

Meritage Portfolios

UNITS OF THE *ADVISOR SERIES* AND *F SERIES*

Annual Information Form dated October 30, 2009

Equity Portfolios

Meritage Canadian Equity Portfolio
Meritage Global Equity Portfolio
Meritage American Equity Portfolio
Meritage International Equity Portfolio

Investment Portfolios

Meritage Conservative Portfolio
Meritage Moderate Portfolio
Meritage Balanced Portfolio
Meritage Growth Portfolio
Meritage Equity Portfolio

Income Portfolios

Meritage Conservative Income Portfolio
Meritage Moderate Income Portfolio
Meritage Balanced Income Portfolio
Meritage Growth Income Portfolio
Meritage Equity Income Portfolio

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Introduction

This Annual Information Form contains information about the Meritage Portfolios. It supplements the information set out in the Simplified Prospectus for the Meritage Portfolios, which should be read together with this Annual Information Form.

In this Annual Information Form, *you* and *your* refer to the investor. *We*, *our*, and *us* refer to National Bank Securities Inc. (“National Bank Securities” or the “Manager”), the manager of the Portfolios. The head office of each Portfolio is located at 1100 University Street, 10th Floor, Montréal, Quebec H3B 2G7. We have retained National Bank Trust Inc. as Portfolio Adviser of each of the Portfolios.

We refer to all of the mutual funds described in this Annual Information Form as “Meritage Portfolios” or “Portfolios” and, individually, a “Portfolio”. When you invest in the Portfolios, you purchase units of a trust and are a unitholder.

Formation of the Portfolios and Other Major Events

Each of the Portfolios is a mutual fund trust formed under the laws of Ontario pursuant to a declaration of trust. Each Portfolio was formed on September 25, 2006 other than the Meritage American Equity Portfolio and Meritage International Equity Portfolio which were formed on September 25, 2007. National Bank Trust is the trustee of the Portfolios.

As of May 20, 2008, the Portfolio Adviser, then Natcan Trust Company, was replaced by National Bank Trust Inc. The persons principally responsible for the day-to-day management of the Portfolios have however remained the same.

As of November 1, 2008, Altamira Investment Services Inc., up to that date manager of the Meritage Portfolios, consolidated its activities with Altamira Financial Services Ltd. and National Bank Securities Inc., the manager of the National Bank Securities Mutual Funds. The activities of the above-mentioned entities, all subsidiaries of the National Bank of Canada, were merged and the name of the merged company is National Bank Securities Inc. Pursuant to said merger, which was approved by the competent authorities, National Bank Securities became the Manager of the Meritage Portfolios.

On June 12, 2009, the declaration of trust for the portfolios was amended in order to update the provisions of the declaration of trust currently in force.

Investment Restrictions

We manage the Portfolios according to securities laws. Except as described below, each Portfolio has adopted the standard investment restrictions and practices imposed by the applicable legislation, including *Regulation 81-102 respecting Mutual Funds* (“Regulation 81-102”). These restrictions and practices are designed to ensure that the investments of the Portfolios are diversified and relatively liquid, and to ensure that the Portfolios are properly administered. The Portfolios are subject, namely, to section 4.1 of Regulation 81-102, which prohibits certain investments when certain related parties may have an interest in such investments.

The fundamental investment objectives of a Portfolio cannot be changed unless unitholders approve the change at a meeting specifically held for that purpose.

The Meritage Portfolios are dealer managed mutual funds. As such, the Portfolios may not knowingly make an investment in securities of an issuer if a director, officer or employee of the Portfolio Adviser, or a partner, director, officer or employee of an affiliate or associate of the Portfolio Adviser, is a partner, director or officer of the issuer, unless that partner, director, officer or employee:

- did not participate in the investment decisions;
- did not have prior access to information concerning the investment decisions; and

- did not influence the investment decision other than through research, statistical and other reports generally available to clients.

As the Meritage Portfolios are dealer managed mutual funds, subject to certain exceptions discussed below, the Portfolio Adviser may not knowingly make an investment on behalf of a Portfolio in securities that an affiliate or associate of the Portfolio Adviser underwrote within 60 days prior to the investment, unless:

- the securities are fully guaranteed by the Government of Canada or the government of a Canadian jurisdiction, or
- the affiliate or associate of the Portfolio Adviser is a member of a selling group distributing five percent or less of the securities.

Exceptions Regarding Investment Restrictions and Regular Practices

Standing Instructions by the Independent Review Committee

Under *Regulation 81-107 respecting Independent Review Committee for Investment Funds* (“Regulation 81-107”), we established an independent review committee (the “IRC”). The IRC complies with applicable securities legislation, including Regulation 81-107. For more information about the IRC, please see the section entitled “Portfolio Governance – Independent Review Committee” in this Annual Information Form.

Subject to obtaining the approval of the IRC and compliance with the conditions set out in Regulation 81-102 and Regulation 81-107, Canadian securities legislation allows regular practices and investment restrictions to be modified. In accordance with the requirements of Regulation 81-102 and Regulation 81-107, the IRC has provided its approval in respect of the following actions:

- a) purchasing or holding securities of a related issuer, including those of National Bank of Canada;
- b) investing in the securities of an issuer where an entity related to the manager acts as an underwriter during the offering of the securities or at any time during the 60-day period following the completion of the offering of such securities;
- c) purchasing securities from or selling securities to another investment fund managed by the Manager or an affiliate of the Manager;
- d) purchasing debt securities from, or selling debt securities to, related dealers that are principal dealers in the Canadian debt securities market (in accordance with the exemption regarding debt securities described hereunder).

The Manager has implemented policies and procedures to ensure that the conditions applicable to each of the transactions noted above are met. The IRC has granted its approval in respect of such transactions in the form of standing instructions. The IRC will review these related party transactions at least annually.

Debt Securities

Each of the Portfolios has received an exemption from the Canadian Securities Administrators allowing them to engage in certain debt securities transactions. Without the exemption, they would have been prohibited from engaging in the transactions. Pursuant to the exemption, a Portfolio may, with the approval of the IRC as described in Regulation 81-107 and subject to certain other provisions of Regulation 81-107, purchase from or sell to related dealers that are principal dealers in the Canadian debt securities market, government or non-government debt securities in the secondary market, if the

purchase or sale is consistent with the investment objectives of the Portfolio or required to reach said objectives

Non-Exchange Traded Related Issuer Securities

The Portfolios have received an exemption from the Canadian Securities Administrators allowing them to purchase on the secondary market securities of a related issuer which are not exchange traded if certain conditions are met. In particular, the investment must be made in a security having obtained an approved rating and must be consistent with the investment objective of the Portfolio or necessary to meet said objective. The investment must also be approved by the IRC as described in Regulation 81-107 and is subject to certain other provisions of Regulation 81-107.

Each of the Portfolios has also received an exemption from the Canadian Securities Administrators allowing them to purchase on the primary market non-exchange traded related issuer debt securities with a term of 365 days or more, other than asset-backed commercial paper, if certain conditions are met, in particular the approval of the IRC.

Fund on Fund Investing

To achieve their investment objectives, the Portfolios will invest in other mutual funds (the “underlying funds”). The Portfolios may enter into specified derivative transactions for which the underlying interest is based on the securities of underlying funds. Refer to the Simplified Prospectus for further information on fund on fund investing.

Description of Units of the Portfolios

The Portfolios may issue an unlimited number of *Advisor Series* and *F Series* units. The units of each series of a Portfolio carry equal rights and privileges and have the right to participate equally in distributions (other than management fee distributions) the Portfolio makes to unitholders of that series of units. When a Portfolio is liquidated, all units of each series have the right to participate equally in the assets remaining in the Portfolio after payment of any liabilities based on the relative net asset value per unit of each series.

Unitholders of each series of a Portfolio are entitled to one vote per whole unit at a meeting of unitholders of the Portfolio or particular series. Fractions of units may be issued and they carry the same rights and privileges and are subject to the same restrictions and conditions applicable to whole units, but do not carry any voting rights.

You may redeem Portfolio units or switch units from one Meritage Portfolio to another Meritage Portfolio if you comply with the requirements for redemptions or switches.

These rights can only be changed as permitted by applicable laws and the declaration of trust for the Meritage Portfolios.

Investor Meetings

None of the Portfolios hold regular meetings. We are required to convene a meeting of unitholders to ask them to consider and approve, by not less than a majority of the votes cast at the meeting (either in person or by proxy), any of the following material changes if they are ever proposed for a Portfolio:

- a change in the basis of the calculation of the fees or expenses charged to the Portfolio which may result in an increase in these charges to the Portfolio or its unitholders unless certain conditions under Regulation 81-102 are met;
- the introduction of a fee or expense to be charged to the Portfolio which may result in an increase in charges to the Portfolio or its unitholders;

- a change in the Meritage Portfolio’s Manager, unless the new manager is affiliated with the current Manager;
- a change in the fundamental investment objectives of the Portfolio;
- a reduction in the frequency that we calculate the Portfolio’s net asset value; and
- any other matter which is required to be submitted to a vote of the unitholders of the Portfolio or a particular series by the Portfolio’s declaration of trust or any other document or by applicable laws.

