ 0.25	\$ 0.44
Class F	\$ 0.28	\$ 0.38

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

² Increase (decrease) in net assets from operations for Class F units is less than one Thousand Dollars.

Statement of Changes in Net Assets

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands

	Class A		Class D		Class F	
	2008	2007	2008	2007	2008	2007
Net Assets at Beginning of Period	\$ 75,475	\$ 88,013	\$ 760	\$ 224	\$ 13	\$ 1
Increase (Decrease) in net assets resulting from initial adoption of new accounting policy (note 3)	-	108	-	-	-	-
Increase (Decrease) in Net Assets from Operations	1,375	2,573	20	25	-	-
Unit Transactions						
Proceeds from units issued	57,399	71,351	214	534	3	42
Value of units redeemed	(52,214)	(86,764)	(101)	(24)	(13)	(30)
Reinvested distributions	1,458	2,882	21	26	-	-
	6,643	(12,531)	134	536	(10)	12
Distributions Paid to Unitholders						
Investment income	(1,461)	(2,687)	(21)	(25)	-	-
Realized gains on investments	-	(1)	-	-	-	-
Return of capital	-	-	-	-	-	-
	(1,461)	(2,688)	(21)	(25)	-	-
Increase (Decrease) in Net Assets	6,557	(12,646)	133	536	(10)	12
Net Assets at End of Period	\$ 82,032	\$ 75,475	\$ 893	\$ 760	\$ 3	\$ 13
	2008	2007				
Increase (Decrease) in Net Assets						
Class A	6,557	(12,646)				
Class D	133	536				
Class F	(10)	12				
	\$ 6,680	\$ (12,098)				
Net Assets at End of Period						
Class A	82,032	75,475				
Class D	893	760				
Class F	3	13				
	\$ 82,928	\$ 76,248				
	Class A		Class D		Class F	
	2008	2007	2008	2007	2008	2007
Opening Balance	7,548	8,801	76	22	1	-
Units Issued	5,740	7,135	21	53	-	4
Reinvested from Distributions	146	288	2	3	-	-
Units Redeemed	(5,222)	(8,676)	(10)	(2)	(1)	(3)
Closing Balance	8,212	7,548	89	76	-	1

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

The accompanying notes are an integral part of these financial statements.

Statement of Investments

as at September 30, 2008

PAR VALUE \$	DESCRIPTION	AVERAGE COST \$	FAIR VALUE \$
BONDS - CANADIAN			
Government of Canada (30.5%)			
19,100,000	Canada Housing Trust, 4.10%, Dec. 15, 2008	19,272,397	19,170,479
6,000,000	Canada Housing Trust, 4.65%, Sep. 15, 2009	6,114,780	6,114,780
		<u>25,387,177</u>	<u>25,285,259</u>
Corporate (14.9%)			
5,000,000	CIBC, 3.37071%, Feb. 2, 2009 Floating Rate	5,000,000	4,973,000
3,000,000	HSBC Financial Corporation Ltd., 3.40%, Jun. 15, 2009 Floating Rate	3,000,000	2,981,880
2,000,000	Toronto-Dominion Bank (The), 3.65714%, Feb. 15, 2011 Floating Rate	2,000,000	1,940,380
2,500,000	Wells Fargo, 3.39214%, Dec. 12, 2008 Floating Rate	2,500,000	2,496,850
		<u>12,500,000</u>	<u>12,392,110</u>
Total Bonds - Canadian (45.4%)		<u>37,887,177</u>	<u>37,677,369</u>
DISCOUNT NOTES			
Bankers Acceptance (14.7%)			
3,553,000	Bank of Nova Scotia, BA's, 3.18%, Nov. 25, 2008	3,525,358	3,533,079
2,086,000	National Bank of Canada, 3.17%, Nov. 18, 2008	2,070,000	2,075,817
2,587,000	Royal Bank of Canada, 3.18%, Oct. 22, 2008	2,566,873	2,581,399
4,000,000	Royal Bank of Canada, BA's, 3.25%, Oct. 8, 2008	3,967,840	3,996,846
		<u>12,130,071</u>	<u>12,187,141</u>
Corporate (32.6%)			
3,920,000	Bank of Nova Scotia, 3.15%, Nov. 6, 2008	3,889,110	3,905,676
1,385,000	Bank of Montreal, 3.15%, Dec. 1, 2008	1,374,322	1,376,368
4,105,000	Bank of Montreal, 3.23%, Oct. 14, 2008	4,072,201	4,099,340
775,000	Telus Corporation, 3.15%, Oct. 3, 2008	770,614	774,774
2,000,000	Telus Corporation, 3.34%, Dec. 2, 2008	1,983,480	1,987,500
2,017,000	Toronto Dominion Bank (The), 3.15%, Nov. 14, 2008	2,001,106	2,007,984
2,338,000	Toronto-Dominion Bank (The), 3.15%, Dec. 19, 2008	2,317,005	2,319,057
1,943,000	HSBC Bank of Canada, 3.20%, Nov. 18, 2008	1,927,786	1,933,412
1,996,000	HSBC Financial Corporation, 3.18%, Nov. 17, 2008	1,980,471	1,986,358
4,100,000	Encana Corporation, 3.20%, Oct. 2, 2008	4,090,324	4,099,203
2,567,000	CIBC, 3.27%, Oct. 24, 2008	2,546,233	2,560,938
		<u>26,952,652</u>	<u>27,050,610</u>
Total Discount Notes (47.3%)		<u>39,082,723</u>	<u>39,237,751</u>
TREASURY BILLS			
Government of Canada (6.3%)			
5,210,000	Province of Ontario, 2.43%, Dec. 11, 2008	5,179,990	5,191,000
Total Investment Portfolio (99.0%)		<u>82,149,890</u>	<u>82,106,120</u>
Cash and Deposits (0.8%)			696,360
Other Assets Less Liabilities (0.2%)			125,051
Net Assets (100.0%)			<u>82,927,531</u>

Credential Money Market Fund

Financial Instruments

Assets	\$
Held for trading	82,802,480
Loans and receivables	294,392
Total assets	83,096,872

Liabilities	
Held for trading	
Financial liabilities at amortized cost	169,341
Total liabilities	169,341

Accrued investment income, subscriptions receivable, amounts due from brokers, and other accounts receivable are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, redemptions payable, accrued expenses and other accounts payable are deemed to be other financial liabilities and reported at amortized cost.

Financial Risk Management

Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: market price risk, interest rate risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance.

Investment Objective

The objective of the Fund is to conserve capital while maintaining liquidity and achieving regular income. For that purpose, the Fund's assets are primarily invested in short-term money market instruments such as commercial paper and bankers' acceptances issued and guaranteed by major Canadian corporations and all financial institutions, including Canadian chartered banks, trust companies and savings and credit unions. The weighted average duration until maturity of the Fund's portfolio does not exceed 90 days.

Investment Strategy

The Fund invests primarily in money market instruments that it believes offer good relative value. The underlying fund's portfolio manager invests in a number of different issuers to reduce credit exposure and adjusts the Fund's term to maturity in anticipation of interest rate changes.

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments. All securities investments present a risk of loss of capital. The portfolio manager manages this risk through a careful selection of securities and other financial instruments within specified limits and within the overall risk profile disclosed in the prospectus of the Fund. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's debt securities are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Fund may also invest in treasury bills issued by the Government of Canada or a province of Canada, short-term debt securities, bankers' acceptances and other credit instruments issued by public administrations, or in guaranteed funds of Canadian financial institutions.

Market Price Risk

At September 30, 2008, the overall market exposures were as follows:

	Fair Value \$	Net Assets %
Securities held for trading	82,106,120	99.0%

The Fund's overall market positions are monitored on a daily basis by the portfolio manager, on a monthly basis by the Fund's manager and are reviewed on a quarterly basis by the Investment Committee.

Management's best estimate of the impact on net assets due to a reasonably possible change in indices, with all other variables held constant, is as follows:

Benchmark	Change in Price %	Impact on Net Assets \$ (+/-)
91 day Treasury Bills	+/- 0.25	207,319

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. The benchmark selected represents the exposure of the Fund's holdings to various assets classes. The 91 Day T-Bill index is based upon the average daily yield of 91 day Treasury Bills. These are secured by the full faith and credit of the Canadian government and offer a fixed rate of return. The performance of investments held by the Fund is monitored on a daily basis by the portfolio manager, on a monthly basis by the Fund's manager and is reviewed on a quarterly basis by the Investment Committee.

Interest Rate Risk

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows.

The table below summarizes the Fund's exposure to interest rate risk. It includes the Fund's assets and trading liabilities at fair values, categorized by the contractual maturity dates.

As at June 30, 2008	Less than 1 Year	1 to 5 Years	5 to 10 Years	Greater than 10 Years	Non Interest Bearing	Total
	\$	\$	\$	\$	\$	\$
Assets						
Financial assets held for trading	80,165,740	1,940,380				82,106,120
Due from brokers						-
Other receivables and prepayments					294,392	294,392
Margin account						-
Cash at bank	696,360					696,360
Total assets	80,862,100	1,940,380	-	-	294,392	83,096,872
Liabilities						
Financial liabilities at fair value through profit or loss						-
Due to brokers						-
Accrued expenses and other liabilities					169,341	169,341
Overdraft on futures contracts						-
Bank overdraft						-
Total liabilities	-	-	-	-	169,341	169,341
Total interest sensitivity gap	80,862,100	1,940,380	-	-	125,051	82,927,531

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the statement of net assets date, if any.

The Fund invests in financial assets, which have an investment grade as rated by a well-known rating agency. For unrated assets, a rating is assigned using a approach that is consistent with trading agencies.

