

Annual Management Report of Fund Performance

For the nine month period ended September 30, 2008



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.



Management Discussion of Fund Performance

Investment Objectives and Strategies

The Credential EnRich US Equity Pool aims to provide investors with long-term growth through a combination of dividends and capital appreciation by investing mostly in common shares of a wide variety of companies in the United States. The Pool uses a multi-manager investment strategy to diversify by security and investment style. The portfolio is currently evenly weighted in its exposure to growth securities, a blend of growth and value securities, and value securities.

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 tolerance for risk.

Results of Operations

The Credential EnRich US Equity Pool's Class A units returned -12.3% for the nine months ended September 30, 2008, compared with the benchmark S&P 500 Total Return Index's (S&P 500) return of -13.4% (in Canadian dollars). Unlike the index return, the Pool's return is after the deduction of fees and expenses paid by the Pool. The Pool's net assets decreased by 6.6% to \$21.2 million at September 30, 2008 from \$22.7 million at December 31, 2007. Of this change, a loss of \$2.9 million attributable to investment performance was offset by \$1.4 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.

The center of all global market volatility was the US financial system in the first nine months of 2008. The S&P 500 Index lost 13.4% (in C\$ terms) year to date. The sectors that really led the declines were Financials, Telecommunications Services and Information Technology; all at different times. The brunt of the 31.0% decline in Financials came in June 2008 but the sector lost ground over the first two quarters and broke even in the last. The other two sectors lost 31.7% and 23.9%, respectively. Their losses were sustained in the first and third quarters.

All sectors posted losses for the year to date; a general economic slowdown, tight credit, and uncertainty about the future all contributed to an unprecedented sell off. Lessening this impact was the appreciation of the US dollar against many currencies, including the Canadian dollar, by about 7 cents.

Factors That Have Affected Fund Performance

The Pool reduced exposure to Energy and Financials over the period. In the Financials sector, many once bellwether names disappeared as liquidity and cash flow dried up – Washington Mutual declared bankruptcy (the largest in US history), JP Morgan Chase & Co filed Chapter 11 creditor protection, and Wachovia Corporation allowed itself to be taken over by Citigroup. The US Treasury, in an attempt to avert a recession and to maintain confidence the banking sector, provided an emergency lifeline of \$700 billion. Holdings in Health Care and Industrial sectors provided gains for the Pool while Energy and Financials proved to be the detractors for the period as oil retracted from record highs achieved in the first half of 2008. The portfolio manager added positions within the Information Technology and Industrials sector over the nine months. The addition of Google Inc. comes in light of potential growth in the sector with possibilities of large mergers still to come in the sector.

Holdings such as Southwest Airlines (2.8% of the Pool) have outperformed year-to-date. Since the start of 2008, an overweight to the Health Care sector has also helped returns. In addition, an underweight to the Financial Services sector, one of the worst

performing sectors year-to-date, was a positive. Despite the broad based trouble in this sector, holdings such as PNC Financial Services Group (1.4% of the Pool) and US Bancorp (1.6% of the Pool) have contributed positively to returns so far this year.

Recent Developments

Economic and Market Projections That May Impact the Fund

The portfolio manager maintains a view that the US will experience a drastic slowdown in economic growth which will cascade to other world economies and bring forth the possibility of a global recession not seen since the Great Depression. This has led the portfolio manager to continue to seek high quality companies with long-term secular drivers that are not highly dependent on consumer spending. In addition, focus will continue on the strongest companies in struggling industries, with the notion that such leaders will be able to improve their competitive position relative to weaker competitors in the face of headwinds from higher energy and commodity prices.

Since December 2007, Brandywine Global Investment Management and Manning & Napier Advisors, Inc. each managed 50% of the Pool. Their investment styles bring added diversification to the Pool and have performed similarly during the period. The Pool remains broadly diversified and defensively structured. It will continue to invest using a multi-manager, multi-style approach that will provide investors with increased diversification at a time when markets are expected to be volatile.

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 0.38% 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	\$ 9.61	\$ 11.32	\$ 9.76	-	\$ 9.97	\$ 11.67	\$ 9.81	-
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	(0.08)	n/a	n/a
Increase (decrease) from operations:								
Total revenue	0.19	0.17	0.19	0.01	0.20	0.17	0.20	0.01
Total expenses	(0.18)	(0.28)	(0.26)	(0.03)	(0.02)	(0.02)	(0.02)	-
Realized gain (loss) for the period	(0.83)	0.23	(0.07)	(0.11)	(0.85)	0.22	(0.08)	(0.02)
Unrealized gain (loss) for the period	(0.39)	(1.97)	2.20	(0.07)	(0.47)	(2.08)	2.15	(0.11)
Total increase (decrease) in net assets from operations²	(1.21)	(1.85)	2.06	(0.20)	(1.14)	(1.71)	2.25	(0.12)
Distributions:								
From income (excluding dividends)	-	-	-	-	-	-	-	-
From dividends	-	-	-	-	-	(0.11)	-	-
From realized gains on investments	-	-	-	-	-	(0.08)	-	-
From return of capital	-	-	-	-	-	-	-	-
Total annual distributions³	-	-	-	-	-	(0.19)	-	-
Net asset value, end of period	\$ 8.40	\$ 9.61	\$ 11.32	\$ 9.76	\$ 8.85	\$ 9.97	\$ 11.67	\$ 9.81