Unitholder approval will not be obtained if permitted by the declaration of trust and the laws applicable to the Portfolio in the following circumstances: (i) prior to certain reorganizations that result in a transfer of the property of the Portfolio to another mutual fund, or of another mutual fund to the Portfolio; or (ii) prior to a change of auditors. However, in each such circumstance, unitholders of that Portfolio will receive written notice at least 60 days before the effective date of any such change. The Independent Review Committee of the Portfolio must also approve the change, and all other applicable conditions under Regulation 81-102 must have been met.

Description of Series

Each of the Portfolios may have an unlimited number of series of units and may issue an unlimited number of units of each series. Each unit of a particular series entitles the holder to participate equally with respect to all distributions of the Portfolio made to unitholders of that series (other than management fee distributions paid to particular unitholders). Expenses of each series are tracked separately and a separate net asset value is calculated for each series. Each of the Portfolios currently offer the following series of units:

<p><i>Advisor Series:</i></p>	<p>These units are offered to certain investors according to one of the three following options:</p> <ul style="list-style-type: none"> • with initial sales charge. In this case, you pay an initial sales charge which you negotiate with your dealer or broker when you purchase Portfolio units. • with deferred sales charge (“DSC”). In this case, you pay a DSC redemption fee if you ask for your units to be redeemed within 6 years of purchase. • with low load 2 sales charge. In this case, you pay a low load 2 redemption fee if you ask for your units to be redeemed within 3 years of purchase. <p>After you purchase Advisor Series units under one sales charge option, you cannot change to another sales charge option at a later date.</p>
<p><i>F Series:</i></p>	<p>These units are only offered to investors with a fixed fee account with dealers who have entered into an agreement with us. These investors pay their dealer annual compensation based on asset value instead of commissions on each trade. The F Series units have lower management fees than units of the Advisor Series because our costs are lower as we do not pay any commissions to dealers who sell F Series units to their clients. Your dealer is responsible for deciding whether you are eligible to subscribe for and continue to hold F Series units. If you or your dealer is not eligible to hold them, we can change them for Advisor Series units of the same Portfolio upon 30 days’ notice or redeem them.</p>

Although the money you and other investors pay to purchase units of each series is tracked on a series by series basis in a Portfolio's records, the assets of both series of a Portfolio are combined into a single pool to create one portfolio for investment purposes. Please refer to the Simplified Prospectus for additional information concerning the two series of units.

How We Calculate Net Asset Value Per Unit

Whether you're buying or redeeming Portfolios, we base the transaction on the value of a Portfolio unit. The price of a unit is called the "net asset value per unit". The net asset value per unit for each series of each Portfolio is established at the close of regular trading on the Toronto Stock Exchange every business day (typically 4:00 p.m. Toronto time) (a "Valuation Day").

Here's how we calculate the net asset value per unit for each series of a Portfolio:

- We take the series' proportionate share of all the investments and other assets of the Portfolio.
- We subtract the series' liabilities and its proportionate share of common Portfolio liabilities. That gives us the net asset value for the series.
- We divide that number by the total number of units held by investors in that series. That gives us the net asset value per unit.

The price for purchases and redemptions of units of a series of a Portfolio is the net asset value per unit next determined after the receipt of the purchase or redemption order.

We calculate a separate price for each series of units of a Portfolio because the management fee rate and operating expenses attributable to each series are different.

The price of each series of units of a Portfolio will generally increase or decrease on each Valuation Day as a result of changes in the value of the portfolio assets owned by the Portfolio.

Valuation of Portfolio Securities

Regulation 81-106 requires that the net asset value of an investment fund be calculated using the fair value of the investment fund's assets and liabilities. However, it does not provide that the net asset value for transaction purposes be calculated in accordance with the requirements of the Handbook of the Canadian Institute of Chartered Accountants (the "CICA Handbook").

Therefore, the fund's valuation principles differ in certain respects from the requirements of the CICA Handbook, which, for example, provides valuation using the bid price of exchange-traded portfolio securities. As described below, we intend on using the closing price rather than the bid price to evaluate exchange-traded portfolio securities.

The fund's financial statements will include a reconciliation between the *net assets per security*, corresponding to the net asset value for purposes of the financial statements established in accordance with the requirements of the CICA Handbook, and the *net asset value per security*, corresponding to the net asset value for transaction purposes.

We use the following principles in calculating the net asset value of the Portfolios:

- for underlying mutual fund securities, we use the net asset value per security of the underlying mutual fund provided by the underlying mutual fund's manager for the relevant day or, where that day is not a valuation day for the underlying mutual fund, the net asset value per security as of the most recent valuation day of the underlying mutual fund.

- for cash or cash equivalents, bills, demand notes and accounts receivable, prepaid expenses, cash distributions received and interest accrued and not yet received, we use their full value. If we determine that an asset is not worth its full amount, we determine a reasonable value.
- for assets or liabilities in a foreign currency, we convert those assets or liabilities into Canadian dollars in accordance with the exchange rates prevailing on the valuation day, which rates are provided by a recognized independent source (generally the Bank of Canada).
- for bonds, debentures and other debt instruments held by the Portfolios, we use the closing price on the valuation day when available. These prices are obtained from a recognized valuation service. For notes and other money market instruments, we use the current market value. To determine the current market value, we use the cost of the investments, taking into account accrued interest which is recorded separately from the investment. We record the difference between the cost and the proceeds from the sale of short-term instruments as income.
- for securities listed on a stock exchange, we use the closing price on the valuation day when available. If none is available, we generally use the average of the latest bid or ask price or any other similar quote that we determine best reflects the value of the asset.
- for securities that are not listed on a stock exchange, we use a price that we determine best reflects the value of the asset concerned. The method used depends on the asset to be measured.
- for long positions in covered clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants, we use the closing price on the valuation day when available.
- we show the premium received when a covered clearing corporation option, option on futures or over-the-counter option is written as a deferred credit. The value of the deferred credit is equal to the current market value of an option that would have the effect of closing the position. We treat any difference resulting from the revaluation as an unrealized gain or loss. We deduct the deferred credit when we calculate the net asset value of each fund.
- for a futures contract or a forward contract, the value is determined based on the gain or loss, if any, that would arise as a result of closing the position, as of the valuation day.

Where we cannot apply these principles, we will determine the net asset value in a manner that we think is fair. Over the last three years, we have deviated from the foregoing principles mainly in situations where the net asset value of the underlying funds were not available when the net asset value of the Portfolios was being established. In these cases, the net asset value of the underlying funds was estimated according to reference indexes.

We have delegated responsibility for valuation of the Portfolios and Portfolio accounting to Natcan Trust Company.

Purchasing, Switching and Redeeming Units

The Meritage Portfolio units may be purchased, redeemed, switched and reclassified through registered dealers and brokers.

Different fees will be applied for each series of a Portfolio and we calculate the net asset value per unit of each series separately. Each Portfolio may issue an unlimited number of units of each series.

For detailed information about how to purchase, redeem, switch and reclassify units, please see the section in the Simplified Prospectus called *Purchases, Switches and Redemptions*. You may have to pay fees when you purchase, redeem or switch your units through your registered dealer or broker.

The minimum initial investment in any of the Portfolios is \$5,000. Each additional investment in a Portfolio must be at least \$50 for any type of account (\$25 in a systematic investment plan). If you are redeeming securities of a Portfolio, the lowest amount you can redeem is \$50.

How to Purchase Units

You may pay for Portfolio units by cheque, bank draft or money order.

If we receive your buy order from your dealer or broker before 4:00 p.m., Eastern time, the price of the units will be the net asset value calculated at the end of that Valuation Day. If we receive your buy order from your broker or dealer after 4:00 p.m., Eastern time, the price of the units will be their net asset value calculated on the next Valuation Day.

When you place a buy order through your dealer or broker, we must receive payment no later than three business days after an order is received.

Under some circumstances, we may refuse to process part or all of an order to purchase units. The unitholders likely to be refused are those who frequently switch Portfolio units in a short period of time. For more details, please see "*Short-term trading*" in the Simplified Prospectus. Any decision to reject an order will be made within one business day of receipt of the order. If we reject an order, we will return all money received immediately without interest.

If you send us an order to purchase units and you don't send us payment on time, you may have to pay your dealer or broker for any losses, depending on your arrangements with your dealer or broker.

We do not issue certificates when you purchase units of the Portfolios.

Units of the *Advisor Series* are offered to investors purchasing under one of the following three options:

- initial sales charge;
- deferred sales charge; or
- low load 2 sales charge.

Your choice will have an impact on the fees you pay and the compensation your dealer receives. See *About series offered, Fees and Expenses* and *Dealer Compensation* in the Simplified Prospectus.

Systematic Investment Plan

You can set up a systematic investment plan so that a fixed amount of money is automatically withdrawn from your bank account at regular intervals and invested in one or more Portfolios selected by you. You may invest weekly, bi-weekly, monthly or quarterly.