In accordance with the Fund's investment policy, the portfolio manager monitors the Fund's credit position on a daily basis and the Investment Committee reviews it on a quarterly basis.

Portfolio by rating category for debt securities, as a percentage of total portfolio, as at September 30, 2008:

Rating	
AAA	31%
AA	59%
AAL	2%
A	8%
Total	100%

Liquidity Risk

The Fund is exposed to daily cash redemptions of securities. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyses the Fund's financial liabilities into relevant maturity grouping based on the remaining period at the statement of net assets to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At September 30, 2008	Less than 1 Month \$	1 - 3 Months \$	No Stated Maturity \$
Financial liabilities at fair value			
Due to brokers			
Accrued Expenses	129,859		
Other liabilities	39,482		
Total financial liabilities	169,341	-	-

In accordance with the Fund's investment policy, the portfolio manager monitors the Fund's liquidity position on a monthly basis, and the Investment Committee reviews it on a quarterly basis.

Credential Select Conservative Portfolio

Statement of Net Assets

In thousands (except per unit figures)

	September 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$ 19,191	\$ 23,131
Cash and deposits	-	-
Accrued investment income	-	-
Due from brokers	-	-
Subscriptions receivable	5	7
Other accounts receivable	2	2
	19,198	23,140
Liabilities		
Due to brokers	-	-
Redemptions payable	-	-
Accrued expenses	60	64
Other accounts payable	6	2
	66	66
Net Assets, representing Unitholders' Equity (GAAP NAV) (notes 3 & 4)	\$ 19,132	\$ 23,074
Class net assets		
Class A	\$ 19,132	\$ 23,074
Net asset value per unit		
Class A	\$ 10.41	\$ 11.20

Approved on behalf of the Board of Directors of Northwest & Ethical Investments Inc., acting as general partner of Northwest & Ethical Investments L.P. as manager and trustee:



Bernie O'Neill
Director



Pierre Tardif
Director

Statement of Operations

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands (except per unit figures)

	2008	2007
Investment Income		
Dividends	\$ 22	\$ 47
Interest and other income	598	832
Gain on derivatives	-	-
Securities lending (note 12)	-	-
	620	879
Less: Foreign withholding tax	-	-
	620	879
Expenses (note 6)		
Management fees (note 6(a))	354	552
Registrar fees (note 6(b))	45	64
Audit fees	5	7
Custodian fees	1	2
Legal fees	-	-
Securityholder reporting cost	11	7
Other	9	7
	425	639
Net income (loss) before expenses absorbed by Fund Manager	195	240
Expenses absorbed by Fund Manager	(18)	(35)
	213	275
Net Income (Loss)		
Realized gain (loss) on sale of investments	(346)	635
Change in unrealized appreciation (depreciation)	(1,359)	(1,500)
Transaction costs (note 3)	-	-
Net gain (loss) on investments	(1,705)	(865)
Increase (decrease) in net assets from operations	\$ (1,492)	\$ (590)
Increase (decrease) in net assets from operations		
Class A	\$ (1,492)	\$ (590)
Increase (decrease) from operations per unit (note 3 (d))		
Class A	\$ (0.77)	\$ (0.29)

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands

	Class A	
	2008	2007
Net Assets at Beginning of Period	\$ 23,074	\$ 21,320
Increase (Decrease) in net assets resulting from initial adoption of new accounting policy (note 3)	-	-
Increase (Decrease) in Net Assets from Operations	(1,492)	(590)
Unit Transactions		
Proceeds from units issued	3,185	7,774
Value of units redeemed	(5,635)	(5,429)
Reinvested distributions	-	581
	(2,450)	2,926
Distributions Paid to Unitholders		
Investment income	-	(265)
Realized gains on investments	-	(317)
Return of capital	-	-
	-	(582)
Increase (Decrease) in Net Assets	(3,942)	1,754
Net Assets at End of Period	\$ 19,132	\$ 23,074

Increase (Decrease) in Fund Units

	Class A	
	2008	2007
Opening Balance	2,060	1,814
Units Issued	289	660
Reinvested from Distributions	-	52
Units Redeemed	(511)	(466)
Closing Balance	1,838	2,060

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

Statement of Investments

as at September 30, 2008

UNITS	DESCRIPTION	AVERAGE COST \$	FAIR VALUE \$
MUTUAL FUND UNITS			
Mutual Fund Units - Canadian (60.8%)			
55,788	Ethical Canadian Dividend Fund - Class D	994,324	939,082
65,796	Ethical Canadian Index Fund - Class D	1,009,062	869,518
271,727	Ethical Income Fund - Class D	3,053,314	2,938,562
97,721	Fidelity Canadian Short Term Bond Fund - Series O	1,016,548	1,000,398
339,782	Mackenzie Sentinel Corporate Bond Fund - Series O	3,277,666	2,951,281
193,052	Trimark Canadian Bond Fund - Series I	2,049,770	1,979,750
115,175	Trimark Floating Rate Bond Fund - Series I	1,011,070	952,501
		12,411,754	11,631,092
Mutual Fund Units - Foreign (39.5%)			
147,533	AIM International Growth Class - Series I	2,325,260	1,714,928
171,033	Fidelity American Disciplined Equity Fund - Series O	2,312,312	1,791,028
65,757	Mutual Discovery Fund	995,426	946,898
307,682	Templeton Global Bond Fund - Series O	3,134,826	3,107,583
		8,767,824	7,560,437
	Total Investment Portfolio (100.3%)	21,179,578	19,191,529
	Cash and Deposits (0.0%)		-
	Other Assets Less Liabilities (-0.3%)		(59,180)
	Net Assets (100.0%)		19,132,349

Credential Select Conservative Portfolio

Financial Instruments

Assets	\$
Held for trading	19,191,529
Loans and receivables	6,722
Total assets	19,198,251
Liabilities	
Held for trading	-
Financial liabilities at amortized cost	65,902
Total liabilities	65,902

Accrued investment income, subscriptions receivable, amounts due from brokers, and other accounts receivable are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, redemptions payable, accrued expenses and other accounts payable are deemed to be other financial liabilities and reported at amortized cost.

Financial Risk Management

Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: market risk, interest rate risk, credit risk, liquidity risk and currency risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The portfolio manager manages risk through a careful selection of securities and other financial instruments within specified limits and within the overall risk profile disclosed in the prospectus of the Fund. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Credential Select Conservative Portfolio aims to generate a moderate level of income while providing some potential for capital growth by investing in a mix of income oriented mutual funds and equity mutual funds. The Fund invests in a variety of other mutual funds managed by different portfolio managers.

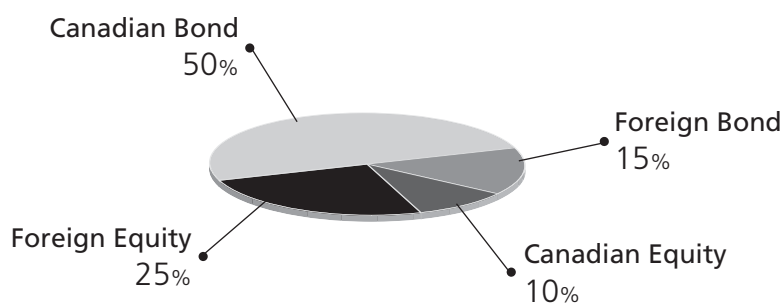
Investment Strategy

The portfolio manager uses strategic asset allocation as the principal investment strategy. The Fund has, under normal market conditions, an asset mix of Canadian bond 40-60%, foreign bond 5-25%, Canadian equity 0-20% and foreign equity 15-35%. The portfolio manager may review and adjust the asset mix, in its sole discretion, depending on the economic conditions and relative value of income and equity securities, as outlined in the prospectus.

In selecting the underlying funds, the portfolio manager considers such factors as returns, consistent relative performance, risk-adjusted performance, portfolio construction, management style and organizational changes.

The Fund may hold a portion of its assets in cash or fixed income securities while seeking investment opportunities or during a stock market downturn. The Fund's holdings are reviewed regularly to ensure proper risk management and alignment with its investment policies.

The chart below shows you the approximate current asset mix for this Fund based on the asset classes of the underlying funds.



At September 30, 2008, the overall market exposures were as follows:

	Fair Value \$	Net Assets %
Securities held for trading	19,191,529	100.3%

Management's best estimate of the impact on net assets due to a reasonably possible change in indices, with all other variables held constant, is as follows:

Benchmark	Change in Price %	Impact on Net Assets \$ (+/-)
91 Day Treasury Bills	+/- 0.25	8,323
DEX Universe	+/- 1.00	67,920
Citigroup World Government Bond	+/- 1.00	33,290
S&P/TSX Composite	+/- 3.00	54,527
S&P 500	+/- 3.00	57,397
MSCI EAFE	+/- 3.00	58,545

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. The benchmarks selected represent the exposure of the Fund's holdings to various assets classes. The Fund's overall market positions are monitored on a daily basis by the portfolio manager, on a monthly basis by the Fund's manager and are reviewed on a quarterly basis by the Investment Committee to manage the Fund's overall risk exposures.