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 ⁶
Ratios and Supplemental Data:								
Net assets (in 000's) ¹	\$ 15,069	\$ 15,675	\$ 9,243	\$ 808	\$ 6,162	\$ 7,067	\$ 3,768	\$ 233
Number of units outstanding (in 000's) ¹	1,794	1,631	816	83	696	709	323	24
Management expense ratio ²	2.65%	2.65%	2.71%	2.74%	0.20%	0.20%	0.21%	0.19%
Management expense ratio before waivers or absorptions ²	3.03%	3.02%	3.40%	9.74%	0.38%	0.34%	0.81%	7.97%
Portfolio turnover rate ³	43.00%	104.79%	32.51%	n/a	43.00%	104.79%	32.51%	n/a
Trading expense ratio ⁴	0.14%	0.16%	0.14%	0.41%	0.14%	0.16%	0.14%	0.41%

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.

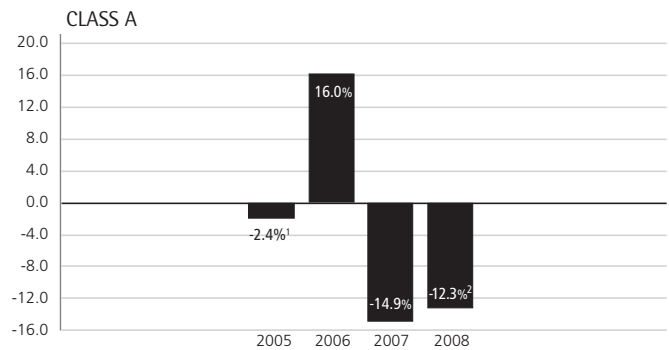
Past Performance

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.

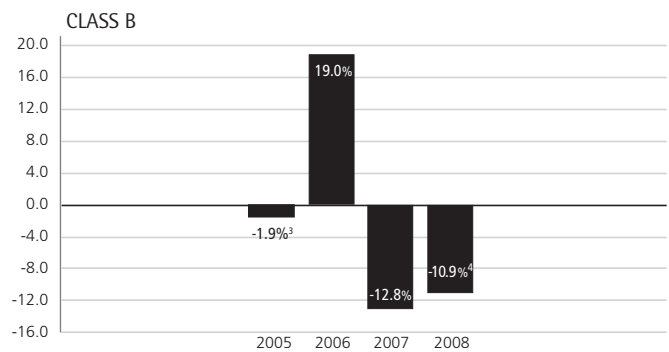
Year-by-year Returns

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 S&P 500 Total Return Index returns are included.

Annual Compound Returns

For the periods ended September 30, 2008

Year	1	3	5	10	Since Inception
Class A	(18.9)	n/a	n/a	n/a	(5.7)
S&P 500 Total Return Index	(17.0)	n/a	n/a	n/a	(3.8)

Year	1	3	5	10	Since Inception
Class B	(17.1)	n/a	n/a	n/a	(3.4)
S&P 500 Total Return Index	(17.0)	n/a	n/a	n/a	(3.8)

The S&P 500 Total Return Index tracks the common share price of 500 leading US companies. These are generally large companies that dominate their industries in the United States. The Index reflects the reinvestment of both ordinary and special dividends.

Summary of Investment Portfolio

(%) as at September 30, 2008

Sector Allocation

Common Stocks - US

Consumer Discretionary	12.5
Consumer Staples	7.3
Energy	6.0
Financials	13.7
Health Care	13.9
Industrials	14.4
Information Technology	16.9
Materials	4.9

International Equities

Consumer Discretionary	2.8
Energy	0.8
Information Technology	1.6
Telecommunication Services	1.3
Other assets (liabilities)	3.9
Total	100.0

Global Allocation

Bermuda	1.9
Cayman Islands	1.6
Finland	1.3
Japan	1.7
United States	89.6
Other assets (liabilities)	3.9
Total	100.0

Top Twenty Five Holdings

(%) as at September 30, 2008

	Sector	Percentage Holding
Cash & Short Term Notes	Cash & Short Term Notes	4.8
Wal-Mart Stores, Inc.	Consumer Staples	3.5
Comcast Corporation - Class A	Consumer Discretionary	3.3
Southwest Airlines Co.	Industrials	2.7
Cisco Systems, Inc.	Information Technology	2.2
Google Inc. - Class A	Information Technology	2.2
Johnson & Johnson	Health Care	2.1
ConocoPhillips	Energy	1.9
Medtronic, Inc.	Health Care	1.9
Tidewater Inc.	Industrials	1.9
Automatic Data Processing, Inc.	Information Technology	1.9
Weyerhaeuser Company	Materials	1.8
FedEx Corp.	Industrials	1.8
General Electric Company	Industrials	1.8
Microsoft Corporation	Information Technology	1.8
JPMorgan Chase & Co.	Financials	1.8
Toyota Motor Corporation - ADR	Consumer Discretionary	1.7
United Parcel Service, Inc. - Class B	Industrials	1.6
Seagate Technology	Information Technology	1.6
US Bancorp	Financials	1.6
Amgen Inc.	Health Care	1.6
Carnival Corporation	Consumer Discretionary	1.5
Time Warner Inc.	Consumer Discretionary	1.5
EMC Corporation	Information Technology	1.5
PNC Financial Services Group, Inc.	Financials	1.4
Total		51.4

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