If you set up a systematic investment plan, we will withdraw the fixed amount of money from your bank account and invest the money in Portfolio units at the net asset value determined on each Valuation Day that you make an automatic investment. There is no charge to enrol in the plan, or to terminate your participation in the plan. The minimum amount you may invest in a Portfolio through the systematic investment plan is \$5,000 and the minimum subsequent investment amount is \$25.

How to Redeem Units

If we receive a request from your dealer or broker to redeem units before 4:00 p.m., Eastern time on a Valuation Day, we will redeem the units at their net asset value on that Valuation Day. If we receive a request from your dealer or broker to redeem units after 4:00 p.m., Eastern Standard Time, we will redeem the units at their net asset value calculated on the following Valuation Day.

You may redeem all your units. If you hold less than the minimum amount for a particular Portfolio, you will be required to redeem your investment in that Portfolio or invest an additional amount in that Portfolio.

In order to redeem, you should instruct your dealer or broker to send us a written request to redeem units. This request may be sent to us electronically in accordance with our requirements. Your dealer or broker will send the request to us on the day he receives your request. We will mail the money from the sale to your dealer or broker or deposit it into your dealer or broker's account without charge.

We will pay you for units redeemed as soon as possible, at the latest, within three business days following the Valuation Day that is used to calculate the net asset value of the units sold.

Under some circumstances, we may purchase back on your behalf the units you redeemed before we pay you for the units. This will happen if we do not receive the instructions necessary to complete the transaction within ten business days of the redemption. If we buy the units back for less than you redeemed them for, we will pay the excess to the Portfolio. If we purchase the units back for more than you redeemed them for, we will collect the difference from the dealer or broker who placed the order. The dealer or broker may have the right to collect this amount from you under the terms of your account agreement.

We do not charge any fees when you redeem units of the Portfolio, except for short-term trading fees (which may apply if you redeem or switch your units within 30 days of purchase) and Advisor Series units with either the deferred sales charge option if you request the redemption of your units within six (6) years of purchase or with the low load 2 sales charge option if you request the redemption of your units within three (3) years of purchase.

When We Might Refuse to Redeem Units

Under some exceptional circumstances, we may suspend your right to redeem your units. Canadian securities regulators allow us to suspend your right to redeem your units when:

- normal trading is suspended in any market where securities or derivatives that make up more than 50% of the Portfolio's total value are traded and there is no other market or exchange that represents a reasonable alternative for trading, or
- the Canadian securities regulators consent.

If we suspend redemption rights after you have requested a redemption, you may either withdraw your redemption request or redeem your units at the net asset value determined after the suspension period ends. We will not accept orders to buy units of a Portfolio during any redemption suspension period.

Systematic Withdrawal Plan

You may opt to set up a plan to make systematic withdrawals from a Portfolio if you want a regular fixed payment to meet your financial needs. A withdrawal can be done weekly, bi-weekly, monthly or every three months. There is no charge to enrol in the plan, or to terminate your participation in the plan.

You must have invested a minimum of \$10,000 in a Portfolio to benefit from this service. The minimum that must be kept in a Portfolio is \$5,000 and the minimum periodic withdrawal is \$50.

Switching Between Units

National Bank Securities allows you to switch units of one Portfolio into units of any other Portfolio provided you meet the minimum initial investment requirements and the minimum account balance for the new Portfolio and series. When we receive your request to make a switch, we will sell your units of one Portfolio and use the proceeds to buy units of the other Portfolio. See the features and the minimum initial

investment requirements of each series under *Purchases, Switches and Redemptions* in the Simplified Prospectus.

You may switch units of the Meritage Portfolios for units of the National Bank Money Market Fund. However, you may not thereafter switch units of the National Bank Money Market Fund for units other than those of Meritage Portfolios. Investors that initially buy units of the National Bank Money Market Fund with a view to subsequently investing in Meritage Portfolios may not switch their units for units of other National Bank Securities Mutual Funds and may only switch these units for units of Meritage Portfolios.

The tax implications for switching between Portfolios are the same as for redeeming Portfolios (see “Canadian Federal Income Tax Considerations”). Switching may lead to a capital gain or loss for tax purposes in an unregistered account.

Reclassification of Units

You may change from one series to the other series of a Portfolio. Changing units from one series to the other series is called “reclassifying” your units. You can only reclassify from one series to the other series if you are eligible to purchase the other series. You can reclassify from one series to the other series, or you may be required to reclassify your units from one series to the other series, if you are no longer eligible to hold the initial series.

The value of your investment in the Portfolio will be the same after the reclassification. You will, however, own a different number of units because each series has a different unit price. Reclassifying units from one series to the other series of a Portfolio does not result in capital gain or loss for tax purposes.

If you reclassify your units from *F Series* to *Advisor Series* units, you can choose any of the three purchase options for your new units. If you bought *Advisor Series* units with a DSC or low load 2 sales charge, you may not reclassify your units into *F Series* units.

After you purchase *Advisor Series* units under one sales charge option, you cannot change to another sales charge option at a later date.

Canadian Federal Income Tax Considerations

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “Tax Act”) for the Portfolios and for prospective investors in a Portfolio who, for the purposes of the Tax Act, are resident in Canada, hold units of the Portfolios as capital property and deal with the Portfolios at arm’s length. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current published administrative and assessing policies of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary is based on the assumption that the Portfolios will comply at all material times with conditions prescribed in the Tax Act and otherwise so as to qualify as “mutual fund trusts” as defined in the Tax Act. Counsel is advised that each of the Portfolios anticipates that it will qualify as a “mutual fund trust” under the Tax Act at all material times.

Taxation of Portfolios

Each of the Portfolios is subject to income tax under the Tax Act on its income (including its net taxable capital gains) for each year less the portion thereof that is paid or payable to the investors of the Portfolio in the year. With respect to the Portfolios, the Declaration of Trust governing each of the Portfolios requires that the Portfolio distribute its net income for tax purposes and net realized capital gains, if any, for each taxation year of the Portfolio to investors to such an extent that the Portfolio will not be liable in any taxation year for income tax under Part I of the Tax Act on such net income and net realized capital gains (after taking into account any applicable losses of the Portfolio and the capital gains refunds to which the Portfolio is entitled).

All of each Portfolio's deductible expenses, including expenses common to all series of units of the Portfolio and management fees and other expenses specific to a particular series of units of the Portfolio, will be taken into account in determining the income or loss of the Portfolio as a whole for tax purposes.

If appropriate designations are made by the underlying funds in which a Portfolio invests, the nature of distributions from the underlying funds that are derived from taxable dividends (including eligible dividends) received from taxable Canadian corporations, foreign income and capital gains will be preserved in the Portfolio for the purpose of computing its income. A Portfolio may also receive distributions of ordinary income and of non taxable amounts such as returns of capital from the underlying funds.

Generally, a Portfolio will include gains and deduct losses on income account in connection with its derivative activities, including forward contracts, futures contracts and options, except where such activities are undertaken to hedge the Portfolio's capital property and will recognize such gains or losses for tax purposes at the time they are realized by the Portfolio.

Where the amount of distributions paid by an underlying fund to a Portfolio in a year exceeds the underlying fund's income and capital gains, such excess amount will not be included in income of the Portfolio (unless the underlying fund elects to treat the excess amount as income) but will reduce the adjusted cost base of its units of the underlying fund for the purpose of calculating a capital gain or loss on a future disposition by the Portfolio of the units of the underlying fund. To the extent that the adjusted cost base of a unit would otherwise be a negative amount at the end of the taxation year, the negative amount will be deemed to be a capital gain realized in that year by the Portfolio and the adjusted cost base of the unit will then be nil as of the beginning of the next taxation year.

In certain circumstances, a Portfolio may be required to defer claiming a loss realized by it on an investment in an underlying fund until the Portfolio has sold all of its investment in that underlying fund. A loss realized on a disposition of capital property is considered to be a suspended loss when a Portfolio acquires a property (a "substituted property") that is the same or identical to the property sold, within 30 days before and 30 days after the disposition and the Portfolio owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable Portfolio cannot deduct the loss from the Portfolio capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

New tax rules that deal with investments in certain foreign entities have been proposed. These new tax rules may require a Portfolio or an underlying fund that invests in securities of such entities to include in income for each year income or gains computed in accordance with certain rules in the Tax Act, whether or not any income or gains is actually realized on such securities. Any such amounts would be reflected in distributions to unitholders out of the Portfolio income. If enacted as proposed, the new rules will take effect for taxation years that begin after 2006.

Non-Taxable Investors

Distributions from a Portfolio to an investor that is a registered tax plan such as a registered retirement savings plan or registered retirement income fund or to a tax-free savings account ("TFSA") will not,

except in certain limited circumstances, be taxable in the plans or the TFSA; however, amounts withdrawn from such plans will generally be taxable. Withdrawals from a TFSA will not be subject to tax. The tax treatment of investors who hold their securities of a Portfolio in a non-registered account is described below.

