

# Meritage Conservative Income Portfolio

Series Advisor • MTG421 MTG521 MTG221



## FUND FACTS — October 28, 2011

National Bank Securities Inc.

This document contains key information you should know about Meritage Conservative Income Portfolio. The manager of this mutual fund is National Bank Securities Inc. You can find more detailed information in the fund's simplified prospectus. Ask your advisor for a copy, or by calling, toll free, 1-866-603-3601 or by sending an email at [infomeritage@nbc.ca](mailto:infomeritage@nbc.ca) or by visiting our website at [www.meritageportfolios.com](http://www.meritageportfolios.com).

### QUICK FACTS

|   |                    |                            |   |
|---|--------------------|----------------------------|---|
| <b>Date fund created:</b>                 | September 25, 2006 | <b>Portfolio manager:</b>  | National Bank Trust Inc.                          |
| <b>Total value on September 30, 2011:</b> | \$203.9 million    | <b>Distribution:</b>       | Monthly   |
| <b>Management expense ratio (MER):</b>    | 2.13%              | <b>Minimum investment:</b> | \$5,000 initial, \$50 additional, \$25 systematic |

### WHAT DOES THE FUND INVEST IN?

The Portfolio's investment objectives are to achieve a current income and some capital appreciation over the medium-term by investing primarily in a diverse mix of fixed income and equity mutual funds. The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The charts below give you a snapshot of the fund's investments on September 30, 2011. The fund's investments will change.

#### Top 10 Investments (September 30, 2011)

1. Beutel Goodman Income Fund
2. TD Canadian Bond Fund
3. TD Short Term Bond Fund
4. Dynamic Equity Income Fund
5. RBC Global High Yield Bond Fund
6. TD Real Return Bond Fund
7. RBC Canadian Dividend Fund
8. CI Signature Dividend Fund
9. Cash & Other Assets

#### Investment Mix (September 30, 2011)



**Total Investments: 8**

**The top 10 investments make up 100.0% of the fund**

### HOW HAS THE FUND PERFORMED?

This section tells you how this series of the fund has performed since inception. Returns are after expenses have been deducted. These expenses reduce the series' returns.

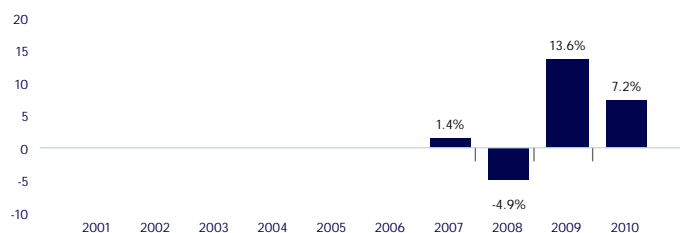
It's important to note that this doesn't tell you how the series will perform in the future. Also, your actual after-tax return will depend on your personal tax situation.

#### Average return

A person who invested \$1,000 in the series of the fund since its inception now has \$1,213. This works out to an annual compound return of 3.92%.

#### Year-by-year returns (%)

The following chart shows how the series has performed in each calendar year for the past 4 years. The series dropped in value in 1 of 4 years.



### HOW RISKY IS IT?

When you invest in a fund, the value of your investment can go down as well as up. National Bank Securities Inc. has rated this fund's risk as low.

LOW | LOW TO MEDIUM | MEDIUM | MEDIUM TO HIGH | HIGH

For a description of the specific risks of this fund, see the fund's simplified prospectus.

### ARE THERE ANY GUARANTEES?

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the money you invest.

### WHO IS THIS FUND FOR?

#### Investors who:

- are looking to invest for the short term to medium term (at least one year);
- are looking for an investment solution that allows them to invest in a wide variety of securities in order to create a fully diversified portfolio;
- want to receive income regularly.

**Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.**

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## A WORD ABOUT TAX

In general, you'll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

## HOW MUCH DOES IT COST?

The following tables show the fees and expenses you could pay to buy, own and sell Advisor Series securities of the fund. The fund has other series of units. The fees and expenses are different for each series. Ask about other series that may be suitable for you.

### 1. SALES CHARGES

You have to choose a sales charge option when you buy securities from the fund. Ask about the pros and cons of each option.