Interest Rate Risk

The Fund has a significant amount of investments in Funds in which the underlying investments are in fixed income securities. As a result the Fund has a significant level of underlying exposure to changes in interest rates through the fixed income investments, a large proportion of September 30, 2008 if Canadian interest rates had increased or decreased by 100 basis points the increase or decrease in net assets of the underlying Funds would be \$564,404. The majority of the Fund's financial assets and liabilities are invested into underlying funds, which can be subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates. As a result, the Fund will be exposed to interest rate risk related to the current underlying funds. Detailed disclosures about the interest rate risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

In accordance with the Fund's investment policy, the portfolio manager, as disclosed in the prospectus, monitors the Fund's overall interest sensitivity on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Credit Risk

The Fund takes on exposure to credit risk by investing into underlying funds, which is the risk that an underlying fund will be unable to pay the amounts in full when due upon a redemption request by the Fund. As a result, the Fund will be exposed to the credit risk related to the current underlying funds.

As at September 30, 2008, the Fund had neither significant investments in debt securities nor in derivative financial instruments. As a result, the Fund is not significantly exposed to the credit risk.

Detailed disclosures about the credit risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Liquidity Risk

The Fund is exposed to daily cash redemptions of securities. The underlying funds are also exposed to daily cash redemptions of securities. They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. As a result, the Fund is not considered to have significant exposure to liquidity risk related to the current underlying funds. Detailed disclosures about the liquidity risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the statement of net assets to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At September 30, 2008	Less than 1 Month \$	1 - 3 Months \$	No Stated Maturity \$
Financial liabilities at fair value	-	-	-
Due to brokers	-	-	-
Accrued Expenses	60,220	-	-
Other liabilities	5,682	-	-
Total financial liabilities	65,902	-	-

In accordance with the Fund's investment policy, the portfolio manager monitors the Fund's liquidity position on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Currency Risk

The Fund does not hold assets denominated in currencies other than the Canadian dollar, the functional currency. However, the majority of its net assets are invested into underlying funds. As a result, the Fund will be exposed to currency risk related to the current underlying funds. Detailed disclosures about the currency risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Credential Select Balanced Portfolio

Statement of Net Assets

In thousands (except per unit figures)

	September 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$ 87,751	\$ 104,962
Cash and deposits	2	-
Accrued investment income	-	-
Due from brokers	-	-
Subscriptions receivable	25	62
Other accounts receivable	-	1
	<u>87,778</u>	<u>105,025</u>
Liabilities		
Due to brokers	-	-
Redemptions payable	81	8
Accrued expenses	262	278
Other accounts payable	23	20
	<u>366</u>	<u>306</u>
Net Assets, representing Unitholders' Equity (GAAP NAV) (notes 3 & 4)	<u>\$ 87,412</u>	<u>\$ 104,719</u>
Class net assets		
Class A	\$ 87,412	\$ 104,719
Net asset value per unit		
Class A	\$ 10.01	\$ 11.35

Approved on behalf of the Board of Directors of Northwest & Ethical Investments Inc., acting as general partner of Northwest & Ethical Investments L.P. as manager and trustee:



Bernie O'Neill
Director



Pierre Tardif
Director

Statement of Operations

For the nine months ended September 30

In thousands (except per unit figures)

	2008	2007
Investment Income		
Dividends	180	423
Interest and other income	1,771	2,471
Gain on derivatives	-	-
Securities lending (note 12)	-	-
	<u>1,951</u>	<u>2,894</u>
Less: Foreign withholding tax	-	-
	<u>1,951</u>	<u>2,894</u>
Expenses (note 6)		
Management fees (note 6(a))	1,644	2,509
Registrar fees (note 6(b))	204	288
Audit fees	8	15
Custodian fees	1	2
Legal fees	-	-
Securityholder reporting cost	47	26
Other	29	22
	<u>1,933</u>	<u>2,862</u>
Net income (loss) before expenses absorbed by Fund Manager	18	32
Expenses absorbed by Fund Manager	-	-
	<u>18</u>	<u>32</u>
Net Income (Loss)		
Realized gain (loss) on sale of investments	(1,572)	3,281
Change in unrealized appreciation (depreciation)	(10,383)	(4,682)
Transaction costs (note 3)	-	-
Net gain (loss) on investments	<u>(11,955)</u>	<u>(1,401)</u>
Increase (decrease) in net assets from operations	<u>\$ (11,937)</u>	<u>\$ (1,369)</u>
Increase (decrease) in net assets from operations		
Class A	\$ (11,937)	\$ (1,369)
Increase (decrease) from operations per unit (note 3 (d))		
Class A	\$ (1.33)	\$ (0.15)

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands

	Class A	
	2008	2007
Net Assets at Beginning of Period	\$ 104,719	\$ 102,424
Increase (Decrease) in net assets resulting from initial adoption of new accounting policy (note 3)	-	-
Increase (Decrease) in Net Assets from Operations	(11,937)	(1,369)
Unit Transactions		
Proceeds from units issued	12,539	24,251
Value of units redeemed	(17,909)	(20,586)
Reinvested distributions	-	1,624
	(5,370)	5,289
Distributions Paid to Unitholders		
Investment income	-	(344)
Realized gains on investments	-	(1,281)
Return of capital	-	-
	-	(1,625)
Increase (Decrease) in Net Assets	(17,307)	2,295
Net Assets at End of Period	\$ 87,412	\$ 104,719

Increase (Decrease) in Fund Units

	Class A	
	2008	2007
Opening Balance	9,225	8,775
Units Issued	1,145	2,065
Reinvested from Distributions	-	144
Units Redeemed	(1,637)	(1,759)
Closing Balance	8,733	9,225

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

Statement of Investments

as at September 30, 2008

UNITS	DESCRIPTION	AVERAGE COST \$	FAIR VALUE \$
MUTUAL FUND UNITS			
Mutual Fund Units - Canadian (55.3%)			
264,750	Ethical Canadian Dividend Fund - Class D	4,286,667	4,456,504
615,136	Ethical Canadian Index Fund - Class D	9,374,570	8,129,269
854,393	Ethical Income Fund - Class D	9,608,003	9,239,747
310,762	Fidelity Canadian Disciplined Equity Fund - Series O	9,369,985	7,866,516
460,867	Fidelity Canadian Short Term Bond Fund - Series O	4,807,660	4,718,035
1,068,366	Mackenzie Sentinel Corporate Bond Fund - Series O	10,389,463	9,279,616
455,467	Trimark Canadian Bond Fund - Series I	4,816,081	4,670,810
		<u>52,652,429</u>	<u>48,360,497</u>
Mutual Fund Units - Foreign (45.1%)			
696,939	AIM International Growth Class - Series I	11,331,744	8,101,219
1,205,232	Fidelity American Disciplined Equity Fund - Series O	15,132,965	12,620,953
618,502	Mutual Discovery Fund - Series O	9,985,057	8,906,428
966,505	Templeton Global Bond Fund - Series O	9,917,023	9,761,702
		<u>46,366,789</u>	<u>39,390,302</u>
	Total Investment Portfolio (100.4%)	<u>99,019,218</u>	<u>87,750,799</u>
	Cash and Deposits (0.0%)		2,461
	Other Assets Less Liabilities (-0.4%)		(341,164)
	Net Assets (100.0%)		<u>87,412,096</u>

Credential Select Balanced Portfolio

Financial Instruments

Assets	\$
Held for trading	87,753,260
Loans and receivables	25,276
Total assets	87,778,536
Liabilities	
Held for trading	-
Financial liabilities at amortized cost	366,440
Total liabilities	366,440

Accrued investment income, subscriptions receivable, amounts due from brokers, and other accounts receivable are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, redemptions payable, accrued expenses and other accounts payable are deemed to be other financial liabilities and reported at amortized cost.

Financial Risk Management

Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: market risk, interest rate risk, credit risk, liquidity risk and currency risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The portfolio manager manages risk through a careful selection of securities and other financial instruments within specified limits and within the overall risk profile disclosed in the prospectus of the Fund. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Credential Select Balanced Portfolio aims to provide reasonable current income and growth of your investment over the long term by investing in a mix of income oriented mutual funds and equity mutual funds. The Fund invests in a variety of other mutual funds managed by different portfolio managers.

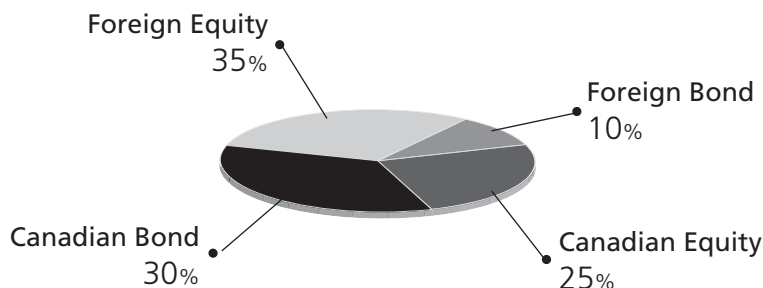
Investment Strategy

The portfolio manager uses strategic asset allocation as the principal investment strategy. The Fund has, under normal market conditions, an asset mix of Canadian bonds 20-40%, foreign bonds 0-20%, Canadian equities 15-35% and foreign equities 25-45%. The portfolio manager may review and adjust the asset mix, in its sole discretion, depending on the economic conditions and relative value of income and equity securities, as outlined in the prospectus.

In selecting the underlying funds, the portfolio manager considers such factors as returns, consistent relative performance, risk-adjusted performance, portfolio construction, management style and organizational changes.

The Fund may hold a portion of its assets in cash or fixed income securities while seeking investment opportunities or during a stock market downturn. The Fund's holdings are reviewed regularly to ensure proper risk management and alignment with its investment policies.

The chart below shows you the approximate current asset mix for this Fund based on the asset classes of the underlying funds.