Eligibility for Registered Tax Plans

Each of the Portfolios anticipates that it will qualify as a “mutual fund trust” under the Tax Act at all material times. Provided that a Portfolio so qualifies as a mutual fund trust, units of that Portfolio will be a qualified investment under the Tax Act for trusts governed by registered tax plans such as registered retirement savings plans and registered retirement income funds and for TFSAs.

Taxable Investors

A taxable investor will generally be required to include in the investor’s income for tax purposes for any year the amount (computed in Canadian dollars) of income and net taxable capital gains, if any, paid or payable by a Portfolio to the investor or on the investor’s behalf in the year, including any Management Fee Distributions paid out of the Portfolio’s income or taxable capital gains, whether or not such amounts are reinvested in additional units of the Portfolio. Where the amount of distributions paid by a Portfolio in a year exceeds the Portfolio’s income and capital gains, such excess amount will not be included in income of investors (unless the Portfolio elects to treat the excess amount as income) but will reduce the adjusted cost base of their units of the Portfolio for purposes of calculating a capital gain or loss on a future disposition of their units. To the extent that the adjusted cost base of a unit would otherwise be a negative amount at the end of the taxation year, the negative amount will be deemed to be a capital gain realized in that year and the adjusted cost base of the unit to the investor will then be nil as of the beginning of the next year.

Each Portfolio will designate to the extent permitted by the Tax Act the portion of the net income distributed to investors as may reasonably be considered to consist of taxable dividends on shares of taxable Canadian corporations and net taxable capital gains. Any such designated amount will be deemed for tax purposes to be received or realized by investors in the year as a taxable dividend and as a taxable capital gain, respectively. In the case of an investor who is an individual, the dividend gross-up and tax credit treatment normally applicable to taxable dividends paid by a taxable Canadian corporation will apply to amounts so designated as taxable dividends, and for this purpose taxable dividends will, where so designated by the Portfolio, include eligible dividends that qualify for an enhanced tax credit. In the case of an investor that is a corporation, amounts designated as taxable dividends will be included in the corporation’s income for purposes of the Tax Act but normally will also be deductible in computing its taxable income. A private corporation that is entitled to deduct such dividends in computing its taxable income will generally be subject to the refundable tax under Part IV of the Tax Act. Certain other corporations that are controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) are also subject to the refundable tax under Part IV of the Tax Act. Corporations, other than private corporations, should consult their own tax advisors as to the possible application of tax under Part IV.1 of the Tax Act on amounts designated as taxable dividends.

Capital gains so designated by a Portfolio will be subject to the general rules relating to the taxation of capital gains described below. In addition, each Portfolio will similarly make designations in respect of its income considered to be from foreign sources, if any, so that, for the purpose of computing any foreign tax credit available to an investor, and subject to the rules in the Tax Act, the investor will be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid to that country by the Portfolio that is equal to the investor’s share of the Portfolio’s income considered to be from sources in that country.

Investors will be informed each year of the composition of the amounts distributed to them (in terms of net income, taxable dividends (including eligible dividends), net taxable capital gains, foreign source income and non-taxable amounts such as returns of capital, where applicable) and of the amount designated by

each Portfolio as taxable dividends (including eligible dividends) on shares of taxable Canadian corporations and taxable capital gains and of the amount of any foreign taxes paid by the Portfolio in respect of which the investor may claim a credit for tax purposes to the extent permitted by the Tax Act, where those items are applicable.

Capital Gains

Upon the actual or deemed disposition of a unit, including on the redemption of a unit by a Portfolio and the switching of an investor's investment from one Portfolio to another, a capital gain (or a capital loss) will generally be realized by the investor to the extent that the proceeds of disposition of the unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the investor of the unit and any costs of disposition. A reclassification of units from one series to the other series of the Portfolio is not considered to be a disposition of the former units, and consequently, such a reclassification will not give rise to a capital gain (or capital loss). While an investor's adjusted cost base per unit will change, the total adjusted cost base of the investor's units will not.

For the purpose of determining the adjusted cost base to an investor of units, when a unit of a particular Portfolio is acquired, whether on the reinvestment of distributions or otherwise, the cost of the newly acquired unit is averaged with the adjusted cost base to the investor of all other units (of the same series) of the Portfolio held by the investor immediately before that time. The adjusted cost base is determined separately for each series.

One-half of a capital gain (a "taxable capital gain") realized or considered to be realized by an investor will be included in the investor's income and one-half of a capital loss (an "allowable capital loss") realized by an investor may be deducted from the investor's taxable capital gains subject to the detailed rules of the Tax Act.

Minimum Tax

Individuals and certain trusts and estates are subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax in respect of dividends and realized capital gains.

Distribution Policy

Each Portfolio makes payments, as the case may be, called distributions to its investors. Distributions consist of net income or, depending on the Portfolio, net income and net realized capital gains. In certain circumstances, distributions may also include a return of capital. All distributions will be invested in additional Portfolio units of the same series, unless your distribution amount is greater than \$25 and you ask to be paid in cash. Any special year-end distributions by the Income Portfolios must be reinvested in additional Portfolio units of the same series.

Management of the Portfolios

As of November 1, 2008, Altamira Investment Services Inc., up to that date manager of the Meritage Portfolios, consolidated its activities with Altamira Financial Services Ltd. and National Bank Securities Inc., the manager of the National Bank Securities Mutual Funds. The activities of the above-mentioned entities, all subsidiaries of the National Bank of Canada, were merged and the name of the merged company is National Bank Securities Inc. Pursuant to said merger, which was approved by the competent authorities, National Bank Securities became the Manager of the Meritage Portfolios.

National Bank Securities has entered into a management agreement with Natcan Trust Company, the trustee of each Portfolio, and was appointed as Manager of the Portfolios. We are responsible for the management of the business and affairs of the Portfolios.

We are also responsible for the investment decisions for the Portfolios, but have retained the services of a Portfolio Adviser to assist us in discharging this duty.

Under the management agreement, we are also responsible for:

- office space and facilities;
- clerical help;
- statistical, bookkeeping and internal accounting;
- internal auditing services.

The underlying funds are managed by other mutual fund managers.

The Portfolios are responsible for paying us management fees. For a list of management fees paid to us by the Portfolios, please see the section in the Simplified Prospectus called *Fees and Expenses paid by the Portfolios*. As the Portfolios invest 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 Portfolios. However, we make sure that a Portfolio does not pay any management fees or incentive fees that, to a reasonable person, would duplicate a fee payable by an underlying fund of that Portfolio for the same service.

The head office of National Bank Securities Inc. is located at 1100 University Street, 10th Floor, Montréal, Quebec H3B 2G7. Our telephone number is 1-866-603-3601. Our website is www.meritageportfolios.com, and our e-mail address is infomeritage@nbc.ca.

The Portfolios are responsible for all expenses and costs they incur or we incur on their behalf, including the following expenses and costs:

- income taxes and other taxes;
- charges for registrar and transfer agency services;
- brokerage commissions or other fees in connection with the purchase and sale of portfolio securities;
- fees and expenses related to qualifying the units for sale to the public in all jurisdictions;
- fees and expenses related to continuous disclosure obligations;
- securities regulatory fees paid by the Manager in relation to the Portfolios;
- fees and expenses of or related to any independent review committee or governance agency of the Portfolios;
- services related to communication with unitholders;
- interest expenses;
- audit and legal fees;
- insurance costs;
- bank account charges;
- safekeeping charges;
- investor servicing costs; and
- other operating and administrative costs.

We cannot change the manager of a Portfolio without the approval of the securities regulatory authorities and the approval of a majority of unitholders at a meeting of unitholders. We do not need such approvals to change the Manager to an affiliate of National Bank Securities.

The manager may terminate the management agreement with at least 60 days' written notice.

The management agreement may also be terminated by the Portfolios if the manager does not respect the obligations provided in the management agreement, provided 90 days' prior notice is given and the approval of 2/3 of votes cast at a meeting of Portfolios' unitholders is obtained.

Directors and Officers of National Bank Securities

The following table lists the directors and officers of the manager. We have included their names, the municipalities in which they live, their positions with the manager and their respective principal positions. Unless indicated otherwise, each person has occupied his/her current principal position or a similar position within the same entity over the past five years.

