

Annual Management Report of Fund Performance

For the nine month period ended September 30, 2008



EnRich International Equity Pool

Portfolio Manager

Northwest & Ethical Investments L.P.

Toronto, Ontario

This annual management report of fund performance contains financial highlights but does not contain complete annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1.888.207.8121, by writing us at Northwest & Ethical Investments L.P., 155 University Avenue, Suite 400, Toronto, ON M5H 3B7 or Suite 800 – 1111 West Georgia Street, Vancouver, BC V6E 4T6 or by visiting our website at www.ethicalfunds.com or SEDAR at www.sedar.com.

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

A note on forward-looking statements

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

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Management Discussion of Fund Performance

Investment Objectives and Strategies

The Credential EnRich International Equity Pool aims to provide investors with long-term growth through a combination of dividends and capital appreciation by investing mostly in equity and equity-related securities of companies located mainly outside Canada and the United States. The Pool uses a multi-manager investment strategy to diversify by security and investment style.

Risks

The risks of investing in the Pool have not changed and remain as discussed in the prospectus. The Pool is suitable for investors seeking capital growth and who have a moderate to high tolerance for risk.

Results of Operations

The Credential EnRich International Equity Pool's Class A units returned -23.9% for the nine months ended September 30, 2008, compared with the benchmark MSCI EAFE Index's return of -25.7% (all returns expressed in Canadian dollars). Unlike the Index return, the Pool's returns are after the deduction of fees and expenses paid by the Pool. The Pool's net assets decreased by 9.72% to \$20.4 million at September 30, 2008, from \$22.6 million at December 31, 2007. Of this change, \$5.5 million attributable to a loss by investment performance was offset by \$3.3 million in net sales. Performance differences between classes of units are mainly attributable to management fees charged to each class. Refer to the Past Performance section for the details of returns by Class.

International stocks have been impacted by various issues over the past nine months. As the year started, energy prices had an effect on business earnings in both Europe and the Far East. As the second quarter started, food prices and other related commodities drove inflationary fears and further impacted these economies, especially in the Far East and emerging markets. As the third quarter started, the full effect of the credit crisis was being felt by central banks and investors around the world. With connected people, businesses, and economies, these developments have sent international equity markets into declines that have not been felt for more than ten years.

The hardest hit market sectors over the past nine months were: Financials, Materials and Information Technology. Each declined by approximately 35% (in \$US terms). Regionally, the MSCI EAFE Index declined by 31.3% (in \$US terms). European markets declined by 33.6% and the Far East by 25.8% (all in \$US terms). Emerging markets, rising in significance in global benchmarks, declined by 36.8% (in \$US terms) since the beginning of the year.

Overall, the Pool reduced its international exposure to Financials and Utilities, -3.6% and -2.7%, respectively, over the period. The elimination of positions in HBOS-ADR, Kookmin Bank-ADR, and Suez SA-ADR allowed for a reduction in sectors that may be hardest hit by possibilities of a global recession. Conversely, the Pool had allocation increases to US Consumer Discretionary with new positions in brand familiar companies such as Foster's Group and Carnival Corp. This strategy proved to be a successful as the performance of this sector in the Pool was the second best. In addition, the accumulation of Cash & Short Term Investments to just below 9.0% of the Pool allows the flexibility for the portfolio manager to take advantage of investment opportunities that may arise as well as exercise capital preservation.

Among individual holdings at the end of the period, the largest positive performer was Nestle SA-ADR, which has returned 5.7% to the Pool for the period, while the largest detractor was Fortis-ADR, which lost 84.2% for the period but represented 0.3% of the entire portfolio.

Recent Developments

Economic and Market Projections That May Impact the Fund

The portfolio manager remains cautious about international markets as the health of the financial markets in the United States and globally has deteriorated significantly. With the credit crisis worsening, the global economy remains at risk of a recession because of its heavy dependence on the US consumer spending and growth. High commodity prices coupled with uncertainty around the US sub-prime housing market are the primary concerns in the global equity market.

Europe and Asia will likely remain steady although at slower growth levels, since the decelerating US economy will continue to influence those markets.