Market Price Risk

At September 30, 2008, the overall market exposures were as follows:

	Fair Value \$	Net Assets %
Securities held for trading	87,750,799	100.4%

Management's best estimate of the impact on net assets due to a reasonably possible change in indices, with all other variables held constant, is as follows:

Benchmark	Change in Price %	Impact on Net Assets \$ (+/-)
91 Day Treasury Bills	+/- 0.25	25,787
DEX Universe	+/- 1.00	215,908
Citigroup World Government Bond	+/- 1.00	104,895
S&P/TSX Composite	+/- 3.00	597,899
S&P 500	+/- 3.00	414,333
MSCI EAFE	+/- 3.00	338,285

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. The benchmarks selected represent the exposure of the Fund's holdings to various assets classes. The Fund's overall market positions are monitored on a daily basis by the portfolio manager, on a monthly basis by the Fund's manager and are reviewed on a quarterly basis by the Investment Committee to manage the Fund's overall risk exposures.

Interest Rate Risk

The Fund has a significant amount of investments in Funds in which the underlying investments are in fixed income securities. As a result the Fund has a significant level of underlying exposure to changes in interest rates through the fixed income investments, a large proportion of September 30, 2008 if Canadian interest rates had increased or decreased by 100 basis points the increase or decrease in net assets of the underlying Funds would be \$1,590,900. The majority of the Fund's financial assets and liabilities are invested into underlying funds, which can be subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates. As a result, the Fund will be exposed to interest rate risk related to the current underlying funds. Detailed disclosures about the interest rate risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

In accordance with the Fund's investment policy, the portfolio manager, as disclosed in the prospectus, monitors the Fund's overall interest sensitivity on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Credit Risk

The Fund takes on exposure to credit risk by investing into underlying funds, which is the risk that an underlying fund will be unable to pay the amounts in full when due upon a redemption request by the Fund. As a result, the Fund will be exposed to the credit risk related to the current underlying funds.

As at September 30, 2008, the Fund had neither significant investments in debt securities nor in derivative financial instruments. As a result, the Fund is not significantly exposed to the credit risk.

Detailed disclosures about the credit risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Liquidity Risk

The Fund is exposed to daily cash redemptions of securities. The underlying funds are also exposed to daily cash redemptions of securities. They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. As a result, the Fund is not considered to have significant exposure to liquidity risk related to the current underlying funds. Detailed disclosures about the liquidity risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the statement of net assets to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At September 30, 2008	Less than 1 Month \$	1 - 3 Months \$	No Stated Maturity \$
Financial liabilities at fair value	-		
Due to brokers	-		
Accrued Expenses	262,394		
Other liabilities	104,046		
Total financial liabilities	366,440	-	-

In accordance with the Fund's investment policy, the portfolio manager monitors the Fund's liquidity position on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Currency Risk

The Fund does not hold assets denominated in currencies other than the Canadian dollar, the functional currency. However, the majority of its net assets are invested into underlying funds. As a result, the Fund will be exposed to currency risk related to the current underlying funds. Detailed disclosures about the currency risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Credential Select Growth Portfolio

Statement of Net Assets

In thousands (except per unit figures)

	September 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$ 79,500	\$ 94,900
Cash and deposits	-	-
Accrued investment income	-	-
Due from brokers	-	-
Subscriptions receivable	18	65
Other accounts receivable	1	-
	<u>79,519</u>	<u>94,965</u>
Liabilities		
Due to brokers	-	-
Redemptions payable	102	46
Accrued expenses	246	254
Other accounts payable	17	16
	<u>365</u>	<u>316</u>
Net Assets, representing Unitholders' Equity (GAAP NAV) (notes 3 & 4)	<u>\$ 79,154</u>	<u>\$ 94,649</u>

Class net assets		
Class A	\$ 79,154	\$ 94,649
Net asset value per unit		
Class A	\$ 8.96	\$ 10.45

Approved on behalf of the Board of Directors of Northwest & Ethical Investments Inc., acting as general partner of Northwest & Ethical Investments L.P. as manager and trustee:



Bernie O'Neill
Director



Pierre Tardif
Director

Statement of Operations

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands (except per unit figures)

	2008	2007
Investment Income		
Dividends	\$ 139	\$ 332
Interest and other income	1,013	1,399
Gain on derivatives	-	-
Securities lending (note 12)	-	-
	<u>1,152</u>	<u>1,731</u>
Less: Foreign withholding tax	-	-
	<u>1,152</u>	<u>1,731</u>
Expenses (note 6)		
Management fees (note 6(a))	1,513	2,276
Registrar fees (note 6(b))	186	258
Audit fees	8	14
Custodian fees	1	2
Legal fees	-	-
Securityholder reporting cost	43	26
Other	26	20
	<u>1,777</u>	<u>2,596</u>
Net income (loss) before expenses absorbed by Fund Manager	(625)	(865)
Expenses absorbed by Fund Manager	-	-
	<u>(625)</u>	<u>(865)</u>
Net Income (Loss)		
Realized gain (loss) on sale of investments	1,276	4,369
Change in unrealized appreciation (depreciation)	(13,911)	(5,147)
Transaction costs (note 3)	-	-
	<u>(12,635)</u>	<u>(778)</u>
Net gain (loss) on investments	(12,635)	(778)
Increase (decrease) in net assets from operations	<u>\$ (13,260)</u>	<u>\$ (1,643)</u>
Increase (decrease) in net assets from operations		
Class A	\$ (13,260)	\$ (1,643)
Increase (decrease) from operations per unit (note 3 (d))		
Class A	\$ (1.47)	\$ (0.19)

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

Statement of Changes in Net Assets

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹
In thousands

	Class A	
	2008	2007
Net Assets at Beginning of Period	\$ 94,649	\$ 91,105
Increase (Decrease) in net assets resulting from initial adoption of new accounting policy (note 3)	-	-
Increase (Decrease) in Net Assets from Operations	(13,260)	(1,643)
Unit Transactions		
Proceeds from units issued	10,844	21,159
Value of units redeemed	(13,079)	(15,973)
Reinvested distributions	-	902
	(2,235)	6,088
Distributions Paid to Unitholders		
Investment income	-	(187)
Realized gains on investments	-	(714)
Return of capital	-	-
	-	(901)
Increase (Decrease) in Net Assets	(15,495)	3,544
Net Assets at End of Period	\$ 79,154	\$ 94,649

Increase (Decrease) in Fund Units

	Class A	
	2008	2007
Opening Balance	9,061	8,499
Units Issued	1,084	1,948
Reinvested from Distributions	-	87
Units Redeemed	(1,310)	(1,473)
Closing Balance	8,835	9,061

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

Statement of Investments

as at September 30, 2008

UNITS	DESCRIPTION	AVERAGE COST \$	FAIR VALUE \$
MUTUAL FUND UNITS			
Mutual Fund Units - Canadian (39.3%)			
565,348	Ethical Canadian Index Fund - Class D	7,278,824	7,471,297
298,040	Ethical Growth Fund - Class D	4,287,597	3,786,723
780,915	Ethical Income Fund - Class D	8,785,616	8,445,131
284,259	Fidelity Canadian Disciplined Equity Fund - Series O	8,570,125	7,195,610
488,193	Mackenzie Sentinel Corporate Bond Fund - Series O	4,664,099	4,240,343
		<u>33,586,261</u>	<u>31,139,104</u>
Mutual Fund Units - Foreign (61.1%)			
636,269	AIM International Growth Class - Series I	10,155,132	7,395,993
737,550	Fidelity American Disciplined Equity Fund - Series O	9,575,520	7,723,473
1,015,312	Mackenzie Universal US Growth Leaders Fund - Series O	8,583,245	8,052,131
847,209	Mutual Discovery Fund - Series O	14,004,939	12,199,806
883,257	Templeton Global Bond Fund - Series O	9,070,938	8,920,897
406,822	Trimark Global Endeavour Fund - Series I	5,220,761	4,068,215
		<u>56,610,535</u>	<u>48,360,515</u>
	Total Investment Portfolio (100.4%)	<u>90,196,796</u>	79,499,619
	Cash and Deposits (0.0%)		-
	Other Assets Less Liabilities (-0.4%)		(345,890)
	Net Assets (100.0%)		<u>79,153,729</u>

Credential Select Growth Portfolio

Financial Instruments

Assets	\$
Held for trading	79,499,619
Loans and receivables	19,024
Total assets	79,518,643
Liabilities	
Held for trading	-
Financial liabilities at amortized cost	364,914
Total liabilities	364,914

Accrued investment income, subscriptions receivable, amounts due from brokers, and other accounts receivable are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, redemptions payable, accrued expenses and other accounts payable are deemed to be other financial liabilities and reported at amortized cost.

Financial Risk Management

Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: market risk, interest rate risk, credit risk, liquidity risk and currency risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The portfolio manager manages risk through a careful selection of securities and other financial instruments within specified limits and within the overall risk profile disclosed in the prospectus of the Fund. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Credential Select Growth Portfolio aims to increase the value of your investment over the long term by investing in equity mutual funds and some income oriented mutual funds. The Fund invests in a variety of other mutual funds managed by different portfolio managers.

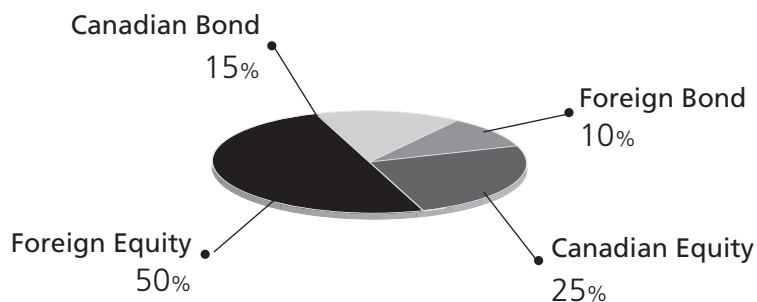
Investment Strategy

The portfolio manager uses strategic asset allocation as the principal investment strategy. The Fund has, under normal market conditions, an asset mix of Canadian bond 5-25%, foreign bond 0-20%, Canadian equity 15-35% and foreign equity 40-60%. The portfolio manager may review and adjust the asset mix, in its sole discretion, depending on the economic conditions and relative value of income and equity securities, as outlined in the prospectus.