<i>Name and Municipality of Residence</i>	<i>Position with the Manager</i>	<i>Principal Occupations Within the Last Five Years</i>
Christophe Armantier Montréal, Quebec	Alternate Chief Compliance Officer	Senior Compliance Officer, National Bank of Canada. Prior thereto, Senior Analyst, Projects and Information System, National Bank Trust Inc.
Edgar Arsenault Dieppe, New Brunswick	Regional Compliance Officer, Atlantic	Mutual Fund Representative and Regional Compliance Officer, National Bank Securities Inc.; Manager, Compliance, National Bank of Canada. Prior thereto, Secretary & co-owner, 512879 New Brunswick Ltd., a barber shop.
Martin-Pierre Boulianne ¹⁻²⁻³ Montréal, Quebec	Corporate Secretary	Senior Manager and Assistant Secretary, National Bank of Canada, Corporate Secretary, National Bank Financial Inc. and National Bank Financial Ltd., and Assistant Corporate Secretary, National Bank Direct Brokerage Inc.
Marie-Hélène Bourque Montréal, Quebec	Assistant Corporate Secretary	Legal Counsel, National Bank of Canada. Prior thereto, articling student and law student.
Yanic Chagnon Boucherville, Quebec	Vice-President, Products Management	Investment Solutions Senior Manager, National Bank of Canada. Prior thereto, Products Manager, Investment Solutions, National Bank of Canada.
Shauna Clarke Calgary, Alberta	Alternate Compliance Officer, Alberta	Manager, Sales and Service, National Bank of Canada. Prior thereto, personal banker and manager, customer service, National Bank of Canada.
Gilles Corriveau Montréal, Quebec	Director	Vice-President, Strategy, Enigma Communications Inc.
Jean-Denis Côté ⁴ Longueuil, Quebec	Director	Corporate Director, including Director of National Bank Trust Inc.
Denis Gauthier ² Candiac, Quebec	Director	Senior Vice-President and General Manager, Wealth Management, National Bank Financial Inc. and National Bank Financial Ltd. Prior thereto, Senior Vice-President and Manager, NBF; Senior Vice-President and Regional Manager, Southern Quebec, NBF.
Achille Ginocchio Toronto, Ontario	Vice-President, Business Development and Investment Solutions	Vice-President, Business Development and Investment Solutions, National Bank Securities Inc. Prior thereto, Regional Vice-President of Sales, Altamira Financial Services Ltd.; Vice-President, Internal Business Development, National Bank Securities Inc.; Sales Manager, National Bank Securities Inc.; Sales Manager, CIBC.
Charles Guay ¹⁻³ Montréal, Quebec	President and Chief Executive Officer, Director	Senior Vice-President, Strategies, Marketing and Investment Solutions, National Bank of Canada, Director, National Bank Direct Brokerage Inc. Prior thereto, Senior Vice-President, Marketing and Investment Solutions, National Bank of Canada; Senior Vice-President, Wealth Management, National Bank of Canada; President and Chief Executive Officer, National Bank Securities Inc. and Senior Vice-President, Mutual Funds, National Bank of Canada.
Matthew Hallett Markham, Ontario	Vice-President, Advisor Distribution	Prior thereto, Vice-President, Sales, GrowthWorks Capital Ltd.

Name and Municipality of Residence	Position with the Manager	Principal Occupations Within the Last Five Years
John Shephard Kennedy Aurora, Ontario	Provincial Compliance Officer, Ontario	Provincial Compliance Officer, Ontario, National Bank Securities Inc.
Marc Kneupp ¹ Montréal, Quebec	Chief Financial Officer, Director	Vice-President, Financial Performance Management, Wealth Management, National Bank of Canada. Prior thereto, Executive Vice-President, Finance and Administration, National Bank Securities Inc.; Vice-President, Finance and Administration, Mutual Funds, National Bank of Canada; Vice-President, Operational Transformation Program, National Bank of Canada.
Éric Laflamme ¹⁻²⁻³⁻⁴⁻⁵ Brossard, Quebec	Chairman of the Board and Director	President and Chief Executive Officer; Director, National Bank Trust Inc. and Natcan Trust Company, Vice-President, Strategic Projects, National Bank of Canada and Director, Natcan Investment Management Inc., Director, National Bank Financial Inc. and National Bank Financial Ltd. and Director, National Bank Direct Brokerage Inc. Prior thereto, President and Chief Executive Officer; Director, National Bank Trust Inc. and Natcan Trust Company and Vice-President, Trust Services, National Bank of Canada; Vice-President, Personal Services, National Bank Trust Inc. and Natcan Trust Company.
Martin Lavigne ¹ Boucherville, Quebec	Senior Vice-President, Advisor Distribution and Director	Senior Vice-President, Third Party Business Solutions, National Bank of Canada. Prior thereto, President and Chief Executive Officer, National Bank Securities Inc.; Vice-President, Mutual Funds, National Bank of Canada; Senior Vice-President, Sales and Products, National Bank Securities Inc.; District Vice-President, Fidelity Investments.
Nancy Paquet La Prairie, Quebec	Vice-President, Advisor Distribution	Prior thereto, Manager, Wealth Management, Caisse Populaire Saint-Augustin-de-Desmaures; Manager, BMO Harris Private Banking; Partner, Gestion conseil Caron; Mutual Fund Representative and Senior Consultant, Standard Life Ltd.
Giuseppina (Josie) Pampena Montréal, Quebec	Vice-President, Administration	Senior Manager, Administration and Business Initiatives, Wealth Management. Prior thereto, Vice-President, Advisor Services and Vice-President Compliance, Peak Financial Services; Manager, SLMF Operations, Standard Life Assurance Company; Manager, Business Systems Development, Information and Technology Division, Standard Life Assurance Company; Program Manager, Individual Products, Information and Technology Division, Standard Life Assurance Company.
Jon Parry Etobicoke, Ontario	Manager, National Accounts	Senior Manager, National Accounts, National Bank of Canada. Prior thereto, Wealth Management Planner, HSBC Bank Canada; Vice-President, Business Development, AEGON Capital Management Inc.; Regional Vice-President of Sales, Mackenzie Financial Corporation.
Renée Piette Montréal, Quebec	Chief Compliance Officer and Officer responsible for the principal establishment in Quebec	Compliance Manager, Wealth Management, National Bank of Canada.
Lucio Riccio Calgary, Alberta	Compliance Officer, Alberta	Regional Manager, National Bank of Canada. Prior thereto, Regional Vice-President of Sales, Western Canada, Altamira Financial Services Ltd.; Sales Consultant, Altamira Financial Services Ltd.

Name and Municipality of Residence	Position with the Manager	Principal Occupations Within the Last Five Years
Brigitte Roby ²⁻³ St-Hubert, Quebec	Manager, Registration Department	Manager, Registration and Corporate Secretary's Office, National Bank of Canada, Director, Registration Department, National Bank Financial Inc. and National Bank Financial Ltd. and Director, Registration Department, Corporate and Individuals, National Bank Direct Brokerage Inc.
Kathleen Zicat ¹ Montréal, Quebec	Director	Senior Vice-President, Sales and Personal Banking, National Bank of Canada. Prior thereto, Vice-President, Network Support and Vice-President, Laval/Northern and Western Quebec, National Bank of Canada.

¹ Also an officer of National Bank of Canada, which is affiliated with the manager and provides services to the funds or the manager with respect to the funds. The position within this entity is referred to under "Principal Occupations within the Last Five Years".

² Also a director or officer of National Bank Financial Inc. and/or National Bank Financial Ltd., which are affiliated with the manager and provide services to the funds or the manager with respect to the funds. The position within these entities is referred to under "Principal Occupations within the Last Five Years".

³ Also a director or officer of National Bank Direct Brokerage Inc., which is affiliated with the manager and provides services to the funds or the manager with respect to the funds. The position within these entities is referred to under "Principal Occupations within the Last Five Years".

⁴ Also a director or officer of National Bank Trust Inc. and/or Natcan Trust Company, which are affiliated with the manager and provide services to the funds or the manager with respect to the funds. The position within these entities is referred to under "Principal Occupations within the Last Five Years".

⁵ Also a director or officer of Natcan Investment Management Inc., which is affiliated with the manager and provides services to the funds or the manager with respect to the funds. The position within these entities is referred to under "Principal Occupations within the Last Five Years".

Portfolio Adviser

We have retained National Bank Trust Inc. ("National Bank Trust") as Portfolio Adviser (the "Portfolio Adviser") for all the Portfolios. National Bank of Canada indirectly owns all of the voting shares of National Bank Trust. We may terminate the Portfolio Adviser agreement with National Bank Trust upon 30 days' prior written notice. National Bank Trust may terminate this agreement upon 90 days' prior written notice to us.

The head office of National Bank Trust is located at 1100 University Street, 12th Floor, Montréal, Québec H3B 2G7. We pay National Bank Trust a fee for its services as Portfolio Adviser. The Portfolios do not pay any fees in regards to the Portfolio Adviser to National Bank Trust.

The following is a list of persons employed by National Bank Trust who are principally responsible for the day-to-day management of the Portfolios. Included are their names, titles, length of service and business experience for the last five years.

Name	Title with National Bank Trust	Length of service	Previous positions in last five years
Bruno Bourgeois	Vice-President	Since February 1, 2006	Senior Vice-President, Fixed Income, Natcan Investment Management Inc.
Diane Chouinard	Vice-President, Private Investment Management	Since October 12, 2008	Manager, Business Development, Private Investment Management, National Bank Trust Inc.
Samuel Montesi	Account Manager, Private Investment Management and Trust	Since August 27, 2001	Financial Planner, General Trust and National Bank of Canada

Decisions regarding the selection of underlying funds are submitted to the approval of the investment committee. The members of this committee have particular expertise in portfolio management, compliance and operational risk management, and all members are employees of National Bank of Canada and its subsidiaries.

Distributors

The Portfolios may be purchased from registered dealers or brokers. Your dealer or broker may make arrangements with you that will require you to compensate it for any losses by it in connection with your failure to settle a purchase or redemption of units.

