

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

Equity Portfolio

Meritage International Equity Portfolio

For the period ended June 30, 2011

This Interim Management Report of Fund Performance contains financial highlights, but does not contain the interim or annual financial statements of the Portfolio. A copy of the interim or annual financial statements can be obtained on request, and at no cost, by calling 1-866-603-3601, by writing to us at infomeritage@nbc.ca, by visiting our website at www.meritageportfolios.com, by visiting SEDAR's website at www.sedar.com, or by contacting your advisor.

You 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 Fund Performance

Results of Operations

For the six-month period ended June 30, 2011, the Advisor Series units of the Meritage International Equity Portfolio returned 3.00%, compared to 1.96% for the Portfolio's benchmark, the MSCI EAFE Index (CA\$). Unlike the index, the Portfolio's return is calculated net of fees and expenses. Please see the *Past Performance* section for returns of the F Series. Returns of the F Series may vary mainly because of fees and expenses.

On June 30, 2011, the net assets of the Meritage International Equity Portfolio totalled approximately \$6.9 million compared to \$5.8 million on December 31, 2010. Its increase (19.68%) is mainly attributable to net sales.

Global equities swung in both directions during the first half of the year, rising early on expectations of a global economic and earnings recovery but pressured lower later by a number of factors that included political unrest in the Middle East and North Africa, a triple disaster (earthquake, tsunami and nuclear meltdown) in Japan and last but not least, an increased probability of defaults in Europe.

After rising during January and February, stocks sunk deep into the red during March, following the Tohoku earthquake in Japan. However, most global stock indices managed to rally back from oversold levels during April, as investors became convinced that the quake's impact on the global supply chain will be limited. Late in the period, uncertainty related to European debt seeped back into the markets temporarily, but lifted shortly thereafter, following the adoption of austerity measures in Greece that led to a relief rally that sent most indices to end the period higher.

The Portfolio held approximately 100% of its assets in holdings in International equity funds as at June 30, 2011.

For the review period, the portfolio outperformed its benchmark, the MSCI EAFE Index (CA\$). Overall, the portfolio's holding in AGF International Stock Class (30%) contributed the most to the performance, while its exposure to AGF Emerging Markets Fund (10%) detracted the most from performance.



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During the period, the AGF Emerging Markets Fund underperformed its benchmark, the MSCI Emerging Market Index (CA\$), as relative sector allocation and country exposure (including currency) offset positive security selection. From a regional perspective, an overweight allocation to Hong Kong/China was positive, while an overweight in Singapore and Thailand, and an underweight in South Korea and Taiwan detracted in Asia. Within the EMEA (Europe, Middle East, Africa) region, an overweight to South Africa and Czech Republic and no exposure to Russia contributed to performance, while an overweight in Turkey detracted to performance. In Latin America, an underweight in Brazil and Chile contributed to performance, while an overweight in Mexico, Peru and Argentina detracted to performance. In terms of sector allocation, Information Technology, Utilities and Consumer Staples were the top contributors during the period, while Materials, Energy and Consumer Discretionary were the main detractors.

The AGF International Stock Class outperformed its benchmark during the period due to overweight positions in Health Care and Telecommunications Services. Regionally, overweight positions in France and Spain added to performance for the period. Selection within the Financials sector also added to performance, specifically, European Financials performed well as the credit crisis concerns in the region eased somewhat during the period.

Recent Developments

Economic risks remain to the downside, with QE2 ending, emerging markets tightening, the ECB raising rates and increasing global fiscal austerity. In the near-term, Portfolio Managers of some of the underlying funds believe that a lot of bad news are priced into the market, assuming no recession and no imminent Greek default. Equity valuations appear to be attractive, even accounting for some further cuts to earnings estimates, and global economic growth expectations at this point seem to be at levels where positive surprises are likely to occur. Large caps trade at a significant discount and exposure to growth in emerging economies has not been fully rewarded in stocks domiciled in developed markets.

The major uncertainties that may affect the performance of some of the underlying funds are the sovereign debt issues in developed countries and the inflation risk in emerging economies. Contagion resulting from a potential default in Europe could weigh heavily on the economy and hamper both earnings and investor confidence which would have an adverse impact on stocks.

During the period, Barrett Sides, Senior portfolio manager of one of the Portfolio's underlying funds, Invesco International Growth Class, announced that he will be leaving Invesco. The Invesco International Growth team has appropriate succession plans in place to ensure a smooth transition and the continuity of the management team.