In selecting the underlying funds, the portfolio manager considers such factors as returns, consistent relative performance, risk-adjusted performance, portfolio construction, management style and organizational changes.

The Fund may hold a portion of its assets in cash or fixed income securities while seeking investment opportunities or during a stock market downturn. The Fund's holdings are reviewed regularly to ensure proper risk management and alignment with its investment policies.

The chart below shows you the approximate current asset mix for this Fund based on the asset classes of the underlying funds.



Market Risk

At September 30, 2008, the overall market exposures were as follows:

	Fair Value \$	Net Assets %
Securities held for trading	79,499,619	100.4%

Management's best estimate of the impact on net assets due to a reasonably possible change in indices, with all other variables held constant, is as follows:

Benchmark	Change in Price %	Impact on Net Assets \$ (+/-)
91 Day Treasury Bills	+/- 0.25	24,736
DEX Universe	+/- 1.00	105,274
Citigroup World Government Bond	+/- 1.00	73,613
S&P/TSX Composite	+/- 3.00	531,913
S&P 500	+/- 3.00	553,285
MSCI EAFE	+/- 3.00	455,925

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. The benchmarks selected represent the exposure of the Fund's holdings to various assets classes. The Fund's overall market positions are monitored on a daily basis by the portfolio manager, on a monthly basis by the Fund's manager and are reviewed on a quarterly basis by the Investment Committee to manage the Fund's overall risk exposures.

Interest Rate Risk

The Fund has a significant amount of investments in Funds in which the underlying investments are in fixed income securities. As a result the Fund has a significant level of underlying exposure to changes in interest rates through the fixed income investments, a large proportion of September 30, 2008 if Canadian interest rates had increased or decreased by 100 basis points the increase or decrease in net assets of the underlying Funds would be \$886,522. The majority of the Fund's financial assets and liabilities are invested into underlying funds, which can be subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates. As a result, the Fund will be exposed to interest rate risk related to the current underlying funds. Detailed disclosures about the interest rate risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

In accordance with the Fund's investment policy, the portfolio manager, as disclosed in the prospectus, monitors the Fund's overall interest sensitivity on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Credit Risk

The Fund takes on exposure to credit risk by investing into underlying funds, which is the risk that an underlying fund will be unable to pay the amounts in full when due upon a redemption request by the Fund. As a result, the Fund will be exposed to the credit risk related to the current underlying funds.

As at September 30, 2008, the Fund had neither significant investments in debt securities nor in derivative financial instruments. As a result, the Fund is not significantly exposed to the credit risk.

Detailed disclosures about the credit risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Liquidity Risk

The Fund is exposed to daily cash redemptions of securities. The underlying funds are also exposed to daily cash redemptions of securities. They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. As a result, the Fund is not considered to have significant exposure to liquidity risk related to the current underlying funds. Detailed disclosures about the liquidity risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the statement of net assets to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At September 30, 2008	Less than 1 Month \$	1 - 3 Months \$	No Stated Maturity \$
Financial liabilities at fair value	-		
Due to brokers	-		
Accrued Expenses	245,698		
Other liabilities	119,216		
Total financial liabilities	364,914	-	-

In accordance with the Fund's investment policy, the portfolio manager monitors the Fund's liquidity position on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Currency Risk

The Fund does not hold assets denominated in currencies other than the Canadian dollar, the functional currency. However, the majority of its net assets are invested into underlying funds. As a result, the Fund will be exposed to currency risk related to the current underlying funds. Detailed disclosures about the currency risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Credential Select High Growth Portfolio

Statement of Net Assets

In thousands (except per unit figures)

	September 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$ 36,380	\$ 45,877
Cash and deposits	-	-
Accrued investment income	-	-
Due from brokers	-	-
Subscriptions receivable	15	35
Other accounts receivable	-	1
	<u>36,395</u>	<u>45,913</u>
Liabilities		
Due to brokers	-	-
Redemptions payable	9	40
Accrued expenses	117	128
Other accounts payable	11	21
	<u>137</u>	<u>189</u>
Net Assets, representing Unitholders' Equity (GAAP NAV) (notes 3 & 4)	<u>\$ 36,258</u>	<u>\$ 45,724</u>
Class net assets		
Class A	\$ 36,258	\$ 45,724
Net asset value per unit		
Class A	\$ 9.49	\$ 11.73

Approved on behalf of the Board of Directors of Northwest & Ethical Investments Inc., acting as general partner of Northwest & Ethical Investments L.P. as manager and trustee:



Bernie O'Neill
Director



Pierre Tardif
Director

Statement of Operations

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹

In thousands (except per unit figures)

	2008	2007
Investment Income		
Dividends	\$ -	\$ 153
Interest and other income	174	403
Gain on derivatives	-	-
Securities lending (note 12)	-	-
	<u>174</u>	<u>556</u>
Less: Foreign withholding tax	-	-
	<u>174</u>	<u>556</u>
Expenses (note 6)		
Management fees (note 6(a))	729	1,096
Registrar fees (note 6(b))	88	124
Audit fees	6	9
Custodian fees	1	2
Legal fees	-	-
Securityholder reporting cost	21	14
Other	14	12
	<u>859</u>	<u>1,257</u>
Net income (loss) before expenses absorbed by Fund Manager	(685)	(701)
Expenses absorbed by Fund Manager	-	-
	<u>(685)</u>	<u>(701)</u>
Net Income (Loss)		
Realized gain (loss) on sale of investments	(953)	2,449
Change in unrealized appreciation (depreciation)	(7,019)	(2,325)
Transaction costs (note 3)	-	-
Net gain (loss) on investments	<u>(7,972)</u>	<u>124</u>
Increase (decrease) in net assets from operations	<u>\$ (8,657)</u>	<u>\$ (577)</u>
Increase (decrease) in net assets from operations		
Class A	\$ (8,657)	\$ (577)
Increase (decrease) from operations per unit (note 3 (d))		
Class A	\$ (2.25)	\$ (0.15)

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

For the 9 months ended September 30, 2008 and the year ended December 31, 2007¹
In thousands

	Class A	
	2008	2007
Net Assets at Beginning of Period	\$ 45,724	\$ 43,099
Increase (Decrease) in net assets resulting from initial adoption of new accounting policy (note 3)	-	-
Increase (Decrease) in Net Assets from Operations	(8,657)	(577)
Unit Transactions		
Proceeds from units issued	7,227	13,773
Value of units redeemed	(8,036)	(10,571)
Reinvested distributions	-	361
	(809)	3,563
Distributions Paid to Unitholders		
Investment income	-	(58)
Realized gains on investments	-	(303)
Return of capital	-	-
	-	(361)
Increase (Decrease) in Net Assets	(9,466)	2,625
Net Assets at End of Period	\$ 36,258	\$ 45,724

Increase (Decrease) in Fund Units

	Class A	
	2008	2007
Opening Balance	3,897	3,602
Units Issued	653	1,132
Reinvested from Distributions	-	31
Units Redeemed	(728)	(868)
Closing Balance	3,822	3,897

¹ The year-end of this Fund for financial reporting purposes has been changed to September 30th as of 2008. Previously, the year-end for financial reporting purposes was December 31st. The year-end for tax purposes remains at December 15th.

Statement of Investments

as at September 30, 2008

UNITS	DESCRIPTION	AVERAGE COST \$	FAIR VALUE \$
MUTUAL FUND UNITS			
Mutual Fund Units - Canadian (40.4%)			
272,331	Ethical Canadian Index Fund - Class D	3,783,213	3,598,968
142,853	Ethical Growth Fund - Class D	2,054,709	1,814,998
374,110	Ethical Income Fund - Class D	4,245,915	4,045,780
204,408	Fidelity Canadian Disciplined Equity Fund - Series O	6,160,661	5,174,304
		16,244,498	14,634,050
Mutual Fund Units - Foreign (60.0%)			
305,551	AIM International Growth Class - Series I	4,950,144	3,551,725
528,315	Fidelity American Disciplined Equity Fund - Series O	6,644,127	5,532,408
311,273	Fidelity Emerging Markets Fund - Series O	4,104,352	3,114,846
126,917	Mackenzie Focus International Class - Series O	2,364,494	1,808,020
486,493	Mackenzie Universal US Growth Leads Fund - Series O	4,113,210	3,858,231
269,491	Mutual Discovery Fund - Series O	4,748,274	3,880,672
		26,924,601	21,745,902
	Total Investment Portfolio (100.3%)	43,169,099	36,379,952
	Cash and Deposits (0.0%)		-
	Other Assets Less Liabilities (-0.3%)		(121,576)
	Net Assets (100.0%)		36,258,376

Credential Select High Growth Portfolio

Financial Instruments

Assets	\$
Held for trading	36,379,952
Loans and receivables	15,115
Total assets	36,395,067
Liabilities	
Held for trading	-
Financial liabilities at amortized cost	136,691
Total liabilities	136,691

Accrued investment income, subscriptions receivable, amounts due from brokers, and other accounts receivable are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, redemptions payable, accrued expenses and other accounts payable are deemed to be other financial liabilities and reported at amortized cost.