Decisions Regarding Brokerage Arrangements

The Portfolio Adviser makes all decisions related to the purchase and sale of securities of underlying funds and other securities which may be purchased by the Portfolios. A Portfolio does not pay any sales fees or redemption fees in relation to its purchase or redemption of securities of an underlying fund that, to a reasonable person, would duplicate a fee payable by an investor in the Portfolio. The Portfolio Adviser is responsible for the execution of portfolio transactions, including, as applicable, the selection of market and dealer and the negotiation of commissions and other terms. In effecting portfolio transactions, the Portfolio Adviser seeks to obtain prompt execution of orders on favourable terms.

Brokerage business may be allocated by the Portfolio Adviser to National Bank Direct Brokerage Inc. (“NBDB”), National Bank Financial Inc. or another affiliated dealer. While all brokerage transactions for the purchase or redemption of securities of underlying funds are currently executed by NBDB, these brokerage transactions may be executed by other affiliated or third party dealers or brokers in the future. Any portfolio transactions executed by affiliated dealers must be completed in accordance with all applicable regulatory requirements and on terms which are comparable to the terms offered by third party dealers and brokers. The Portfolio Adviser may place orders with dealers or brokers that place orders for units of the Portfolios, or that provide research, statistical or other services to the Portfolios or the Portfolio Adviser. The Portfolio Adviser will do this if the execution and prices offered by these dealers or brokers are comparable to the terms offered by other dealers and brokers.

Trustee, Custodian and Registrar

Natcan Trust Company is the trustee and custodian of the Portfolios and, as such, holds the securities and other assets of the Portfolios. The head office of Natcan Trust Company is 1100 University Street, 12th Floor, Montréal, Québec H3B 2G7. Natcan Trust Company, as trustee, may, at the request of the Manager, amend the declaration of trust without notice to or prior approval of the unitholders of the Portfolios unless required by applicable laws. Nonetheless, where notice to or prior approval of the unitholders of the Portfolios is not required by applicable laws, the Manager will give the unitholders of the Portfolios prior notice of any proposed amendment to the declaration of trust if the Manager acting reasonably is of the opinion that the proposed amendment will constitute a material prejudice to the interest of the unitholders of the Portfolios.

The names and municipalities of residence of the principal officers of Natcan Trust Company in charge of the trust administration of the funds, as well as their positions with Natcan Trust Company, are as follows:

Name and Place of Residence	Position and Office Held with Natcan Trust Company
Éric Laflamme Brossard, Quebec	President and Chief Executive Officer
Paul Côté Boucherville, Quebec	Manager, Regulation and Chief Compliance Officer
Diane Chouinard Lachine, Quebec	Senior Manager, Private Investment Management

Name and Place of Residence	Position and Office Held with Natcan Trust Company
Robert Daigneault Montréal, Quebec	Vice-President, Institutional Client Services
Vanessa Fontana Montréal, Quebec	Corporate Secretary

In accordance with the terms of the depositary and custodial services agreement entered into between National Bank Securities and Natcan Trust Company, the assets, other than foreign assets, are held by Natcan Trust Company at its head office indicated above. This agreement may be terminated by either party upon 90 days' prior notice, or immediately in the event of either party's insolvency. Sub-custodians appointed by National Bank Trust may hold certain assets, as provided by the custodian agreement.

Natcan Trust Company is also registrar of the Portfolios, in accordance with the terms of the registrar agreement entered into between National Bank Securities and Natcan Trust Company. This agreement may be terminated by either party upon 30 days' prior notice. The register of units of each Portfolio is kept at the head office of Natcan Trust Company in Montréal, Québec.

Administrative and Operational Services

In accordance with a service agreement entered into between the manager and Natcan Trust Company, Natcan Trust Company provides administrative and operational services to the funds, including assessing the funds' securities and performing the funds' accounting. The head office of Natcan Trust Company is located at 1100 University Street, 12th Floor, Montréal, Quebec H3B 2G7.

Auditors

Samson Bélair/Deloitte et Touche s.e.n.c.r.l. are the auditors of the Portfolios. The office of Samson Bélair/Deloitte et Touche s.e.n.c.r.l. is located at 1 Place Ville-Marie, Suite 3000, Montréal, Québec H3B 4T9.

Principal Holders of Securities

The following table shows the holders who own more than 10% of the voting securities of National Bank Securities as at October 15, 2009.

Investor	Name of entity	Description of Class or Series	Number of securities owned	Percentage of Class or Series
National Bank Acquisition Holding Inc. ¹⁾	National Bank Securities Inc.	Class A Preferred Shares	6,286,000	100%
National Bank Acquisition Holding Inc. ¹⁾	National Bank Securities Inc.	Class B Preferred Shares	1,980,820	100%
Natcan Acquisition Holding Inc. ²⁾	National Bank Securities Inc.	Common shares	1,230,990	100%

1) National Bank Acquisition Holding Inc. is a wholly-owned subsidiary of National Bank of Canada.

2) Natcan Acquisition Holding Inc. is a wholly-owned subsidiary of National Bank of Canada.

The following table shows the holders who own more than 10% of the voting securities of any series of securities of a Meritage Portfolio as at October 15, 2009. They are the beneficial owners and the owners of record.

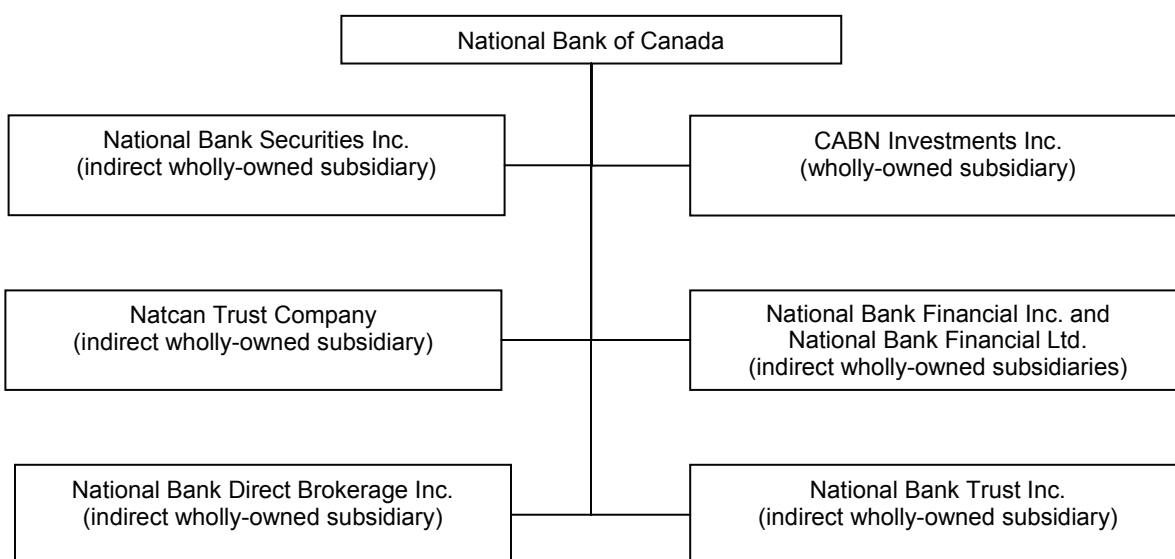
Investor	Name of Entity	Series of Securities	Number of Securities Owned	Percentage of Series
Individual investor	Meritage Canadian Equity Portfolio	F Series	17,243.10	26.85%
Individual Investor	Meritage Canadian Equity Portfolio	F Series	11798.01	18.37%
Individual Investor	Meritage International Equity Portfolio	F Series	1,844.78	10.94%
Individual Investor	Meritage International Equity Portfolio	F Series	2,699.78	16.01%
Individual Investor	Meritage International Equity Portfolio	F Series	2,241.85	13.30%
Individual Investor	Meritage International Equity Portfolio	F Series	3,911.98	23.20%
Individual Investor	Meritage International Equity Portfolio	F Series	2,121.21	12.58%
Individual Investor	Meritage American Equity Portfolio	F Series	1,180.25	20.80%
Individual Investor	Meritage American Equity Portfolio	F Series	815.56	14.38%
Individual Investor	Meritage American Equity Portfolio	F Series	1,462.80	25.79%
Individual Investor	Meritage American Equity Portfolio	F Series	1,570.72	27.69%
Individual Investor	Meritage Conservative Portfolio	F Series	2,728.84	41.80%
Individual Investor	Meritage Conservative Portfolio	F Series	3,798.99	58.20%
Individual Investor	Meritage Moderate Portfolio	F Series	8,039.30	17.23%
Individual Investor	Meritage Moderate Portfolio	F Series	22,129.71	47.44%
Individual Investor	Meritage Moderate Portfolio	F Series	8,122.55	17.41%
Individual Investor	Meritage Balanced Portfolio	F Series	10,460.25	11.61%
Individual Investor	Meritage Balanced Portfolio	F Series	11,088.71	12.30%
Individual Investor	Meritage Growth Portfolio	F Series	8,285.12	15.62%
Individual Investor	Meritage Growth Portfolio	F Series	5,713.82	10.77%
Individual Investor	Meritage Equity Portfolio	F Series	8,847.59	11.69%
Individual Investor	Meritage Equity Portfolio	F Series	10,117.34	13.37%
Individual Investor	Meritage Conservative Income Portfolio	F Series	9,817.67	11.76%
Individual Investor	Meritage Moderate Income Portfolio	F Series	6,648.60	21.34%
Individual Investor	Meritage Moderate Income Portfolio	F Series	10,370.69	33.28%
Individual Investor	Meritage Moderate Income Portfolio	F Series	8,419.48	27.02%
Individual Investor	Meritage Balanced Income Portfolio	F Series	8,686.16	10.08%
Individual Investor	Meritage Balanced Income Portfolio	F Series	10,082.63	11.70%
Individual Investor	Meritage Balanced Income Portfolio	F Series	12,065.73	14.00%
Individual Investor	Meritage Growth Income Portfolio	F Series	9,291.80	41.40%
Individual Investor	Meritage Growth Income Portfolio	F Series	10,820.55	48.21%
Individual Investor	Meritage Equity Income Portfolio	F Series	4,524.34	11.82%
Individual Investor	Meritage Equity Income Portfolio	F Series	5,490.38	14.34%
Individual Investor	Meritage Equity Income Portfolio	F Series	10,696.90	27.94%

