

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

Equity Portfolio

Meritage American Equity Portfolio

For the period ended June 30, 2009

This interim management report of fund performance contains financial highlights, but does not contain interim or annual financial statements of the Portfolio. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling toll-free 1-866-603-3601, by emailing us at infomeritage@nbc.ca, by visiting our website at www.meritageportfolios.com, by visiting SEDAR's website at www.sedar.com, or by contacting your advisor.

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

Management Discussion of Fund Performance

Results of Operations

The Meritage American Equity Portfolio Advisor Series units returned -0.50% for the six-month period ended June 30, 2009, compared to -1.46% for its benchmark, S&P 500 Index (\$C). Unlike the benchmark, the Portfolio's return is calculated after the deduction of fees and expenses. Please see the Past Performance section for performance returns of the F Series. Performance returns of the F Series may differ from Adviser Series due mainly to the varying level of fees and expenses.

On June 30, 2009, the net asset value of the Meritage American Equity Portfolio was about \$2.80 million compared to \$2.60 million on December 31, 2008. The increase in the net asset value is attributable to the proceeds from the net sales, reduced by the negative market effect.

The global stock markets experienced significant gains from early March to early June, as authorities injected trillions of dollars into the economy and the marketplace. Most major equity indices advanced by double digit levels as fears of a disastrous outcome for the global economy were appeased. Emerging markets and commodity driven economies, such as Canada, experienced even stronger moves.

We can split the six-month period into two parts. In the first quarter of 2009, investors were still worrying about the strength of the banks' balance sheets and discouraging economic and corporate news. Fears of bankruptcies in the U.S. automobile industry also dampened the sentiment. However, markets recovered some lost ground after a number of chief executives of leading U.S. private sector banks provided investors with positive guidance about the profit outlook for their companies during the first three months of the year. In addition, continued government interventions to ease credit conditions increased investors' confidence about global growth prospects. Financial stocks led equities higher in May, after stress test results brought some clarity about the capital positions of major U.S. financial institutions, creating hopes of further credit market stabilization. Encouraging economic data from around the world further improved sentiment. During the second quarter of 2009, most global indices reversed their first quarter losses. Many global stock markets had their best quarterly performance in more than 20 years, with a sharp rally from March lows that was powered by hopes of economic recovery and renewed investor appetite for riskier assets. Stocks have been buoyed by signs of further stabilization in credit markets and a slower pace of contraction.

For the six-month period, U.S. equities, as measured by the S&P 500 Index, lost -1.46%, while the Portfolio lost only 0.50%. The largest contributor to the Portfolio's performance was the CI American Small Companies Fund (4.70%). The Fund's underweight position in financials and industrials contributed positively to performance, while its underweight position in information technology and



overweight position in utilities detracted from performance. The Fund reduced its cash exposure from 8.0% at the beginning of the period to 1.3% at the end of the period.

The Fidelity American Disciplined Equity Fund had also a positive but weak return of 0.10%. The Fund's outperformance of the benchmark is primarily attributable to security selection in the information technology sector, mainly among technology hardware and semiconductor companies. The Fund ended the period with an exposure of about 18% to this sector, which is in line with the benchmark's exposure. In the healthcare sector, the Fund's exposure to the pharmaceutical industry was reduced, in favor of health care equipment and services companies. In the consumer discretionary sector, the Fund increased its exposures to retailers with solid balance sheets and reasonable valuations. The Fund continues to avoid the large U.S. auto manufacturers, because concerns remain over their ability to weather the downturn.

Unlike the CI American Small Companies Fund and the Fidelity American Disciplined Equity Fund, the RBC O'Shaughnessy US Value lost 2.30%. This negative return is attributable to several insurance-related positions in the financial sector, including W.R. Berkley, Chubb and ING Groep. The Fund generally benefited from positions in the materials sector, including Rio Tinto and Freeport-McMoRan Copper. Positions in the telecommunication services sector also had a positive impact on performance.

The McLean Budden American Equity Fund had a good performance. Schlumberger and Transocean in the energy sector, Coach in consumer discretionary and Microsoft and eBay in information technology all contributed to the Fund's positive return. Two new names were added to the Fund over the period, Becton Dickinson, a global manufacturer with a strong balance sheet, steady earnings and diverse sales mix, and JP Morgan Chase, a leading global financial services firm, which maintains a stronger credit profile and faster earnings growth, relative to its peers.

Recent Developments

During the period, the asset allocation of the portfolio remained unchanged. The portfolio remained broadly diversified across sectors, regions and assets.

The Portfolio Advisers of the CI American Small Companies Fund believe that the worst of the financial market turmoil is behind us, and that the dramatic decline in demand created by rapid inventory destocking is, for the most part, over. They also believe that business investment is likely to pick up modestly as visibility improves and financing becomes more readily available. They continue to reward good security selection, as momentum gives way to company fundamentals.

