

## **Annual Management Report of Fund Performance as at September 30, 2011**

This annual Management Report of Fund Performance contains financial highlights but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-888-809-3333, by writing us at Northwest & Ethical Investments L.P., 155 University Avenue Suite 400, Toronto, ON M5H 3B7 or by visiting our website at [www.neinvestments.com](http://www.neinvestments.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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

### **Management Discussion of Performance**

#### **Investment Objective and Strategies**

The Ethical Special Equity Fund aims to increase the value of your investment over the long term by investing mostly in common shares of small-capitalization Canadian companies listed on a stock exchange. The portfolio manager employs strict valuation criteria in the research and analysis of companies. The Fund follows a socially responsible approach to investing.

#### **Risk**

The risks of investing in the Fund remain as discussed in the Prospectus. The Fund is suitable for investors seeking long-term capital growth with an above average tolerance for risk. Due to the nature of the small cap marketplace, this Fund may experience greater than average volatility.

Equity Risk or volatility remains elevated as investors are concerned that corporate profits may disappoint and/or the possibility of another economic slowdown. Relative to fixed income, equity risk appears to be relatively low in that dividend yields and free cash flow yields look attractive as compared to fixed income investments. Foreign equity markets pose similar risks to domestic ones. Risks that the Fund has been exposed to, by investing in foreign securities, have been mitigated by generally investing in larger and higher quality businesses, operating in developed countries.

Small cap stocks typically have greater volatility as companies are not at the stage of having predictable cash flows and revenues instead relying on growth potential. This risk is mitigated in the Fund by the Managers focusing on small businesses that already have a track record of earnings. In the Canadian market place small caps tend to be focused in the Energy and materials sector which adds an extra element of risk.

This Fund is underweight these sectors to mitigate the risk. Capital markets have been heavily influenced by macro- economic issues and not necessarily by company fundamentals and specific financial results. These influences include, but are not limited to, Sovereign debt concerns, Unemployment, Consumer debt levels and geo-political issues.

#### **Results of Operations**

The Ethical Special Equity Fund's series A units returned -0.18% for the 12 months ended September 30, 2011, compared with the benchmark BMO Small Cap Blended (Unweighted) Index's return of -8.04%. Unlike the Index return, the Fund's return is after the deduction of fees and expenses paid by the Fund. Fees and expenses are summarized in the Ratios and Supplemental Data section of this MRFP. Performance differences between series of units are mainly attributable to differences in the level of management fees charged to each series as noted in the Management Fee section of this MRFP.

Refer to the Past Performance section for the details of returns by Series.

## Yearly Comparison of Holdings

Comparison Period – September 2010 – September 2011

The following table summarizes material changes in individual securities, whereby materiality is defined as 1% of the current year NAV

Material Changes		New Positions	
Name	Change in NAV Ownership (%)	Name	% of Current Year NAV
AltaGas Income	-1.41	Jean Coutu Group (PJC), Class A	3.37
Cash and Cash Equivalents	-2.64	Argonaut Gold	2.16
Crombie Real Estate Investment Trust	-1.10	Morneau Shepell	2.14
Lassonde Industries, Class A	1.12	Stella-Jones	1.34
Paladin Labs	1.09	Lassonde Industries, Class A, Restricted	1.31
		GENIVAR	1.17

## Exited Positions

Savanna Energy Services Corporation

Le Château,  
Class A

Vermilion Energy

Cascades

## Factors That Have Affected Performance

For the past twelve months, markets have been volatile as the global economic recovery witnessed over the past two years faced numerous challenges. Quantitative stimulus employed by the US Federal Reserve at this time last year helped fuel markets and increase investor confidence for the first half of the reporting period. That quickly ended during the summer as a plethora of negative factors came together to create significant uncertainty. An intensifying European sovereign credit crisis, softer global economic data, and the US debt-ceiling debacle provided abundant ammunition to frighten investors. A flight to safety developed late in the reporting period, with US government bond yields reaching record low levels while equity markets sold off sharply.

During the past twelve months, the portfolio benefitted from maintaining a diversified portfolio of high quality, defensive businesses. Limited exposure to the economically sensitive Energy and Material sectors were the largest drivers of outperformance. The benchmark is highly concentrated in the Energy and Materials resource sectors, representing over 50% of the Index. The Manager believes that the benchmark does not provide sufficient diversification and has positioned the portfolio accordingly.