The Pool remains broadly diversified and defensively structured. It will continue to invest using a multi-manager approach that will provide investors with increased diversification at a time when the markets are expected to be volatile. The strategy will be to focus on companies with strong fundamentals and earnings potential while avoiding cyclical sectors.

Related Party Transactions

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

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

Management and administrative fees presented in the Statement of Operations are incurred by the Fund with the Manager. 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.

In total, the Pool paid 2.50% of its average Class A net asset value for management and portfolio advisory services. In addition, the Pool paid \$39.50/unitholder per annum (aggregate across all funds) and \$35/day to NEILP.

During the nine months ended September 30, 2008, Northwest & Ethical Investments L.P. chose to waive a portion of the management fee, registrar fee and other expenses totalling 0.40% of the average net asset value, reducing the overall expenses charged to the Pool.

The Pool is distributed through Credential Asset Management Inc., Credential Securities Inc. and other non-related dealers. Both Credential Asset Management Inc. and Credential Securities Inc. are related to NEILP by way of common ownership. NEILP pays to these related parties distribution and servicing fees based on a percentage of the average daily value of the units of each held by the dealer's clients and additionally, in some cases, on the amount of the initial purchase.



Financial Highlights

The following tables show selected key financial information about the Pool and are intended to help you understand the Pool's financial performance for the periods indicated. This information is derived from the Pool's audited annual financial statements.

The Fund's Net Asset Value per Unit

	CLASS A				CLASS B			
	Sep 30 2008	Dec 31 2007	Dec 31 2006	Dec 31 2005 ⁴	Sep 30 2008	Dec 31 2007	Dec 31 2006	Dec 31 2005 ⁵
Net asset value, beginning of year	\$ 10.07	\$ 12.07	\$ 9.99	-	\$ 10.36	\$ 12.26	\$ 10.04	-
Net asset value, at inception				\$ 10.00				\$ 10.00
Initial Adoption of new accounting policy ¹	n/a	(0.08)	n/a	n/a	n/a	(0.07)	n/a	n/a
Increase (decrease) from operations:								
Total revenue	0.33	0.25	0.31	0.03	0.35	0.26	0.32	0.01
Total expenses	(0.18)	(0.29)	(0.27)	(0.04)	(0.01)	(0.02)	(0.02)	-
Realized gain (loss) for the period	(0.17)	(0.02)	0.04	(0.10)	(0.18)	(0.04)	0.03	(0.02)
Unrealized gain (loss) for the period	(2.25)	(2.08)	2.77	0.14	(2.34)	(2.16)	2.70	0.08
Total increase (decrease) in net assets from operations²	(2.27)	(2.14)	2.85	0.03	(2.18)	(1.96)	3.03	0.07
Distributions:								
From income (excluding dividends)	-	-	-	-	-	-	-	-
From dividends	-	-	-	-	-	(0.13)	(0.17)	-
From realized gains on investments	-	-	-	-	-	-	-	-
From return of capital	-	-	-	-	-	-	-	-
Total annual distributions³	-	-	-	-	-	(0.13)	(0.17)	-
Net asset value, end of period	\$ 7.82	\$ 10.07	\$ 12.07	\$ 9.99	\$ 8.18	\$ 10.36	\$ 12.26	\$ 10.04

¹ The impact of the adoption of the new accounting policy for valuation of securities on the net assets per unit determined in accordance with GAAP as of October 1, 2006 is disclosed. The new accounting policy may result in a different valuation of securities held by the Fund for financial reporting purposes than the market value used to determine net asset value of the Fund for the purchase and redemption of the Fund's units ("transactional NAV"). As a result, the net asset value per unit presented may differ from the Transaction NAV as of December 31, 2007.

² Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net asset value per unit.

³ Distributions were paid in cash/reinvested in additional units of the Fund, or both.

⁴ For the period from commencement of operations, November 8, 2005 to December 31, 2005.

⁵ For the period from commencement of operations, November 10, 2005 to December 31, 2005.