As at October 15, 2009, the percentage beneficially owned, directly or indirectly, in aggregate, by all the members of the IRC of units of each class or series of a Portfolio was less than 10% and of each class or series of voting or equity securities of National Bank of Canada, the Manager or any person or company that provides services to the Portfolios or the Manager, did not exceed 1%.

As at October 15, 2009, the percentage beneficially owned, directly or indirectly, in aggregate, by all the directors and officers of National Bank Securities of units of each class or series of a Portfolio was less than 10% and of each class or series of voting or equity securities of National Bank of Canada, the Manager or any person or company that provides services to the Portfolios or the Manager, did not exceed 1%.

Affiliated Companies

The following diagram shows the relationship between the Manager and affiliated entities of the Manager that provide services to the Portfolios or the Manager in relation to the Portfolios:



For its services as Manager, National Bank Securities receives remuneration from the Portfolios under the management agreement. For its services as registrar, transfer agent and custodian of the Portfolios, Natcan Trust Company receives remuneration from National Bank Securities. For its services as Portfolio Adviser, National Bank Trust also receives a fee from National Bank Securities. Except as described below, no other person or company that provides services to the Portfolios, or to us in our capacity as Manager of the Meritage Portfolios, is affiliated with us.

Please see the audited financial statements of the Portfolios for the amount of fees paid by the Portfolios to National Bank Securities and these other affiliated entities.

CABN Investments Inc., National Bank Financial Ltd., National Bank Financial Inc. and National Bank Direct Brokerage Inc. may receive brokerage commissions on portfolio transactions from the Meritage Portfolios.

Portfolio Governance

General

National Bank Securities is responsible for governance of the Portfolios. See “Directors and Officers of National Bank Securities” for details respecting the Manager’s board of directors.

The Manager is responsible for the day to day administration and operation of the Portfolios. The Manager is assisted by members of its legal, compliance and finance departments. The Manager has retained the Portfolio Adviser to provide investment advisory and portfolio management services to the Portfolios. The Manager monitors and evaluates the performance of the Portfolios and the Portfolios' compliance with their investment objectives and restrictions. With regard to sales practices, the Manager complies with *Regulation 81-105 – Mutual Fund Sales Practices*.

Independent Review Committee

As required by Regulation 81-107, the Portfolios have an independent review committee. The independent review committee reviews conflict of interest matters submitted by the Manager to which the Manager is confronted in operating the mutual funds it manages and reviews and comments on the Manager's written policies and procedures regarding conflict of interest matters. The IRC is fully compliant with Regulation 81-107.

The members of the IRC all have expertise in the financial services industry:

- Jean-François Bernier is Senior Vice-President and Managing Director of a securities brokerage firm. He was previously Director of Capital Markets for the Québec Securities Commission (currently the Autorité des marchés financiers). Mr. Bernier has a background as a lawyer.
- Jean Durivage was the manager of institutional investor services for a securities brokerage firm, prior to which he was Senior Vice-President and corporate director of a major brokerage firm.
- André D. Godbout was Senior Executive Vice-President and a corporate director of a securities brokerage firm. He has an MBA and a background as a lawyer.
- Yves Julien is a corporate financial consultant and has held a number of executive positions in a securities brokerage firm. Mr. Julien has acted as Chair of the IRC.
- Jacques Valotaire is a Fellow of the *Ordre des comptables agréés du Québec*. Having first practiced as an auditor and a consultant, he later migrated towards the insurance industry, where he held several executive positions with a prominent Canadian property and casualty insurance group.

The IRC has a written mandate describing its powers, duties and standard of care.

Total compensation paid to the IRC for the portfolios for the period from January 1, 2008 to December 31, 2008 represents \$30,040.50.

Pursuant to Regulation 81-107, the IRC of the Portfolios will assess, at least annually, the adequacy and effectiveness of the following:

- The Manager's policies and procedures regarding conflict of interest matters;
- Any standing instruction the IRC has provided to the Manager for the conflict of interest matters related to the Portfolios;
- The compliance of the Manager and the Portfolios with any conditions imposed by the IRC in a recommendation or approval;
- Any sub-committee to which the IRC has delegated any of its functions.

In addition, the IRC reviews and assesses, at least annually, the independence and compensation of its members, and its effectiveness as a committee, and the contribution and effectiveness of each member.

The IRC prepares, at least annually, an annual report of its activities within the time period prescribed under Regulation 81-107. You may obtain this report free of charge by calling us toll-free at 1-866-603-3601 or by asking your dealer. You may also obtain a copy of this report by visiting our website at www.meritageportfolios.com, by sending an e-mail to National Bank Securities at infomeritage@nbc.ca, or by visiting the website www.sedar.com.

As members of the National Bank of Canada group of companies, the Manager and the Portfolio Adviser adhere to policies and procedures relating to conflicts of interest, personal trading, privacy and confidentiality. The policies and procedures direct employees to do what is best for clients and avoid conflicts of interest.

Risk Management

The Portfolio Adviser uses a variety of methods to manage risk. These methods include:

- mark-to-market security valuation;
- fair-value accounting;
- effective exposure reporting;
- daily reconciliation of cash balances;
- monthly reconciliation of security positions.

Policies for Derivative Transactions

Each Portfolio may use derivative instruments that are consistent with the investment objectives and not contrary to the investment restrictions of the Portfolio, to the extent, and for the purposes, permitted by Canadian securities regulators from time to time. The current Portfolio Adviser of the Portfolios is not registered to manage derivatives. The Portfolios will not use derivatives until the services of a portfolio adviser who is registered to trade in such instruments are retained.

The Manager is responsible for setting policies that set out the objectives and goals for the use of derivatives by the Portfolios as well as the risk management procedures applicable to the use of derivatives. The Portfolio Adviser or another affiliate of the Manager engaged to manage the use of derivatives by the Portfolios (either, the "Derivatives Specialist") will be required to comply with the policies set by the Manager with respect to the use of derivatives and adopt procedures related to the measuring, monitoring and reporting of portfolio leverage and cash cover requirements. Any derivative trade entries must be reviewed at the time of the initial entry by a qualified staff member of the Derivatives Specialist. All derivative instruments will be checked specifically by the Derivatives Specialist for compliance with derivatives rules and to ensure that they are suitable for a Portfolio within the context of that Portfolio's investment objectives and strategies. The Derivatives Specialist will be required to comply with any trading limits and other controls established by the Manager for the use of derivatives by the Portfolios.

Valuation of derivative securities will be carried out on each Valuation Day. See page 5, "How We Calculate Net Asset Value Per Unit". Natcan Trust Company (in its capacity as valuator of the Portfolios) will utilize normal exchange reporting of each Portfolio's sources for any exchange-traded derivatives and third party sources for any over-the-counter derivatives. On a daily basis, the Derivatives Specialist will review any variations in the value of an instrument held by a Portfolio. Variations beyond a prudent threshold level will result in a review of the pricing of the individual instrument to verify the accuracy of the price.

The Manager will review, at least annually, the policies and procedures regarding the use of derivatives by the Portfolios to ensure the risks associated with these transactions are being properly managed.

Proxy Voting

National Bank Securities manages the proxy voting on behalf of the Portfolios in accordance with guidelines established in its proxy voting policy. The Manager has adopted this policy to ensure that all votes in respect of securities held by the Portfolios are exercised in accordance with the best interests of the Portfolios. The following text is a summary of such policy.

The Manager will vote the securities of the underlying funds held by the Portfolios. The Manager may abstain from voting with respect to certain securities.