Investments in the Energy, Consumer Staple, Health Care, Telecommunications and Materials sectors provided positive returns for the Fund over the reporting period. The Fund's overweighting of defensive Telecommunication and Consumer Staple sectors along with positioning in less economically sensitive investments within the Energy and Materials sectors provided the Fund with stability and positive returns. The more economically sensitive Consumer Discretionary and Industrial sectors detracted from Fund performance.

The strongest individual security contributors to performance were Altagas Ltd, Mullen Group, and Constellation Software. The largest detractors to fund performance include Canam Group, GLV Inc. and Transcontinental Inc. Dividends paid by the companies held in the Fund were a large contributor to performance.

The Manager added Ensign Energy Services, Jean Coutu Group, Manitoba Telecom and Stella Jones to the Fund. Ensign Energy Services is a global energy drilling services provider with a long track record of prudently building shareholder's equity and dividends. The shares were acquired at a level that the Manager believes is close to the replacement value of the company's fleet. Jean Coutu is one of Canada's largest and most profitable drugstore operators. The company's Canadian operations have experienced significant and consistent growth over the past ten years with revenue more than doubling and operating profit compounding at a double-digit annual rate. Weakness in the shares due to recently announced drug reform legislation, which will temporarily hinder the company's growth, provided an attractive entry point for investment. Manitoba

Telecom is the primary telecommunications provider in Manitoba and the fourth largest in the country. The company has high quality assets that have been trading at the low end of their historic valuation. The operating fundamentals of the company are sound and the stock offers an attractive dividend yield. Stella Jones Inc. is profitably growing its market share in the North American railway tie and utility pole markets. Increased demands for railway transport have resulted in the demand for ties growing at a rate above GDP. The combination of growing cash flow and a low dividend payout ratio should result in above average dividend growth going forward.

The Manager eliminated Cascades Inc., Le Chateau Inc., Savanna Energy and Vermillion Energy from the portfolio during the past twelve months.

## Recent Developments

The major global markets all experienced a selloff in the third quarter after a sound first half of 2011 that saw many markets hit new highs in the economic recovery. As global markets remain correlated a number of macro events occurred in the quarter that stalled global recovery. Global fears escalated with government ability to cover debt played out across the globe. The U.S. saw its debt rating slide from AAA early in the quarter, and continued fears over Greece have investors worried about the health of the European banking system.

Over the first 2 quarters of the year the North American Economy had shown signs of life. The Canadian economy showed stronger performance than the U.S. economy, but has suffered slightly due to the interdependencies of the two economies. The manufacturing sector looked surprisingly strong and U.S. housing seemed ready for a turnaround and for a brief moment in the spring, the labour market actually showed signs of life. In the three months to April, private employment growth turned in its best performance in half a decade. However during the 3rd quarter there have been shocks to the market with the ongoing political turmoil in the U.S. leading to a credit downgrade by S&P. These unexpected shocks and policymakers' response to them took have taken their toll and turned what early in the year appeared to be a year of respectable growth rate for 2011 now seems to be slow growth.

Over the first two quarters of the year the performance of large cap stocks lagged riskier small cap companies. Over the last quarter performance of both small and large cap was poor, with small cap equities experiencing a greater sell off as investors made flight to the safety of large cap stocks.

## Financial Notes

### HST

Following the introduction of a single harmonized tax "HST" levy and collection system on July 1<sup>st</sup>, 2010 Investment Funds had to change the way in which government taxes are charged to the Funds. The new rules require HST to be calculated and charged based on a blended tax rate derived from the residency of the unitholders and the current value of their units. This blended rate is required to be calculated and updated periodically and the table below indicate the rate charged to the Fund for the relevant reporting period plus the established rate for the next 12 month period.

### Ethical Special Equity Fund

	12 Month Period Ending September 30, 2011	12 Month Period Ending September 30, 2012
Series A	9.20%	9.20%
Series F	10.19%	10.11%

On August 5<sup>th</sup>, 2011 a referendum in British Columbia was completed and the outcome is that the Province will dissolve the HST model and reinstate the provincial sales tax "PST" model. On September 30<sup>th</sup>, 2011 Quebec announced that it will move to a harmonized tax system "HST" to be implemented January 1st, 2013. Management will be monitoring the impact and timing of these announcements and will make the necessary changes to the way that HST is charged to the Funds.