Financial Risk Management

Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: market risk, interest rate risk, credit risk, liquidity risk and currency risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The portfolio manager manages risk through a careful selection of securities and other financial instruments within specified limits and within the overall risk profile disclosed in the prospectus of the Fund. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Credential Select High Growth Portfolio aims to increase the value of your investment over the long term by investing primarily in equity mutual funds. The Fund invests in a variety of other mutual funds managed by different portfolio managers.

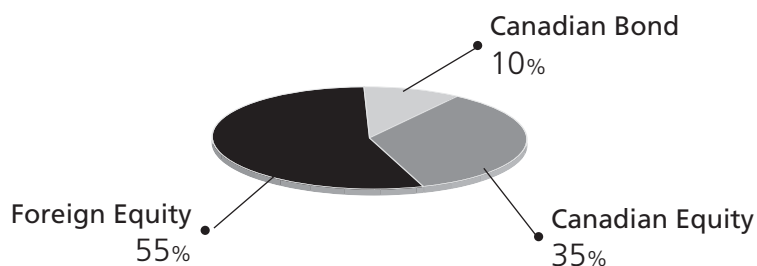
Investment Strategy

The portfolio manager uses strategic asset allocation as the principal investment strategy. The Fund has, under normal market conditions, an asset mix of Canadian bond 0-20%, Canadian equity 25-45% and foreign equity 45-65%. The portfolio manager may review and adjust the asset mix, in its sole discretion, depending on the economic conditions and relative value of equity securities, as outlined in the prospectus.

In selecting the underlying funds, the portfolio manager considers such factors as returns, consistent relative performance, risk-adjusted performance, portfolio construction, management style and organizational changes.

The Fund may hold a portion of its assets in cash or fixed income securities while seeking investment opportunities or during a stock market downturn. The Fund's holdings are reviewed regularly to ensure proper risk management and alignment with its investment policies.

The chart below shows you the approximate current asset mix for this Fund based on the asset classes of the underlying funds.



Market Risk

At September 30, 2008, the overall market exposures were as follows:

	Fair Value \$	Net Assets %
Securities held for trading	36,379,952	100.3%

Management's best estimate of the impact on net assets due to a reasonably possible change in indices, with all other variables held constant, is as follows:

Benchmark	Change in Price %	Impact on Net Assets \$ (+/-)
91 Day Treasury Bills	+/- 0.25	7,342
DEX Universe	+/- 1.00	38,796
Citigroup World Government Bond	+/- 1.00	1,088
S&P/TSX Composite	+/- 3.00	299,132
S&P 500	+/- 3.00	293,693
MSCI EAFE	+/- 3.00	287,166

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. The benchmarks selected represent the exposure of the Fund's holdings to various assets classes. The Fund's overall market positions are monitored on a daily basis by the portfolio manager, on a monthly basis by the Fund's manager and are reviewed on a quarterly basis by the Investment Committee to manage the Fund's overall risk exposures.

Interest Rate Risk

The Fund has a significant amount of investments in Funds in which the underlying investments are in fixed income securities. As a result the Fund has a significant level of underlying exposure to changes in interest rates through the fixed income investments, a large proportion of September 30, 2008 if Canadian interest rates had increased or decreased by 100 basis points the increase or decrease in net assets of the underlying Funds would be \$232,054. The majority of the Fund's financial assets and liabilities are invested into underlying funds, which can be subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates. As a result, the Fund will be exposed to interest rate risk related to the current underlying funds. Detailed disclosures about the interest rate risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

In accordance with the Fund's investment policy, the portfolio manager, as disclosed in the prospectus, monitors the Fund's overall interest sensitivity on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Credit Risk

The Fund takes on exposure to credit risk by investing into underlying funds, which is the risk that an underlying fund will be unable to pay the amounts in full when due upon a redemption request by the Fund. As a result, the Fund will be exposed to the credit risk related to the current underlying funds.

As at September 30, 2008, the Fund had neither significant investments in debt securities nor in derivative financial instruments. As a result, the Fund is not significantly exposed to the credit risk.

Detailed disclosures about the credit risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

Liquidity Risk

The Fund is exposed to daily cash redemptions of securities. The underlying funds are also exposed to daily cash redemptions of securities. They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. As a result, the Fund is not considered to have significant exposure to liquidity risk related to the current underlying funds. Detailed disclosures about the liquidity risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the statement of net assets to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At September 30, 2008	Less than 1 Month \$	1 - 3 Months \$	No Stated Maturity \$
Financial liabilities at fair value	-	-	-
Due to brokers	-	-	-
Accrued Expenses	117,029	-	-
Other liabilities	19,662	-	-
Total financial liabilities	136,691	-	-

In accordance with the Fund's investment policy, the portfolio manager monitors the Fund's liquidity position on a daily basis, the Fund's manager on a monthly basis and the Investment Committee reviews it on a quarterly basis.

Currency Risk

The Fund does not hold assets denominated in currencies other than the Canadian dollar, the functional currency. However, the majority of its net assets are invested into underlying funds. As a result, the Fund will be exposed to currency risk related to the current underlying funds. Detailed disclosures about the currency risk of the underlying funds are available at www.sedar.com or www.ethicalfunds.com.

The information provided in these financial statements and notes hereto is for the nine-month period ended or as at September 30, 2008 and the year ended or as at December 31, 2007.

Throughout the Notes to the Financial Statements, “we” or “NEILP” refers to Northwest and Ethical Investments L.P., appointed as manager (the “Manager”) of the Funds on December 28, 2007 as disclosed in Note 2.

1. The Funds

All of the Funds described in these financial statements are unincorporated mutual fund trusts, operate under separate declarations of trust and are sold under a simplified prospectus. The Funds are sold in units. Class A units are available to all investors. Class F units are available to investors who have accounts with dealers who have signed an eligibility agreement with NEILP. We offer Class D units only to qualifying institutional investors like pension plans, as disclosed in the prospectus.

The Credential Money Market Fund is authorized to issue an unlimited number of units and has four classes of units: Class A, Class B, Class D, and Class F. Only Class A, D and F units are offered for sale at this time.

The Credential Select Conservative Portfolio is authorized to issue an unlimited number of units in an unlimited number of classes. Only Class A units are currently offered for sale.

Each of the Credential Select Balanced Portfolio, Credential Select Growth Portfolio and Credential Select High Growth Portfolio have four classes of units: Class A, Class B, Class C and Class D. Only Class A units are offered for sale at this time.

The Credential Select Conservative Portfolio, Credential Select Balanced Portfolio, Credential Select Growth Portfolio, and Credential Select High Growth Portfolio (collectively, the “Credential Select Funds”) take a different approach to investing than traditional mutual funds. Most mutual funds invest in securities like stocks, bonds and money market instruments. The Credential Select Funds invest in other mutual funds, called the underlying funds.

For purposes of these financial statements, reference to “years ended” includes where applicable, “periods ended”.

2. Significant Events

The period-end for financial reporting purposes for the Funds has been changed from December 31st to September 30th. Accordingly, the financial statements have been prepared for the nine month period ended September 30, 2008. The comparative information presented in the financial statements is for the year ended December 31, 2007. The year-end for tax purposes remains at December 15th.

Custodial services provided to the Funds by the RBC Dexia Investor Services Trust (“RBC Dexia”) were assigned to Desjardins Trust Inc. (“Desjardins”) effective June 20, 2008.

NEILP (formerly Ethical Funds L.P. but renamed NEILP concurrent with the transaction described in the next paragraph) was formed as a limited partnership under the laws of the Province of Ontario on September 28, 2007. The general partner of NEILP is Northwest & Ethical Investments Inc. (the “General Partner”).

On December 28, 2007 Ethical Funds Inc. (“EFI”) completed the previously announced transaction to create a partnership combining the assets and fund management activities of EFI and its wholly-owned subsidiary, EF Administration Inc. (“EFA”) with Northwest Mutual Funds

Inc. (“NMFI”) and Northwest Asset Management Inc. (“NAMI”) into a limited partnership structure owned 50% by EFI and 50% by the Fédération des caisses Desjardins du Québec (“Desjardins”), the direct parent of NAMI, and the indirect parent, through NAMI, of NMFI.

As a result of the transaction, NEILP acquired the business of EFI and its wholly-owned subsidiary, EFA. NEILP replaced EFI as Manager of the Ethical Funds and the Credential Funds, and NMFI amalgamated with NAMI and then transferred its business and assets to NEILP, which is now the Manager of the Northwest Funds, the Ethical Funds and the Credential Funds.

3. Summary of significant accounting policies

The financial statements of the Funds have been prepared according to Canadian generally accepted accounting principles (“GAAP”). The significant accounting policies used by the Funds are detailed below.

Adoption of new accounting standards

Financial Instruments – Recognition and Measurement:

On April 1, 2005 the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, “Financial Instruments – Recognition and Measurement” which establishes standards for the fair valuation of investments, as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006, thus being effective for the Funds as of January 1, 2007. Section 3855 requires that securities be valued at fair value, which in an active market, will commonly be measured based on the last bid price for a security. Previously, fair value was most commonly based on the last traded price of a security. The impact of adoption of this new policy, as of January 1, 2007, has been disclosed in the Statements of Changes in Net Assets for the year ended December 31, 2007.

Section 3855 requires that transaction costs, such as brokerage commissions, transfer taxes and duties incurred in the purchase and sale of securities by the Funds, be expensed in the period incurred. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchases or deducted from proceeds from sale of investments. The transaction costs are now disclosed separately in the Statements of Operations.

For financial reporting purposes, the provisions of Section 3855 have been applied retrospectively, without restatement of prior periods. This method of calculating and reporting of the Funds’ net asset value and net asset value per unit for financial reporting purposes is referred to as “GAAP NAV”.