Future Accounting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that all publicly accountable enterprises would be required to report under International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") for fiscal years beginning on or after January 1, 2011. However, in January 2011, the AcSB approved a deferral of the effective date of entry in force of IFRS from January 1, 2011 to January 1, 2013 for investment companies that are currently applying Accounting Guideline AcG-18, "Investment Companies".

The deferral of the transition date to IFRS has been put in place to ensure that investment companies will not have to modify their actual accounting treatment for entities in which they have control while the IASB is completing the standard about investment companies.

Consequently, the Funds will publish their first audited financial statements in accordance with IFRS for the year ended December 31, 2013 and will present comparative figures in accordance with IFRS for the year ended December 31, 2012, including an opening balance sheet as at January 1, 2012.

Given the deferral of the effective transition date to IFRS, management is closely monitoring the evolution of the standards and is adjusting its project consequently. In the periods preceding the first fiscal year in which IFRS will be adopted, the impacts of transitioning to IFRS on the financial statements of the Funds will be disclosed as they become known.

Related Party Transactions

National Bank of Canada (the “Bank”) and its affiliated companies’ roles and responsibilities related to the Portfolio are as follows:

Manager

As described in the *Management Fees* section, the Portfolio pays annual management fees to National Bank Securities Inc. (the “Manager”) in consideration for management services. The management fees cover mainly the Manager’s costs of managing the Portfolio’s investments. The Manager is an indirect wholly-owned subsidiary of National Bank of Canada (the “Bank”).

The Portfolio reimbursed in part the Manager for operating expenses incurred in administering the Portfolio, including trustee, record-keeping, custodial, legal, audit, investor servicing, and securityholder reporting fees.

Portfolio Advisor

The Manager has appointed National Bank Trust (“NBT”), an indirect wholly-owned subsidiary of the Bank, as the portfolio advisor for the Portfolio. A flat fee is payable annually to NBT for its management services.

Trustee, custodian and registrar

Natcan Trust Company (“NTC”), an indirect wholly-owned subsidiary of the Bank, is the Portfolio’s trustee. In this capacity, it is the legal owner of the Portfolio’s investments.

NTC also acts as the Portfolio’s custodian, registrar and transfer agent. The Manager pays NTC for its services as custodian based on the assets held by the Portfolio. In addition, a flat fee per transaction is paid to NTC. With respect to the registrar and transfer agent services for the Portfolio, a fixed annual amount is paid to NTC by the Manager.

NTC also has responsibility for valuation of the Portfolio and the Portfolio’s accounting and records. NTC is paid for these functions by the Manager.

Brokerage Fees

NBT carries out the Portfolio transactions in the underlying funds through National Bank Direct Brokerage Inc. (“NBDB”), a wholly-owned subsidiary of the Bank. Each month, the Manager pays a flat fee for each transaction carried out in the underlying fund securities.

Dealer Compensation

Fund units are also offered by National Bank Direct Brokerage Inc., CABN Investments Inc. National Bank Financial Inc. and other affiliated entities. Each month, brokers receive a commission representing a percentage of the average daily value of the securities held by their clients.

Financial Highlights

The following tables show key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the period ended June 30, 2011 and the past four years.

Advisor Series

The Fund's Net Assets per Unit⁽¹⁾

	Period ended June 30, 2011	2010	2009	2008	2007 (95 days)
Net Assets, beginning of year	\$ 8.00	\$ 8.03	\$ 6.67	\$ 9.76	\$ 10.00
Increase (decrease) from operations					
Total revenue	\$ —	\$ 0.07	\$ 0.09	\$ 0.14	\$ 0.16
Total expenses	\$ (0.14)	\$ (0.27)	\$ (0.19)	\$ (0.21)	\$ (0.07)
Realized gains (losses)	\$ 0.02	\$ (0.06)	\$ (0.46)	\$ (0.45)	\$ —
Unrealized gains (losses)	\$ 0.34	\$ 0.29	\$ 1.91	\$ (2.55)	\$ (0.36)
Transaction costs on purchase and sale investments	\$ —	\$ —	\$ —	\$ —	\$ —
Total increase (decrease) from operations⁽²⁾	\$ 0.22	\$ 0.03	\$ 1.35	\$ (3.07)	\$ (0.27)
Distributions:					
From income (excluding dividends)	\$ —	\$ —	\$ —	\$ —	\$ —
From dividends	\$ —	\$ —	\$ —	\$ —	\$ 0.05
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ —	\$ —	\$ —	\$ —	\$ 0.05
Net Assets as at June 30, 2011 and December 31 of years shown	\$ 8.24	\$ 8.00	\$ 8.03	\$ 6.67	\$ 9.76

⁽¹⁾ This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or 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, or both.