### Change to IFRS

The Canadian Accounting Standards Board ("AsSB") of the Canadian Institute of Chartered Accountants ("CICA") had planned to adopt International Financial Reporting Standards ("IFRS"), as published by the ACSB, effective January 1, 2011. In January 2011, the AsCB deferred the adoption of IFRS for investment companies, which include investment funds. Investment companies may continue to apply existing Generally Accepted Accounting Principals ("GAAP") until fiscal years beginning on or after January 1, 2013. Northwest & Ethical Investments L.P (the "Manager") has chosen to defer IFRS implementation until this date.

Currently the Manager has determined two areas that may be impacted in the conversion to IFRS 1) IAS 32, Financial Instruments: Presentation and 2) IAS 7 Statement of Cash Flows.

The Manager has currently determined that any required changes will not materially impact the Funds' valuation processes, or the NAV per unit. However, this current determination is subject to change resulting from the further issuance of new standards or interpretations up to the conversion date.

## Related Party Transactions

Northwest & Ethical Investments L.P. "NEILP" is the Manager, the Trustee, the Portfolio Manager and the Registrar of the Fund. NEILP is 50% owned by the Federation des caisses Desjardins du Quebec (Federation) and 50% indirectly owned by seven Provincial Credit Union Centrals.

NEILP charges the Funds a fixed administration fee in place of certain variable expenses. NEILP in turn, pays all operating expenses of the Fund, other than specified fund costs (e.g. the fees and expense of the Independent Review Committee, taxes, and brokerage commissions) which include payments to related parties of which the Federation is a significant owner. These services are in the normal course of operations and are measured at an exchange amount that is consistent with other independent parties.

At the end of the period ended September 30, 2011, accrued expenses payable to related parties are \$605,034 (\$618,193 as at September 30, 2010).

The Funds sub advisors may place a portion of their portfolio transactions with brokerage firms which are affiliates of NEILP; provided that the affiliates trade execution abilities and costs are comparable to those of non-affiliated qualified brokerage firms.

The Fund is distributed through Credential Asset Management Inc., Credential Securities Inc., Desjardins Securities Inc., Desjardins Financial Services Firm Inc., Desjardins Financial Securities Investments Inc., and Gestions SFL Inc., and other nonrelated parties by way of shared ownership. NEILP pays to these parties distribution and servicing fees based on a percentage of the daily values of the units of each held by the dealer's clients and additionally, in some cases, on the amount of initial purchase.

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

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the past five years, as applicable.

### Net Assets per Unit<sup>(1)</sup> – Ethical Special Equity Fund, Series A

	September 30 2011 (12 months) \$	September 30 2010 (12 months) \$	September 30 2009 (12 months) \$	September 30 2008* (9 months) \$	December 31 2007 (12 months) \$	December 31 2006 (12 months) \$
Net assets, beginning of period	16.75	14.65	15.28	18.47	17.65	16.6
Increase (decrease) from operations:						
Total revenue	0.44	0.41	0.44	0.35	0.66	0.46
Total expenses	(0.52)	(0.44)	(0.36)	(0.36)	(0.52)	(0.47)
Realized gains (losses)	0.57	0.02	(1.28)	1.52	1.48	1.74
Unrealized gains (losses)	(0.52)	2.12	0.79	-4.69	(0.18)	-0.12
Commissions and other portfolio transaction costs	(0.01)	(0.01)	(0.02)	-	-	-
Total increase (decrease) from operations <sup>(2)</sup>	(0.04)	2.1	(0.43)	(3.18)	1.44	1.61
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	0	-	0	0
From capital gains	-	-	0	-	0	1
Return of capital	-	-	-	-	-	-
Total Distributions <sup>(3)</sup>	-	-	0	-	1	1
Net Assets, End of Period	16.64	16.75	14.65	15.28	18.47	17.65