	CLASS A				CLASS B			
	Sep 30 2008	Dec 31 2007	Dec 31 2006	Dec 31 2005 ⁵	Sep 30 2008	Dec 31 2007	Dec 31 2006	Dec 31 2005 ⁴
Ratios and Supplemental Data:								
Net assets (in 000's) ¹	\$ 14,411	\$ 15,455	\$ 9,338	\$ 825	\$ 6,004	\$ 7,096	\$ 3,763	\$ 235
Number of units outstanding (in 000's) ¹	1,843	1,534	774	83	734	685	307	23
Management expense ratio ²	2.63%	2.63%	2.66%	2.75%	0.19%	0.20%	0.20%	0.19%
Management expense ratio before waivers or absorptions ²	3.03%	3.01%	3.26%	9.64%	0.37%	0.33%	0.68%	6.85%
Portfolio turnover rate ³	23.63%	87.51%	24.41%	n/a	23.63%	87.51%	24.41%	n/a
Trading expense ratio ⁴	0.11%	0.17%	0.09%	0.22%	0.11%	0.17%	0.09%	0.22%

¹ For each class of each Pool, the information is provided as at December 31 or September 30 of the year shown.

² Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during the year. In the year a class is established or reinstated the management expense ratio is annualized from the date of inception or reinstatement to December 31 or September 30, as applicable.

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

⁴ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily net assets during the period.

⁵ For the period from commencement of operations, November 8, 2005 to December 31, 2005.

⁶ For the period from commencement of operations, November 10, 2005 to December 31, 2005.



Management Fees

The Pool pays NEILP a management fee for management services. The fee is calculated daily and paid monthly. The maximum annual management fee for Class A units of the Pool is 2.50%. The Pool does not pay management fees with respect to Class B units. However, we will directly charge an investment management fee to unitholders for the management of their portfolios.

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

The following table shows the Pool's maximum trailer fee and commission rates paid to dealers for Class A units. The trailer fees are a percentage of the average daily value of the units of each Pool held by the dealer's clients. The fees depend on the Pool and the sales charge option chosen.

	CLASS A			
	Deferred Sales Charge	Low-Load	Low-Load 2	Front-End Sales Charge
Maximum Trailer Fee Paid to Dealers (annually)	0.50%	1.00%	1.00% ¹	1.25%
Maximum Commission Paid to Dealers (upon initial purchase)	5.00%	1.00%	2.50%	5.00%

¹ A maximum of 0.5% of the value of Class A units of the Pool held in your individual account during the first three years, and a maximum of 1% thereafter

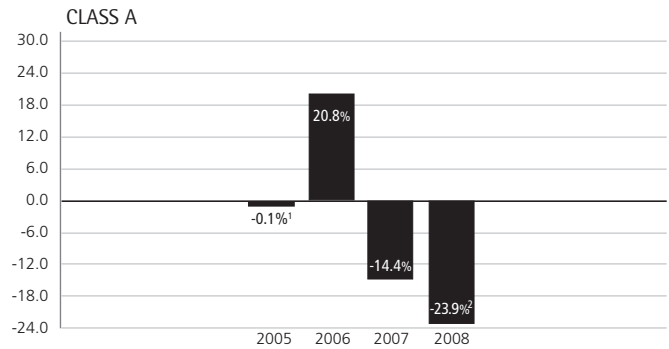
Past Performance

Past performance shows historical information for the Pool. This information is provided to show past performance only, and is not necessarily indicative of what may happen in the future.

Past performance information shown assumes that all distributions made by the Pool in the period shown are reinvested in additional units of the Pool. Performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

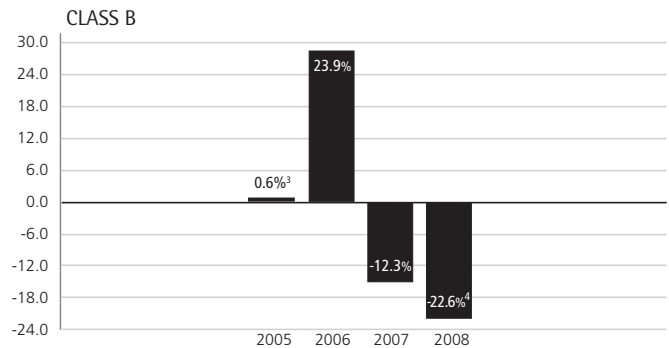
Year-by-year Returns

The bar charts that follow show the performance of each class of unit of the Pool for the nine-month period ended September 30, 2008, and for each of the previous 12-month periods ended December 31. The charts show, in percentage terms, how an investment made on January 1 would have increased or decreased by the end of the period.