In June 2008, the Canadian Securities Administrators adopted changes to National Instrument 81-106 on Investment Fund Continuous Disclosure. The changes are essentially aimed at modifying the requirements pertaining to the calculation of the unit value due to the inclusion of Section 3855, Financial Instruments – Recognition and Measurement of the CICA Handbook. These changes allow the Funds to report two distinct net asset values: one for the financial statements, which is calculated in accordance with Canadian GAAP (called “net assets”) and another for all other purposes, such as unit pricing (called “net asset value”). A reconciliation between the net assets per unit and the net asset value per unit is required, as well as a description of the differences between the valuation principles and practices required by the Manager of the Funds to calculate the net asset value and those prescribed by Canadian GAAP. The changes have come into effect on September 8, 2008, and have been reflected in the Annual Financial Statements as at September 30, 2008.

Financial Instruments – Disclosures and Presentation:

In December 2006 the CICA issued Section 3862, “Financial Instruments – Disclosures” and Section 3863, “Financial Instruments - Presentation” which are applicable for the period ended September 30, 2008. These presentation and disclosure sections for financial instruments replace Section 3861, “Financial Instruments – Disclosure and Presentation”. The new presentation and disclosure standards modify and increase requirements pertaining to disclosures and substantially maintain existing presentation requirements. These new sections give greater importance to disclosures in terms of the nature and scope of the risks associated with financial instruments, and the way entities manage these risks. Funds’ specific risk disclosures are presented in a schedule to the Investment Portfolio. The adoption of the new disclosure requirements does not impact the GAAP NAV or the Transactional NAV.

(a) Valuation of investments

Investments are valued for financial reporting using the following bases:

Equity securities

The fair value of investments in equity securities which are traded in an active market are valued using the final bid price as at the period-end date using independent pricing sources on a recognized exchange on which the security is traded. When current market prices or quotations are not readily available, valuations are established based upon a valuation technique in order to estimate what the fair value would be in an arms length transaction motivated by normal business considerations. Valuation techniques principally include the use of the last publicly traded price, or a price established by the Manager in accordance with its Fair Value Policy.

Bonds and Mortgage Back Securities

Bonds and mortgage backed securities are valued at the trading price obtained from recognized dealers on the last trading day of the period.

Short term investments and Money Market Instruments

Short term investments are valued using the quoted price.

Cash and deposits

Cash and deposits consist of cash held with Canadian regulated financial institutions are recorded at fair value.

Other assets and liabilities

In accordance with Section 3862, Subscriptions receivable, Receivables for investments sold as well as Interest, dividends and other receivables are deemed to be loans and receivables and recorded at cost. Similarly, Accrued Expenses, Redemptions Payables, Payables for Investments purchased, as well as Distributions payable are deemed to be financial liabilities and recorded at cost. As a result, their carrying amount approximates their fair value.

Investment funds

Investments in mutual funds or pooled funds are valued based on the net asset value per unit at the end of each valuation date, reported by the Investment Manager of the Fund.

(b) Investment transactions and income recognition

The Funds record:

- investment transactions on the date the trade is made,
- distributions from the underlying funds on the date that investors holding the security will be eligible for a distribution but before it's paid (the distribution date),
- interest income as it's accrued rather than as it's paid, and
- distributions received from underlying funds as income, which retain their character.

Realized and unrealized gains and losses from the purchase and sale of investments are calculated using the average cost of the investments.

Income, realized gain (loss) and unrealized gain (loss) are allocated among the classes on a pro-rata basis, based on the weighted average net assets of each class.

(c) Accounting estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in these financial statements. Significant amounts requiring the use of estimates may include derivatives or manager valued estimates. Actual results may differ from those estimates

(d) Increase (decrease) in net assets from operations per unit

The increase (decrease) in net assets from operations per unit in the Statements of Operations represents the change in net assets from investment operations attributable to the class of units for the period, divided by the average of the number of units outstanding at the end of each month during the period.

(e) Securities lending

The Credential Money Market Fund has entered into a securities lending program with its custodians, RBC Dexia and subsequently Desjardins.

The income earned from securities lending is recognized when paid and is included in “Investment income -Securities Lending” in the Statements of Operations of the Fund.

Effective September 26, 2008 the Manager advised Desjardins to withdraw the Fund from the securities lending program. The Fund was advised by Desjardins that this change was completed as of October 15, 2008.

4. Reconciliation of net assets according to Section 3855

The adjustment to the GAAP NAV as at September 30, 2008 and December 31, 2007 are as follows:

In thousands	Net Asset Value (Transactional)	Adjustment	Net Asset Value (GAAP)
September 30, 2008	\$	\$	\$
Credential Money Market Fund – Class A	82,125	(93)	82,032
Credential Money Market Fund – Class D	894	(1)	893
Credential Money Market Fund – Class F	3	-	3
Credential Select Conservative Portfolio – Class A	19,132	-	19,132
Credential Select Balanced Portfolio – Class A	87,412	-	87,412
Credential Select Growth Portfolio – Class A	79,154	-	79,154
Credential Select High Growth Portfolio – Class A	36,258	-	36,258

Notes to the Financial Statements

For the nine months ended September 30, 2008

In thousands December 31, 2007	Net Asset Value	Adjustment	Net Asset Value
	(Transactional)		(GAAP)
	\$	\$	\$
Credential Money Market Fund – Class A	75,481	(6)	75,475
Credential Money Market Fund – Class D	760	-	760
Credential Money Market Fund – Class F	13	-	13
Credential Select Conservative Portfolio – Class A	23,074	-	23,074
Credential Select Balanced Portfolio – Class A	104,719	-	104,719
Credential Select Growth Portfolio – Class A	94,649	-	94,649
Credential Select High Growth Portfolio – Class A	45,724	-	45,724

September 30, 2008	Net Asset Value	Per Unit Adjustment	Net Asset Value
	(Transactional)		(GAAP)
	\$	\$	\$
Credential Money Market Fund – Class A	10.00	(0.01)	9.99
Credential Money Market Fund – Class D	10.00	(0.01)	9.99
Credential Money Market Fund – Class F	10.00	(0.01)	9.99
Credential Select Conservative Portfolio – Class A	10.41	-	10.41
Credential Select Balanced Portfolio – Class A	10.01	-	10.01
Credential Select Growth Portfolio – Class A	8.96	-	8.96
Credential Select High Growth Portfolio – Class A	9.49	-	9.49

December 31, 2007	Net Asset Value	Adjustment	Net Asset Value
	(Transactional)		(GAAP)
	\$	\$	\$
Credential Money Market Fund – Class A	10.00	-	10.00
Credential Money Market Fund – Class D	10.00	-	10.00
Credential Money Market Fund – Class F	10.00	-	10.00
Credential Select Conservative Portfolio – Class A	11.20	-	11.20
Credential Select Balanced Portfolio – Class A	11.35	-	11.35
Credential Select Growth Portfolio – Class A	10.45	-	10.45
Credential Select High Growth Portfolio – Class A	11.73	-	11.73

5. Income taxes

Mutual funds are not required to pay income taxes if they distribute sufficient investment income and realized capital gains to the unitholders.

All Funds, except the Credential Money Market Fund, have a year end for tax purposes of December 15. The Credential Money Market Fund's year end for tax purposes is December 31.

6. Management fees and operating expenses

The Funds pay certain expenses for their operations, including fees, to the Manager and the registrar. They also pay unitholder services costs, legal and audit expenses, custodian fees, filing fees, trustee fees, taxes, brokerage charges and borrowing costs (if any).

Common expenses incurred by the Funds are allocated between the classes of units either on a pro-rata basis among all units of all classes or to each class based on the amount of such expenses estimated by the Manager to have been incurred in respect of the class. Each class bears directly any expense item that can be specifically attributed to that class.

For certain Funds, the Manager has absorbed certain operating expenses of the Funds and may discontinue absorbing these expenses at any time without notice. The amount of absorbed expenses has been reflected in the Statements of Operations.

(a) Management fees

The Funds pay the Manager an annual management fee up to the rates shown below. The fee for Class A and F units is calculated daily based on the daily net asset value of each class of units of each Fund and paid monthly.

Maximum Annual Management Fee

	Class A (%)	Class F (%)
Credential Money Market Fund	0.85	0.85
Credential Select Conservative Portfolio	1.65	n/a
Credential Select Balanced Portfolio	1.65	n/a
Credential Select Growth Portfolio	1.65	n/a
Credential Select High Growth Portfolio	1.65	n/a

n/a – not applicable as Class F units are currently not offered for sale.

Management fees paid to the Manager are disclosed in the Statements of Operations. The management fee for Class D units is negotiated with the Manager and paid directly by the unitholder to the Manager.

These fees do not incorporate management fees charged by the underlying funds on units held by the Credential Select Funds. However, since each of the Credential Select Funds invests only in underlying mutual funds, the managers of the underlying funds other than the **Ethical Funds**[®] will pay management fee reductions to the Credential Select Funds on their investments and the managers of the **Ethical Funds** receive no management fees on units in the underlying funds. These reductions will lower the management expense ratios for the Credential Select Funds.

(b) Registrar fees

The Manager performs registrar services for the Funds. Fees paid to the Manager are disclosed in the Statements of Operations.

7. Sale of Units – Redemptions

Units may be sold back to the Funds (the transaction is called a "redemption") on any valuation day at the current closing net asset value per unit.

The redemption is recorded on the same day if the redemption request is received at or prior to 1:00 p.m. (Pacific Standard Time). Payment for units redeemed will be made by the Fund no later than three business days after receipt by the Manager of the completed sale documents.