Ratios and Supplemental Data

	Period ended June 30, 2011	2010	2009	2008	2007 (95 days)
Total net asset value (000's) ⁽¹⁾	\$ 6,471	\$ 5,547	\$ 4,079	\$ 2,733	\$ 2,119
Number of units outstanding ⁽¹⁾	785,126	693,185	508,215	409,722	217,095
Management expense ratio ⁽²⁾	2.65 %	2.63 %	2.61 %	2.59 %	2.59 %
Management expense ratio before waivers or absorptions	3.25 %	3.44 %	2.86 %	2.93 %	3.05 %
Trading expense ratio ⁽³⁾	— %	— %	— %	— %	— %
Portfolio turnover rate ⁽⁴⁾	15.46 %	17.09 %	24.35 %	22.25 %	1.35 %
Net asset value per unit	\$ 8.24	\$ 8.00	\$ 8.03	\$ 6.67	\$ 9.76

⁽¹⁾ This information is provided as at June 30, 2011 and December 31 of years shown.

⁽²⁾ Management expense ratio is based on total expenses for the period indicated (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of the daily average net asset value during the period.

⁽³⁾ 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.

⁽⁴⁾ The Fund's portfolio's 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 year, 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.

Financial Highlights

F Series

The Fund's Net Assets per Unit⁽¹⁾

	Period ended June 30, 2011	2010	2009	2008	2007 (95 days)
Net Assets, beginning of year	\$ 8.35	\$ 8.26	\$ 6.78	\$ 9.79	\$ 10.00
Increase (decrease) from operations					
Total revenue	\$ —	\$ 0.06	\$ —	\$ 0.14	\$ 0.08
Total expenses	\$ (0.09)	\$ (0.18)	\$ (0.01)	\$ (0.20)	\$ (0.03)
Realized gains (losses)	\$ 0.02	\$ (0.06)	\$ (0.01)	\$ (0.44)	\$ —
Unrealized gains (losses)	\$ 0.34	\$ 0.34	\$ 0.06	\$ (2.46)	\$ (0.11)
Transaction costs on purchase and sale investments	\$ —	\$ —	\$ —	\$ —	\$ —
Total increase (decrease) from operations⁽²⁾	\$ 0.27	\$ 0.16	\$ 0.04	\$ (2.96)	\$ (0.06)
Distributions:					
From income (excluding dividends)	\$ —	\$ —	\$ —	\$ —	\$ —
From dividends	\$ —	\$ —	\$ —	\$ —	\$ 0.05
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ —	\$ —	\$ —	\$ —	\$ 0.05
Net Assets as at June 30, 2011 and December 31 of years shown	\$ 8.65	\$ 8.35	\$ 8.26	\$ 6.78	\$ 9.79

⁽¹⁾ This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or 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, or both.

Ratios and Supplemental Data

	Period ended June 30, 2011	2010	2009	2008	2007 (95 days)
Total net asset value (000's) ⁽¹⁾	\$ 432	\$ 221	\$ 107	\$ 135	\$ 63
Number of units outstanding ⁽¹⁾	49,921	26,468	12,948	19,898	6,451
Management expense ratio ⁽²⁾	1.37 %	1.34 %	1.30 %	1.28 %	1.22 %
Management expense ratio before waivers or absorptions	3.83 %	5.21 %	1.55 %	1.62 %	1.57 %
Trading expense ratio ⁽³⁾	— %	— %	— %	— %	— %
Portfolio turnover rate ⁽⁴⁾	15.46 %	17.09 %	24.35 %	22.25 %	1.35 %
Net asset value per unit	\$ 8.65	\$ 8.35	\$ 8.26	\$ 6.78	\$ 9.79

⁽¹⁾ This information is provided as at June 30, 2011 and December 31 of years shown.

⁽²⁾ Management expense ratio is based on total expenses for the period indicated (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of the daily average net asset value during the period.

⁽³⁾ 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.

⁽⁴⁾ The Fund's portfolio's 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 year, 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.

Management Fees

The Portfolio pays annual management fees to the Manager in consideration for management, portfolio advisory and administrative services and facilities required by the Portfolio in its day-to-day operations. A portion of the management fees paid by the Portfolio covers trailer and sales commissions paid to dealers. As the Portfolio invests in underlying funds, the fees and expenses payable in connection with the management of the underlying funds are in addition to those payable by the Portfolio. However, the Manager makes sure that the Portfolio does not pay any management (or operating) fees that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.