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

### Ratios and Supplemental Data – Ethical Special Equity Fund, Series A

	September 30 2011 (12 months)	September 30 2010 (12 months)	September 30 2009 (12 months)	September 30 2008* (9 months)	December 31 2007 (12 months)	December 31 2006 (12 months)
Total net asset value (000's of \$)	250,623	265,007	235,974	244,772	301,826	285,573
Number of units outstanding**	14,925,536	15,754,397	16,013,795	16,018	16,344	16,181
Management expense ratio (%) <sup>(1)</sup>	2.76	2.76	2.81	2.76	2.73	2.69
Management expense ratio before waivers and absorptions (%)	2.76	2.76	2.85	2.76	2.73	2.78
Trading expense ratio (%) <sup>(2)</sup>	0.05	0.04	0.13	0.1	0.1	0.1
Portfolio turnover rate (%) <sup>(3)</sup>	66.88	11.76	23.43	20.69	28.67	38.44
Net asset value per unit (\$)	16.79	16.82	14.74	15.37	18.6	17.65

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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

(4) \*\*Prior to September 30, 2009, the comparative figures were presented in thousands

## Financial Highlights

### Net Assets per Unit<sup>(1)</sup> – Ethical Special Equity Fund, Series F

	September 30 2011 (12 months) \$	September 30 2010 (12 months) \$	September 30 2009 (12 months) \$	September 30 2008* (9 months) \$	December 31 2007 (12 months) \$	December 31 2006** (6 months) \$
Net assets, beginning of period	10.23	8.82	9.26	11.1	10.41	10.12
Increase (decrease) from operations:						
Total revenue	0.27	0.25	0.26	0.21	0.4	0.12
Total expenses	(0.20)	(0.16)	(0.13)	(0.14)	(0.18)	(0.06)
Realized gains (losses)	0.34	-	(0.77)	0.92	0.73	0.14
Unrealized gains (losses)	(0.49)	1.17	0.83	-2.82	(0.64)	0.9
Commissions and other portfolio transaction costs	(0.01)	-	(0.01)	-	-	-
Total increase (decrease) from operations <sup>(2)</sup>	(0.09)	1.26	0.18	(1.83)	0.31	1.1
Distributions:						
From income (excluding dividends)	-	-	-	-	0	-
From dividends	-	-	0	-	0	-
From capital gains	-	-	0	-	0	-
Return of capital	-	-	-	-	-	-
Total Distributions <sup>(3)</sup>	-	-	0	-	0	-
Net Assets, End of Period	10.28	10.23	8.82	9.26	11.1	10.41

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

### Ratios and Supplemental Data – Ethical Special Equity Fund, Series F

	September 30 2011 (12 months)	September 30 2010 (12 months)	September 30 2009 (12 months)	September 30 2008* (9 months)	December 31 2007 (12 months)	December 31 2006 (12 months)
Total net asset value (000's of \$)	6,050	5,333	3,438	2,576	2,655	130
Number of units outstanding***	583,271	519,151	387,229	278	239	12
Management expense ratio (%) <sup>(1)</sup>	1.70	1.70	1.74	1.71	1.68	1.63
Management expense ratio before waivers and absorptions (%)	1.70	1.70	1.78	1.71	1.85	1.94
Trading expense ratio (%) <sup>(2)</sup>	0.08	0.04	0.13	0.1	0.1	0.1
Portfolio turnover rate (%) <sup>(3)</sup>	66.88	11.76	23.43	20.69	28.67	38.44
Net asset value per unit (\$)	10.37	10.27	8.88	9.32	11.18	10.41

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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

(4) \*\*Prior to September 30, 2009, the comparative figures were presented in thousands

## Financial Highlights

### Net Assets per Unit<sup>(1)</sup> – Ethical Special Equity Fund, Series I

	September 30 2011 (12 months) \$	September 30 2010 (12 months) \$	September 30 2009 (12 months) \$	September 30 2008* (9 months) \$	December 31 2007 (12 months) \$	December 31 2006 (12 months) \$
Net assets, beginning of period	14.72	12.57	13.44	15.91	14.82	13.58
Increase (decrease) from operations:						
Total revenue	0.40	0.37	0.38	0.31	0.56	0.39
Total expenses	-	-	-	(0.02)	(0.02)	(0.03)
Realized gains (losses)	0.48	0.13	(1.11)	1.40	1.18	1.44
Unrealized gains (losses)	(0.56)	2.15	2.69	-3.85	(0.24)	-0.25
Commissions and other portfolio transaction costs	(0.01)	(0.01)	(0.01)	-	-	-
Total increase (decrease) from operations <sup>(2)</sup>	0.31	2.64	1.95	(2.16)	1.48	1.55
Distributions:						
From income (excluding dividends)	-	-	-	-	0	0
From dividends	-	0	1	-	0	0
From capital gains	-	-	0	-	0	-
Return of capital	-	-	-	-	-	-
Total Distributions <sup>(3)</sup>	-	0	1	-	0	0
Net Assets, End of Period	15.04	14.72	12.57	13.44	15.91	14.82