With respect to securities of issues other than the underlying funds, the Manager has established guidelines to help determine when to support or oppose a proposal by a corporation or a shareholder. Such guidelines relate to issues concerning the board of directors, board committees, auditors, executive and director compensation, capitalization, various takeover protection measures, various shareholders' rights issues, disclosure policies and corporate social responsibility. While the Manager will generally vote in accordance with the guidelines, there may be circumstances where it believes it is in the best interests of the Portfolios to vote differently. The ultimate direction in which proxies will be voted rests entirely with the Manager, in the best interest of the Portfolios.

A copy of the Manager's proxy voting policy may be obtained on request, at no cost, on the portfolio Website, at www.meritageportfolios.com, by calling toll-free 1-866-603-3601 or by e-mail at infomeritage@nbc.ca. Any unitholder may also obtain free of charge any of the Portfolios' proxy voting record for the most recent period ended June 30 upon request at any time after August 31 of that year. The report is also available on the portfolio Website, at the above-mentioned address.

Short-Term Trading

The Portfolios have policies and procedures designed to prevent and detect short-term trading. These policies and procedures include surveillance measures allowing detection and follow-up on short-term trading, as well as providing the possibility to impose short-term trading fees in certain circumstances. For more details, please see "Short-term trading" in the Portfolios' Simplified Prospectus.

Conflicts of Interest

The Meritage Portfolios may be subject to various conflicts of interest given that National Bank Trust, the Portfolio Adviser, is involved in many management and advisory activities. It makes investment decisions or gives advice relating to assets of a Portfolio independently of other clients or its own investments, if any.

However, National Bank Trust may make the same investment or give the same advice for a Portfolio and one or more of its other clients. It may sell a security for one client and buy it for another at the same time. National Bank Trust or its employees may have an interest in securities bought or sold for a client.

Where there is a limited supply of a security, National Bank Trust uses its best efforts to divide investment opportunities fairly, but can't guarantee absolute equality. In some cases, these and other conflicts of interest could adversely affect one or more Portfolios.

Management Fee Distributions

In some cases, we may reduce the management fee or Portfolio expenses for certain investors in a specific series of a Portfolio. Our decision to reduce our usual management fee or Portfolio expenses depends on a number of factors, including the size of the investment, the expected level of account activity and the investor's total investments with us. In effect, investors receive a monthly rebate for the management fees or Portfolio expenses that apply to their units. This rebate is calculated based on the daily net asset value of their portfolio units. We do this by reducing the management fee charged to the Portfolio or reducing the amount charged to the Portfolio for certain expenses and having the Portfolio

pay out the amount of the reduction to the investor as a distribution. These are called management fee and Portfolio expense distributions. These distributions are reinvested in Portfolio units of the same series. We may increase or decrease the amount of distributions to certain investors from time to time.

A Portfolio will not be subject to tax on the amount of any management fee or Portfolio expense distributions. The amount of a management fee or Portfolio expense distribution from a Portfolio will be included in the investor's income to the extent that it is paid out of the income of the Portfolio.

Legal and Administrative Proceedings

On May 9, 2008, a motion to institute proceedings was filed with the Superior Court of Québec, District of Montréal, by Mr. Robert Beauregard and 4779263 Canada Inc. (collectively, the "Plaintiffs") against Natcan Investment Management Inc., National Bank of Canada, 9130-1564 Québec Inc., National Bank Securities Inc. and Pascal Duquette (collectively, the "Defendants"). The Plaintiffs are suing the Defendants for wrongful dismissal and illegitimate removal as a shareholder, for an approximate amount of \$25,000,000. The Portfolios are not involved in this lawsuit.

In December 2003, Altamira Investment Services Inc. (now National Bank Securities Inc., following the November 1, 2008 merger between National Bank Securities Inc., Altamira Investment Services Inc. and Altamira Financial Services Ltd.) received a claim from a consulting services company arising from the termination of a consulting services agreement with respect to the investment portfolio of Altamira e-business Fund (now Altamira Science and Technology Fund). The Plaintiff claims to be entitled to additional termination fees provided in the consulting services agreement. The claim is for an additional payment of over 1.1 million dollars, plus interest and legal fees. National Bank Securities is of the opinion that the Plaintiff is not entitled to an additional payment since the level of performance requirement was not met. National Bank Securities Inc. is taking the necessary measures to defend itself against the claim. The Portfolios are not involved in this lawsuit.

In July 2001, a judgment for damages was rendered against Altamira Investment Services Inc. (now National Bank Securities Inc.). This judgment was rendered in respect of an action before the Ontario Court (General Division) brought by a former employee in connection with an offer to acquire shares of Altamira Management Ltd., predecessor company to Altamira Investment Services Inc. Altamira Investment Services Inc. appealed the decision to the Court of Appeal of Ontario, which handed down a decision in favour of the former employee in September 2002. To satisfy the judgment, Altamira Investment Services Inc. paid approximately 6.8 million dollars, plus interest accrued before and after the decision and legal fees.

Material Contracts

The material contracts entered into by the Portfolios are the following:

- The Amended and Restated Master Declaration of Trust dated June 12, 2009.
- The Amended and Restated Master Management Agreement dated September 25, 2007, between Natcan Trust Company and National Bank Securities* described under the heading "Management of the Portfolios".
- The Investment Management Agreement between National Bank Securities* and National Bank Trust dated May 20, 2008, described under the heading "Portfolio Adviser".
- The Amended and Restated Depositary and Custodial Services Agreement dated September 25, 2007, between National Bank Securities* and Natcan Trust Company described under the heading "Trustee, Custodian and Registrar".

- The Amended and Restated Master Registrar Agreement dated September 25, 2007 between National Bank Securities* and Natcan Trust Company described under the heading “Trustee, Custodian and Registrar”.

You can examine any of these agreements during regular business hours at the following address:

National Bank Securities Inc.
1100 University Street
10th Floor
Montréal, Québec
H3B 2G7

* Agreement entered into with Altamira Investment Services Inc. (prior to the November 1, 2008 merger of Altamira Financial Services Ltd., Altamira Investment Services Inc. and National Bank Securities Inc.).

Auditors' Consent

RE:

Meritage Canadian Equity Portfolio
Meritage Global Equity Portfolio
Meritage American Equity Portfolio
Meritage International Equity Portfolio
Meritage Conservative Portfolio
Meritage Moderate Portfolio
Meritage Balanced Portfolio
Meritage Growth Portfolio
Meritage Equity Portfolio
Meritage Conservative Income Portfolio
Meritage Moderate Income Portfolio
Meritage Balanced Income Portfolio
Meritage Growth Income Portfolio
Meritage Equity Income Portfolio
(collectively, the "Portfolios")

We have read the Simplified Prospectus and the Annual Information Form dated October 30, 2009 relating to the continued offering of the Advisor Series and F Series units of the Portfolios. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Simplified Prospectus of our report to the Unitholders of the Portfolios on the investment portfolios as at December 31, 2008, the statements of net assets as at December 31, 2008 and 2007 and the statements of operations and statements of changes by Series in net assets for the years then ended. Our report is dated as at March 5, 2009.

"Samson Bélair/Deloitte & Touche s.e.n.c.r.l."
Samson Bélair/Deloitte & Touche s.e.n.c.r.l.¹
Montréal, Québec, October 30, 2009

¹ Chartered accountant auditor license n° 8845

Certificates of the Portfolios, Manager and Promoter

**Meritage Canadian Equity Portfolio, Meritage Global Equity Portfolio,
Meritage American Equity Portfolio, Meritage International Equity Portfolio,
Meritage Conservative Portfolio, Meritage Moderate Portfolio, Meritage Balanced Portfolio,
Meritage Growth Portfolio, Meritage Equity Portfolio, Meritage Conservative Income Portfolio,
Meritage Moderate Income Portfolio, Meritage Balanced Income Portfolio,
Meritage Growth Income Portfolio and Meritage Equity Income Portfolio**

(collectively, the "Portfolios")

This annual information form dealing with the units of the above-mentioned Portfolios, together with the simplified prospectus dated October 30, 2009 required to be sent or delivered to a purchaser during the currency of this annual information form and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

Dated: October 30, 2009

National Bank Securities Inc., as Manager and promoter of the Portfolios and on behalf of the trustee of the Portfolios

"Charles Guay"

Charles Guay
President and Chief Executive Officer

"Marc Knuepp"

Marc Knuepp
Chief Financial Officer

On behalf of the board of directors of **National Bank Securities Inc.**, as Manager and promoter of the Portfolios and on behalf of the trustee of the Portfolios

"Éric Laflamme"

Éric Laflamme
Director and Chairman of the Board

"Gilles Corriveau"

Gilles Corriveau
Director

Meritage Portfolios

National Bank Securities Inc.
1100 University Street
10th Floor
Montréal, Québec H3B 2G7
Toll-free: 1-888-270-3941

Additional information about the Meritage Portfolios is available in the Portfolios' management reports of fund performance and financial statements.

You can get a copy of these documents, at your request and at no cost, by calling toll-free 1-866-603-3601, from your dealer or broker or by e-mail at infomeritage@nbc.ca.

These documents and other information about the Meritage Portfolios, such as information circulars and material contracts, are also available at www.meritageportfolios.com or at www.sedar.com.