The management fees are calculated as a fixed percentage of the Portfolio's daily net asset value, are accrued on a daily basis and are paid monthly. The Portfolio is required to pay applicable taxes on the management fees.

The breakdown of the main services received in consideration for the management fees, as a percentage of the management fees collected from the Portfolio, is as follows:

Series		Management fees	Distribution	Others [†]
Advisor Series*	Front end	2.25%	55.56%	44.44%
	Back end		22.22%	77.78%
	Low - Load 1 to 3 years		22.22%	77.78%
	Low - Load 4 years plus		44.44%	55.56%
F Series		1.00%	0.00%	100.00%

^(*) Excluding sales commissions paid on the Advisor Series with low load and back end fees, which are not paid for out of the management fees.

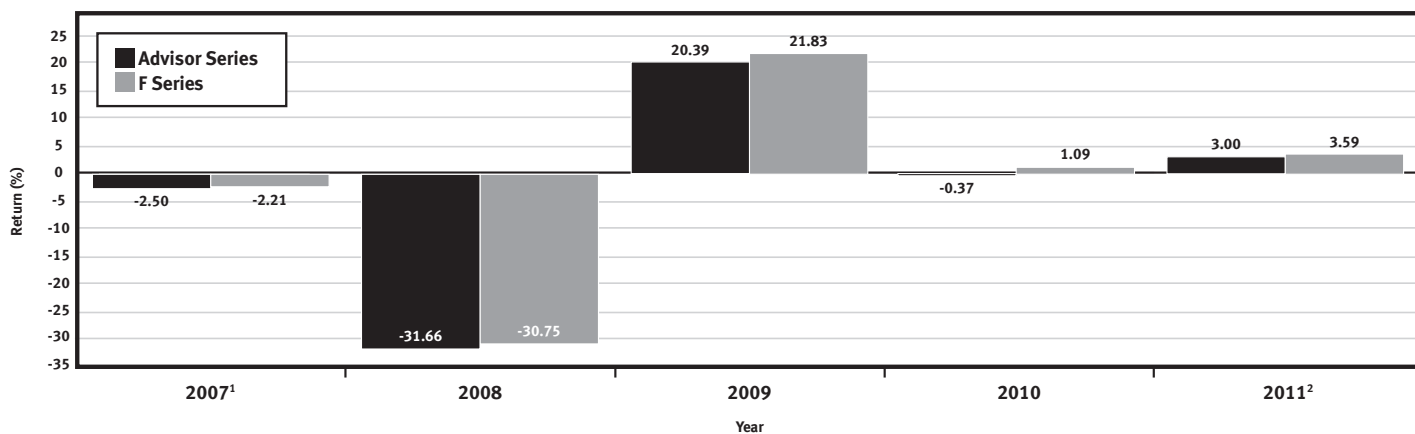
^(†) Includes all costs related to management, investment advisory services, general administration and profit.

Past Performance

The returns of each Portfolio or series of a Portfolio presented below are calculated as of December 31 of each year. They assume the reinvestment of all distributions and do not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of a Portfolio or series of a Portfolio does not necessarily indicate how it will perform in the future.

Annual Returns

The following bar chart shows the Portfolio's annual performance in each of the years shown and illustrates how the Portfolio's performance has changed from year to year. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for each year and for the period ended June 30, 2011.



¹Returns for the period from October 2, 2007 to December 31, 2007.

²Returns for the period from January 1, 2011 to June 30, 2011.

Summary of Investment Portfolio

Portfolio Top Holdings

	% of Net Asset Value
AGF International Stock Class	31.0
Invesco International Growth Class	30.7
McLean Budden International Equity Fund	28.6
AGF Emerging Markets Fund	9.8
Cash & Other Assets	-0.1
	100.0

Asset Mix

	% of Net Asset Value
Global Equity Funds	100.1
Cash & Other Assets	-0.1

Net Asset Value \$6,902,591

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Portfolio. A quarterly update is available. For more information please contact us at infomeritage@nbc.ca, call toll-free at 1-866-603-3601, or contact your advisor.

The prospectus and other information on the underlying investment funds are available on the Internet at www.sedar.com.

Note on forward-looking statements

This report may contain forward-looking statements concerning the Fund, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions “foresee” “intend”, “anticipate”, “estimate”, “assume”, “believe” and “expect” and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

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