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

### Ratios and Supplemental Data – Ethical Special Equity Fund, Series I

	September 30 2011 (12 months)	September 30 2010 (12 months)	September 30 2009 (12 months)	September 30 2008* (9 months)	December 31 2007 (12 months)	December 31 2006 (12 months)
Total net asset value (000's of \$)	17,325	15,479	26,977	9,924	18,784	8,834
Number of units outstanding**	1,141,409	1,047,363	2,132,713	739	1,180	596
Management expense ratio (%) <sup>(1)(4)</sup>	N/A	N/A	N/A	0.15	0.5	0.53
Management expense ratio before waivers and absorptions (%) <sup>(4)</sup>	N/A	N/A	N/A	0.15	0.5	0.53
Trading expense ratio (%) <sup>(2)</sup>	0.05	0.04	0.13	0.1	0.1	0.1
Portfolio turnover rate (%) <sup>(3)</sup>	66.88	11.76	23.43	20.69	28.67	38.44
Net asset value per unit (\$)	15.18	14.78	12.65	13.52	16.03	14.82

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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

(4) \*\*Prior to September 30, 2009, the comparative figures were presented in thousands

## Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. The Manager receives from the Fund management fees, before HST, calculated daily on the net asset value of the Fund at an annual rate of 2.20% for Series A units and 1.20% for Series F units.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Fund. 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 Fund held by the dealer's clients.

The following table shows the major services paid for out of management fees as a percentage of the management fee for Series A and Series F units:

	Management Fee	Investment Advisory and other	Trailer Fee
Series A	2.20%	54.3%	45.7%
Series F	1.20%	100%	N/A <sup>(1)</sup>

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

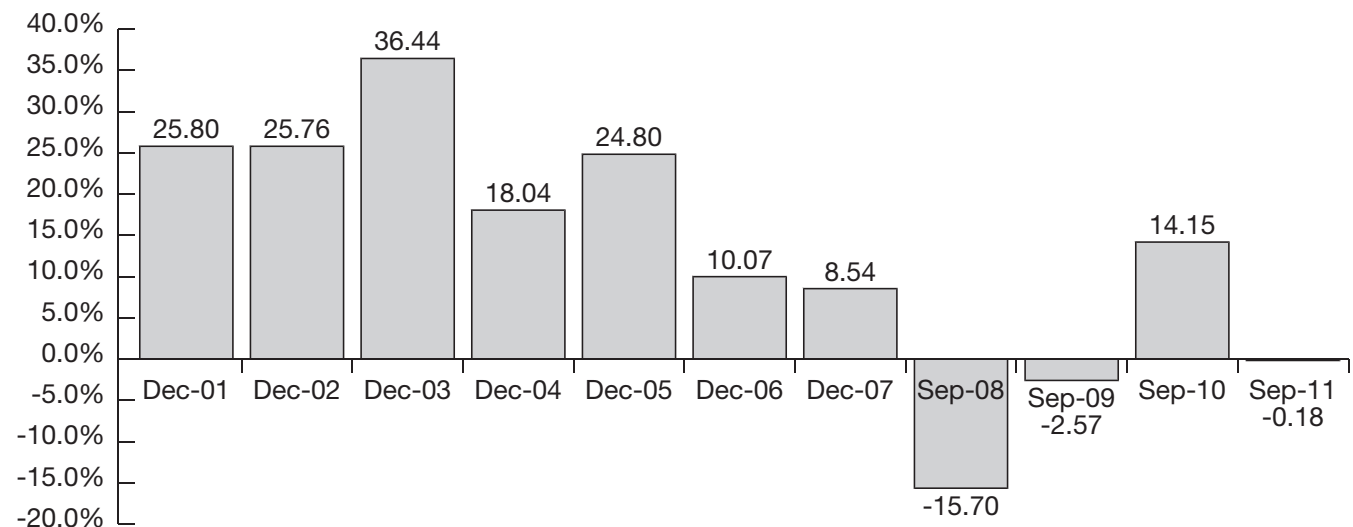
## Past Performance

The following charts and tables show the past performance for each series of shares of the Fund and will not necessarily indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional shares of the relevant series of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance

The following charts show the annual performance for each series of units of the Fund for each year shown and illustrate how the Fund's performance has varied from year to year. The charts indicate how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

### Ethical Special Equity Fund Series A

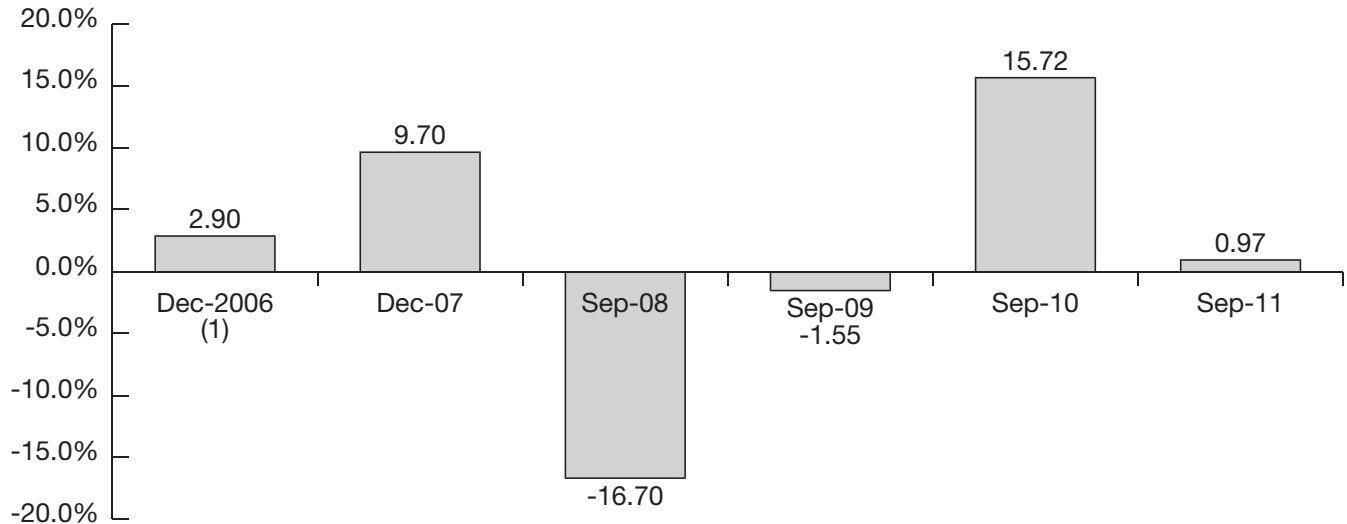
For the 12-month periods ended September 30 of each year.



The year-end date of this Fund was modified from December 31 to September 30 in 2008

## Ethical Special Equity Fund Series F

For the 12-month periods ended September 30 of each year.