| Sales charge option             | What you pay   |   | How it works  |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
|---------------------------------|--|---|---|-------------------|------|-------------------|------|-------------------|------|--|--|-------------------|------|---------------|----|--|---|
|                                 | In percent (%)   | In dollars (\$)                         |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| Initial sales charge<br>MTG421  | 0% to 5% of the amount you buy   | \$0 to \$50 on every<br>\$1,000 you buy | <ul style="list-style-type: none"> <li>You negotiate the fees with your dealer.</li> <li>We deduct the fees from the amount you are investing and pay it to your dealer.</li> </ul> |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| Deferred sales charge<br>MTG521 | <p>If you sell within:</p> <table> <tr> <td>1 year of buying</td> <td>6.0%</td> </tr> <tr> <td>2 years of buying</td> <td>5.5%</td> </tr> <tr> <td>3 years of buying</td> <td>5.0%</td> </tr> <tr> <td>4 years of buying</td> <td>4.5%</td> </tr> <tr> <td>5 years of buying</td> <td>3.0%</td> </tr> <tr> <td>6 years of buying</td> <td>1.5%</td> </tr> <tr> <td>After 6 years</td> <td>0%</td> </tr> </table> | 1 year of buying                        | 6.0%  | 2 years of buying | 5.5% | 3 years of buying | 5.0% | 4 years of buying | 4.5% | 5 years of buying  | 3.0%   | 6 years of buying | 1.5% | After 6 years | 0% | \$0 to \$60 on every<br>\$1,000 of securities<br>purchased | <ul style="list-style-type: none"> <li>The redemption fees are based on the initial cost of your securities and the amount of time you hold them.</li> <li>We pay your dealer a commission equal to 5% of the amount you invest.</li> <li>You do not pay any fee unless you redeem your securities within six years of their purchase.</li> <li>These fees are only charged if you request the redemption of more than 10% of the securities you hold within the same calendar year.</li> <li>The deferred sales charges are at a fixed rate. They are deducted from the value of the securities sold.</li> <li>When you sell your securities, any redemption fee you pay goes to National Bank Securities Inc.</li> <li>There are no redemption fees when you switch securities for securities from another Meritage Portfolio bought under the deferred sales charge option. The deferred sales charge schedule will be based on the date that the original securities were purchased.</li> </ul> |
| 1 year of buying                | 6.0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 2 years of buying               | 5.5%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 3 years of buying               | 5.0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 4 years of buying               | 4.5%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 5 years of buying               | 3.0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 6 years of buying               | 1.5%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| After 6 years                   | 0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| Low sales charge<br>MTG221      | <p>If you sell within:</p> <table> <tr> <td>1 year of buying</td> <td>3.0%</td> </tr> <tr> <td>2 years of buying</td> <td>2.5%</td> </tr> <tr> <td>3 years of buying</td> <td>2.0%</td> </tr> <tr> <td>After 3 years</td> <td>0%</td> </tr> </table>   | 1 year of buying                        | 3.0%  | 2 years of buying | 2.5% | 3 years of buying | 2.0% | After 3 years     | 0%   | \$0 to \$30 on every<br>\$1,000 of securities<br>purchased | <ul style="list-style-type: none"> <li>The redemption fees are based on the initial cost of your securities and the amount of time you hold them.</li> <li>We pay your dealer a commission equal to 2.5% of the amount you invest.</li> <li>You do not pay any fee unless you redeem your securities within three years of their purchase.</li> <li>The low sales charges are reduced to a fixed rate. They are deducted from the value of the securities sold.</li> <li>When you sell your securities, any redemption fee you pay goes to National Bank Securities Inc.</li> <li>There are no redemption fees when you switch securities for securities from another Meritage Portfolio bought under the low sales charge option. The low sales charge schedule will be based on the date that the original securities were purchased.</li> </ul> |                   |      |               |    |  |   |
| 1 year of buying                | 3.0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 2 years of buying               | 2.5%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| 3 years of buying               | 2.0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |
| After 3 years                   | 0%   |   |   |                   |      |                   |      |                   |      |  |  |                   |      |               |    |  |   |

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## 2. Fund expenses

You don't pay these expenses directly. They affect you because they reduce the returns of the series of the fund. As of June 30, 2011, the expenses of Series Advisor were 2.13% of its value. This equals \$21.30 for every \$1,000 invested.

| Annual rate (as a % of the fund's value)   |              |
|--|--------------|
| <b>Management expense ratio (MER)</b><br>This is the total of the management fee and operating expenses for this series of the fund. | 2.13%        |
| <b>Trading expense ratio (TER)</b><br>These are the trading costs for this series of the fund.                                       | 0.00%        |
| <b>Expenses of the series of the fund</b>  | <b>2.13%</b> |

## TRAILING COMMISSION

National Bank Securities Inc. pays your broker a trailing commission for as long as you own the fund. This trailing commission covers the services and advice provided to you by your broker. Investment firms may pay part of the trailing commission to their representatives. The trailing commission is paid out of the management fee. It represents a percentage of the average daily value of the securities of each fund held by a broker's clients.

**Maximum annual trailing commissions:** Under the initial sales charge option, up to 0.75% of your investment's value; corresponding to an amount of \$7.50 for every \$1,000.00 invested. Under the deferred sales charge option, up to 0.25% of your investment's value; corresponding to an amount of \$2.50 for every \$1,000.00 invested. Under the low sales charge option, up to 0.25% of your investment's value; corresponding to \$2.50 for every \$1,000.00 invested within the first three years and up to 0.75% for the following years, which corresponds to \$7.50 for every \$1,000.00 invested.

## 3. Other fees

You may have to pay other fees when you sell, switch or convert securities of the fund.

| Fees                          | What you pay  |
|-------------------------------|---|
| <b>Short-term trading fee</b> | A fee of 2% of the value of the securities you redeem or switch within 30 days of purchase may be charged. This fee will be put back into the fund. |
| <b>Switch fee</b>             | You may have to pay your broker switch fees of up to 2% of the value of the securities you switch. You negotiate these fees with your broker.       |
| <b>Converting fee</b>         | You may have to pay your broker fees up to 2% of the value of the converted securities. You negotiate these fees with your broker.                  |

## WHAT IF I CHANGE MY MIND?

Under the securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund securities within two business days after you receive a simplified prospectus, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

### For more information

You may obtain a free copy of the simplified prospectus and other disclosure documents by contacting your adviser or by calling toll-free 1-866-603-3601.

These documents and the Fund Facts make up the fund's legal documents.

National Bank Securities Inc.  
1100 University Street  
10th floor  
Montreal, Quebec H3B 2G7  
Toll-free: 1-866-603-3601  
Email: [infomeritage@nbc.ca](mailto:infomeritage@nbc.ca)

[www.meritageportfolios.com](http://www.meritageportfolios.com)