¹ Class A return shown from the first date of distribution, November 8, 2005 to December 31, 2005.

² Class A unit return shown from January 1, 2008 to September 30, 2008.



³ Class B return shown from the first date of distribution, November 10, 2005 to December 31, 2005.

⁴ Class B unit return shown from January 1, 2008 to September 30, 2008.



Annual Compound Returns

The following tables show the annual compound returns for Class A and Class B units of the Pool. All returns are in Canadian dollars, on a total return basis, net of all fees.

For comparison, the MSCI EAFE Index returns are included.

Annual Compound Returns

For the periods ended September 30, 2008

Year	1	3	5	10	Since Inception
Class A	(28.2)	n/a	n/a	n/a	(8.0)
MSCI EAFE Index	(25.7)	n/a	n/a	n/a	(1.6)

Year	1	3	5	10	Since Inception
Class B	(26.5)	n/a	n/a	n/a	(5.6)
MSCI EAFE Index	(25.7)	n/a	n/a	n/a	(1.6)

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of September 2008, the MSCI EAFE Index consisted of 21 developed market country indices.

Summary of Investment Portfolio

(%) as at September 30, 2008

Sector Allocation

% of Portfolio

Sector	% of Portfolio
International Equities	
Consumer Discretionary	8.0
Consumer Staples	5.1
Energy	10.6
Financials	26.0
Health Care	11.8
Industrials	5.5
Information Technology	5.2
Materials	4.1
Telecommunication Services	9.4
Utilities	3.4
Common Stocks - US	
Consumer Discretionary	4.7
Other assets (liabilities)	6.2
Total	100.0

Summary of Investment Portfolio

(%) as at September 30, 2008

Continued...

Global Allocation

Australia	2.1
Belgium	0.3
Brazil	0.5
China	0.7
Finland	3.4
France	26.1
Germany	3.7
Ireland	0.9
Italy	4.2
Japan	7.2
Mexico	2.1
Netherlands	5.8
New Zealand	0.6
Norway	1.1
South Korea	5.1
Spain	3.4
Sweden	1.5
Switzerland	2.0
United Kingdom	20.5
United States	2.6
Other assets (liabilities)	6.2
Total	100.0

Top Twenty Five Holdings

(%) as at September 30, 2008

Security	Sector	Percentage Holding
Cash & Short Term Notes	Cash & Short Term Notes	8.7
GlaxoSmithKline plc - ADR	Health Care	6.1
Axa - ADR	Financials	5.6
Sanofi-Aventis - ADR	Health Care	5.4
BNP Paribas - ADR	Financials	4.5
Eni SpA - ADR	Energy	4.1
France Telecom SA - ADR	Telecommunication Services	4.1
Kingfisher plc - ADR	Consumer Discretionary	3.1
Societe Generale - ADR	Financials	2.6
Nokia Oyj - ADR	Telecommunication Services	3.4
Honda Motor Co., Ltd. - ADR	Consumer Discretionary	2.3
Canon Inc. - ADR	Information Technology	2.2
E.ON AG - ADR	Utilities	2.1
Vodafone Group plc - ADR	Telecommunication Services	2.0
Unilever NV	Consumer Staples	2.0
Foster's Group Limited - ADR	Consumer Discretionary	2.0
Cemex SA - ADR	Materials	2.0
ING Groep NV - ADR	Financials	2.0
Nestle SA - ADR	Consumer Staples	2.0
Banco Bilbao Vizcaya Argentaria, SA - ADR	Financials	1.9
GDF Suez - ADR	Energy	1.8
Royal Dutch Shell plc - Class B - ADR	Energy	1.8
Barclays plc - ADR	Financials	1.7
HSBC Holdings plc - ADR	Financials	1.5
Swedbank AB - ADR	Financials	1.5
Total		76.4

This Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Pool. A quarterly update is available.