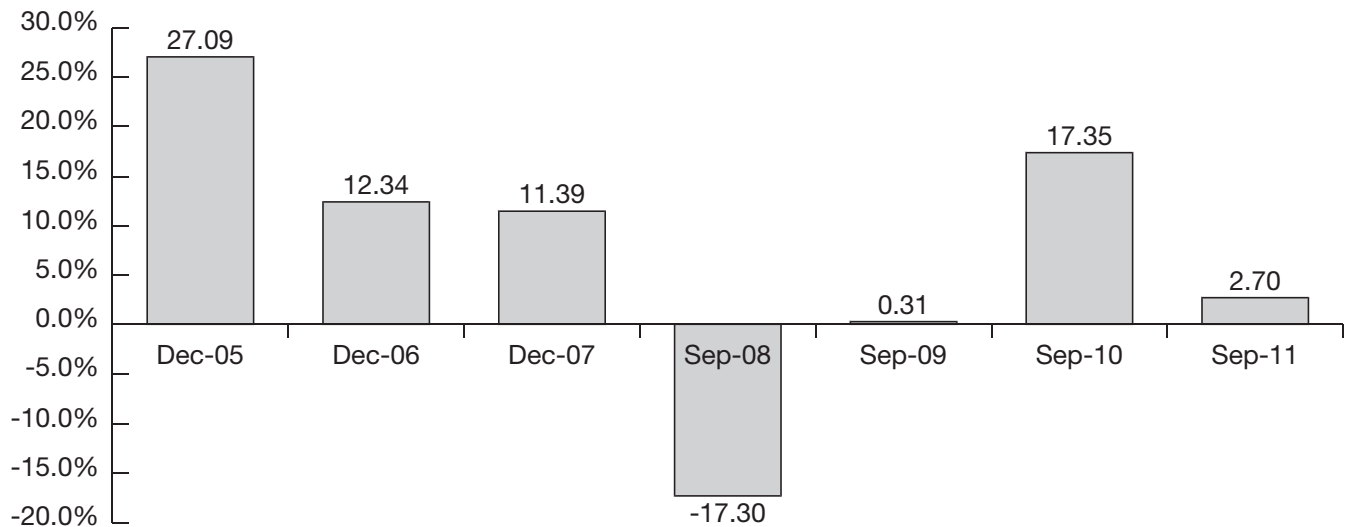


The year-end date of this Fund was modified from December 31 to September 30 in 2008

(1) From July, 2006

## Ethical Special Equity Fund Series I

For the 12-month periods ended September 30 of each year.



The year-end date of this Fund was modified from December 31 to September 30 in 2008

## Annualized Compound Returns

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

For comparison, the BMO Nesbitt Burns Canadian Small Cap Index returns are included.

The BMO Nesbitt Burns Canadian Small Cap Index is made up of 400 companies with a market capitalization of less than 0.1% of the total capitalization of the S&P/TSX Composite Total Return Index. The weighted index weights each stock by its market capitalization.

Group/Investment	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Ethical Special Equity	-0.18	3.55	1.15	12.41	
Ethical Special Equity Class F	0.97	4.78	2.28		1.53
Ethical Special Equity Class I	2.70	6.53	3.95		8.68
BMO Small Cap Blended (Unweighted) CAD	-8.04	10.48	-0.41	7.96	4.73

## Summary of Investment Portfolio as at September 30, 2011

Total Net Asset Value: \$273,372,725

Top 25 Positions(Long Positions)		%	Net Asset Value Mix		%
1	Cash and Cash Equivalents	6.4	Cash and Cash Equivalents		6.4
2	Empire Company, Class A	4.6	Equity		93.6
3	CCL Industries, Class B	4.3	Equities-Canadian		93.6
4	Laurentian Bank of Canada	4.2			100
5	Pason Systems	4			
6	E-L Financial Corporation	4			
7	Winpak	3.9			
8	AltaGas Income	3.9			
9	Astral Media, Class A	3.8			
10	Leon's Furniture	3.7			
11	Transcontinental, Class A	3.5			
12	Crombie Real Estate Investment Trust	3.5			
13	Jean Coutu Group (PJC), Class A	3.4			
14	Richelieu Hardware	3.2			
15	Manitoba Telecom Services	3			
16	Paladin Labs	2.9			
17	Gennum Corporation	2.8			
18	Maple Leaf Foods	2.8			
19	Corby Distilleries, Class A	2.7			
20	Uni-Select	2.6			
21	Canadian Western Bank	2.3			
22	Mullen Group	2.3			
23	Lassonde Industries, Class A	2.3			
24	Ensign Resource Service Group	2.2			
25	Argonaut Gold	2.2			
		84.5			
					100

Sector Allocation		%
Financials		16.8
Industrials		15.2
Energy		13.7
Consumer Staples		12.9
Materials		12.6
Consumer Discretionary		12.4
Information Technology		6.3
Cash and Cash Equivalents		5.0
Telecommunication Services		2.9
Health Care		2.4
		100.0

Geographic Distribution		%
Canada		93.6
Cash and Cash Equivalents		6.4
		100

\* There is no short position in this Fund or underlying funds.

\*\*This category includes all countries representing less than 5% of the Fund's net asset value.

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

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