8. Reinvestment of Distributions

All distributions made by the Funds are automatically reinvested in additional units of the same class that paid the distribution unless notification to the contrary is received in writing at least 15 days in advance that you would like a cash payment. All distributions are made without an acquisition charge.

Notes to the Financial Statements

For the nine months ended September 30, 2008

9. Sales and redemption charges

(a) Capitalization

The Funds may issue an unlimited number of units of each class. The numbers of units of each class that have been issued and are outstanding are disclosed in the Statements of Changes in Net Assets.

The units of a Fund are of the same class and confer the same rights and privileges except that in respect of a Fund with more than one class of units, each class of units may have a different management fee, dealer compensation structure or distribution structure. As a result, each unit entitles its holder to one vote and to participate equally in distributions made in respect of the class of units by the subject Fund and, on liquidation, in the net assets of the class of units remaining after satisfaction of outstanding liabilities. A fraction of a unit will entitle the holder to similar proportionate participation, but will not entitle him or her to vote.

Units and fractions of units may be issued by a Fund only as fully paid and non-assessable. An investor will be entitled to redeem units in the manner described in the Annual Information Form. The Declaration of Trust does not impose any restrictions on the transfer of units.

Class B units are not available for sale.

Class D units are offered to institutional investors such as pension plans in minimum subscription amounts determined by the Manager. There are no sales or redemption charges applied to this class.

Class F units are available to retail investors investing a minimum of \$500. Investors can spread that over more than one Fund, but must invest at least \$25 per Fund. After that, investors can invest as little as \$100 at a time.

In respect of Class F units, investors pay their dealer a fee directly for investment advice or other services instead of paying sales or redemption charges.

In accordance with securities regulations, funds seek to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

(b) Valuation of units

Every business day and for each class of units of each Fund, the Manager calculates the net asset value per unit by dividing the net assets at market value by the number of units outstanding.

Net asset value of each class of units in a Fund corresponds to the proportion of the assets of the Fund attributable to the class, net of the proportion of the Fund's total liabilities attributable to the class and the specific liabilities of the class. Expenses directly related to a class are applied against this class. Other income and expenses as well as realized and unrealized capital gains and losses are applied against each class in proportion to their respective net asset value.

10. Percentage ownership in underlying funds

At June 30, the Credential Select Funds had the following percentage ownership in the underlying funds:

Underlying Fund	Credential Select Conservative Portfolio	Credential Select Balanced Portfolio	Credential Select Growth Portfolio	Credential Select High Growth Portfolio
September 30, 2008				
AIM International Growth Class Fund	0.85	4.03	3.68	1.77
Ethical Canadian Dividend Fund	0.36	1.70	-	-
Ethical Canadian Index Fund	1.71	15.99	14.70	7.08
Ethical Growth Fund	-	-	1.08	0.52
Ethical Income Fund	1.08	3.40	3.10	1.49
Fidelity American Disciplined Equity Fund	0.81	5.68	3.48	2.49
Fidelity Canadian Disciplined Equity Fund	-	0.42	0.39	0.28
Fidelity Canadian Short Term Bond Fund	0.41	1.92	-	-
Fidelity Emerging Markets Fund	-	-	-	3.97
Mackenzie Focus International Class Fund	-	-	-	4.53
Mackenzie Sentinel Corporate Bond Fund	0.54	1.71	0.78	-
Mackenzie Universal US Growth Leaders Fund	-	-	8.77	4.20
Mutual Discovery Fund	0.08	0.73	1.00	0.32
Templeton Global Bond Fund	1.19	3.72	3.40	-
Trimark Canadian Bond Fund	0.11	0.26	-	-
Trimark Floating Rate Bond Fund	0.38	-	-	-
Trimark Global Endeavour Fund	-	-	0.44	-
December 31, 2007				
AIM Canadian First Class Fund	-	-	-	0.15
AIM International Growth Class Fund	0.78	5.35	3.26	2.34
Ethical Canadian Dividend Fund	0.37	3.43	3.15	-
Ethical Canadian Index Fund	3.39	-	13.88	13.40
Ethical Income Fund	1.29	3.91	3.57	1.71
Ethical Special Equity Fund	-	1.66	-	0.73
Fidelity American Disciplined Equity Fund	0.99	4.45	4.06	1.94
Fidelity Canadian Short Term Bond Fund	0.47	2.14	-	-
Fidelity True North Fund	-	0.15	0.14	0.10
Mackenzie Cundill Value Fund	0.02	0.07	0.13	0.03
Mackenzie Focus International Class Fund	-	-	13.53	12.96
Mackenzie Sentinel Corporate Bond Fund	0.69	2.09	0.95	-
Mutual Discovery Fund	-	0.44	0.82	0.59
Templeton Global Bond Fund	1.86	5.64	5.15	-
Trimark Canadian Bond Fund	0.17	0.25	-	-
Trimark Global Endeavour Fund	-	-	0.27	-
Trimark International Companies Fund	-	1.15	-	0.96

The **Ethical** Advantage 2010 Fund had the following percentage ownership in the underlying Credential Money Market Fund:

Underlying Fund	Ethical Advantage 2010 Fund (%)
September 30, 2008	
Credential Money Market Fund	1.08
December 31, 2007	
Credential Money Market Fund	1.00

Notes to the Financial Statements

For the nine months ended September 30, 2008

11. Commissions and Other Transaction Costs

The Funds paid no brokerage fees nor received any rebates with respect to portfolio transactions.

12. Securities Lending

The balances and results of the lending program are as follows:

In thousands	Securities Loaned Fixed Income \$	Collateral Held \$	Income Received for the year \$
Nine months ended September 30, 2008			
Credential Money Market Fund	-	-	2
Year ended December 31, 2007			
Credential Money Market Fund	493	530	4

13. Related Party Transactions

NEILP provides the Funds or makes sure the Funds are provided with all services, including accounting, custody, portfolio management, record maintenance and transfer agent services. The Funds pay management fees to NEILP, which are calculated on a daily basis with the net asset value of the Funds not exceeding the maximum rates as disclosed in note 7(a). The Manager may also appoint external Investment Advisors to the Funds.

Desjardins Trust Inc. is the custodian of the Funds. Desjardins Trust Inc. is a wholly-owned subsidiary of the Fédération des caisses Desjardins du Québec ("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 an agreed fee schedule.

Management, registrar, custodian and some administrative fees presented in the Statement of Operations are incurred by the Funds 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 the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the period, accrued expenses payable to related parties presented in the Statement of Net Assets are as follows:

	2008	2007
Credential Money Market Fund	67,164	76,981
Credential Select Conservative Portfolio	44,993	52,753
Credential Select Balanced Portfolio	210,620	242,254
Credential Select Growth Portfolio	197,826	221,340
Credential Select High Growth Portfolio	92,038	109,647

14. International Financial Reporting Standards

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. In preparation to meet the requirements, the Manager has taken the following steps in managing the transition to IFRS:

- Established a committee for development and implementation of a transition plan and to provide oversight of the transition to IFRS;
- Commenced activities to identify key issues and likely impacts resulting from adoption of IFRS;
- Initiated analysis to reconfigure accounting systems used by the Funds.

The Manager is still in the early planning stages of these activities. The key elements of the plan will include disclosure of the qualitative and quantitative impact in the 2009 annual financial statements and the preparation of the 2011 financial statements in accordance with IFRS. The Manager has presently determined that there will be no impact to net asset value per unit as a result of the changeover to IFRS.

15. Statement of portfolio transactions and financial statements for the underlying funds

It is possible to obtain unaudited statements of portfolio transactions for the Credential Funds and audited financial statements of the underlying funds for the nine months ended September 30, 2008 for each of the Funds by contacting:

Northwest and Ethical Investments L.P.
800 - 1111 West Georgia Street
Vancouver, B.C. V6E 4T6

Management Report

December 4, 2008

To the Unitholders of:

Credential Money Market Fund
Credential Select Conservative Portfolio
Credential Select Balanced Portfolio
Credential Select Growth Portfolio
Credential Select High Growth Portfolio
(collectively, the "Funds")

The accompanying financial statements have been prepared by the Manager of the Funds and approved by the Board of Directors of Northwest and Ethical Investments L.P. Management is responsible for the information and representations contained in these financial statements. The Board of Directors of Northwest and Ethical Investments L.P. is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

Northwest and Ethical Investments L.P. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 3 to the financial statements. Financial information used elsewhere in the Management Report on Fund Performance is consistent with that in the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the following page.



John Kearns
CEO
Northwest and Ethical Investments L.P.
Acting through its general partner
Northwest & Ethical Investments Inc.



Craig Fookes
CFO
Northwest and Ethical Investments L.P.
Acting through its general partner
Northwest & Ethical Investments Inc.

Auditors' Report

December 4, 2008

To the Unitholders of:

Credential Money Market Fund
Credential Select Conservative Portfolio
Credential Select Balanced Portfolio
Credential Select Growth Portfolio
Credential Select High Growth Portfolio
(collectively, the "Funds")

We have audited the statements of investment portfolio and net assets of the Funds as at September 30, 2008 and the statements of operations, changes in net assets and cash flows of the Funds for the period then ended. These financial statements are the responsibility of the Funds' Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at September 30, 2008 and the results of their operations, the changes of their net assets and their cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

The financial statements of the Funds as at December 31, 2007 and for the year then ended were audited by other auditors whose report dated February 8, 2008 expressed an opinion without reservation on those financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

We've produced this Annual Report with our environment in mind.



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Inventory: 2100100008B Docket: CF 2008 12 113