The Portfolio Advisers of the Fidelity American Disciplined Equity Fund believe that instead of the performance of the U.S. equities during the second quarter, with stocks posting one of their best quarters in more than a decade, bank's fundamentals remain relatively poor.

The Portfolio Advisers of the RBC O'Shaughnessy US Value Fund continue to believe that even with the strong bounce-back since March, equities will be the best performing asset class over the next three, five and 10 years.

New Accounting Policies

The Accounting Standards Board of Canada (AcSB) as ruled that as of January 1st, 2011, the financial statements of companies with an obligation of public accountability will be presented by the International Financial reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and will replace the Canadian Generally Accepted Accounting Policies (GAAP). Changes to these new standards will come into force on October 1st, 2011 for the funds currently under review.

Management is currently reviewing and developing a plan to meet the timetable for implementation of the Canadian Institute of Chartered Accountants (CICA) regarding the adoption of IFRS. Key elements of this plan are to provide information concerning qualitative impact of these new standards in the financial statements, the information required with respect to their quantitative impact in the financial statements, if any, and the preparation of the financial statements 2011 with comparative figures under IFRS.

Related Party Transactions

Manager

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

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

Portfolio Advisor

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

Trustee, Custodian and Registrar

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

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

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

Brokerage Fees and Sales Commissions

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

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the last period ended June 30, 2009 and the past 2 years.

Advisor Series

The Portfolio's Net Assets per Unit⁽¹⁾

| | 6-month period ended June 30, 2009 | 2008 | 2007 95 days |
|---|------------------------------------|------------------|------------------|
| Net Assets, beginning of year | \$ 5.98 | \$ 8.97 | \$ 10.00 |
| Increase (decrease) from operations: | | | |
| total revenue | \$ 0.01 | \$ 0.11 | \$ 0.17 |
| total expenses | \$ (0.07) | \$ (0.18) | \$ (0.06) |
| realized gains (losses) for the period | \$ (0.28) | \$ (0.69) | \$ 0.72 |
| unrealized gains (losses) for the period | \$ 0.36 | \$ (2.41) | \$ (1.12) |
| Total increase (decrease) from operations⁽²⁾ | \$ 0.02 | \$ (3.17) | \$ (0.29) |
| Distributions: | | | |
| From income (excluding dividends) | \$ — | \$ — | \$ (0.07) |
| From dividends | \$ — | \$ — | \$ — |
| From capital gains | \$ — | \$ — | \$ (0.65) |
| Return of capital | \$ — | \$ — | \$ — |
| Total annual distributions⁽³⁾ | \$ — | \$ — | \$ (0.72) |
| Net Assets as at June 30, 2009 and as at December 31 of year shown | \$ 5.95 | \$ 5.98 | \$ 8.97 |

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

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

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data

| | 6-month period ended June 30, 2009 | 2008 | 2007 95 days |
|--|------------------------------------|---------|-----------------|
| Total net asset value (000's) ⁽¹⁾ | \$2,720 | \$2,468 | \$2,232 |
| Number of units outstanding ⁽¹⁾ | 457,507 | 412,555 | 248,889 |
| Management expense ratio ⁽²⁾ | 2.40 % | 2.40 % | 2.42 % |
| Management expense ratio before waivers or absorptions | 2.64 % | 2.73 % | 2.85 % |
| Trading expense ratio ⁽³⁾ | — % | — % | — % |
| Portfolio turnover rate ⁽⁴⁾ | 20.57 % | 41.29 % | — % |
| Net asset value per unit | \$ 5.95 | \$ 5.98 | \$ 8.97 |

⁽¹⁾ This information is provided as at June 30, 2009 and as at December 31 for the year shown.

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

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

⁽⁴⁾ The Portfolio's turnover rate indicates how actively the Portfolio's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

Financial Highlights

F Series

The Portfolio's Net Assets per Unit⁽¹⁾

| | 6-month period ended June 30, 2009 | 2008 | 2007 95 days |
|---|------------------------------------|------------------|------------------|
| Net Assets, beginning of year | \$ 6.04 | \$ 8.94 | \$ 10.00 |
| Increase (decrease) from operations: | | | |
| total revenue | \$ 0.01 | \$ 0.07 | \$ 0.15 |
| total expenses | \$ (0.03) | \$ (0.11) | \$ (0.03) |
| realized gains (losses) for the period | \$ (0.23) | \$ (0.42) | \$ 0.62 |
| unrealized gains (losses) for the period | \$ (0.76) | \$ (1.45) | \$ (0.96) |
| Total increase (decrease) from operations⁽²⁾ | \$ (1.01) | \$ (1.91) | \$ (0.22) |
| Distributions: | | | |
| From income (excluding dividends) | \$ — | \$ — | \$ (0.05) |
| From dividends | \$ — | \$ — | \$ — |
| From capital gains | \$ — | \$ — | \$ (0.73) |
| Return of capital | \$ — | \$ — | \$ — |
| Total annual distributions⁽³⁾ | \$ — | \$ — | \$ (0.78) |
| Net Assets as at June 30, 2009 and as at December 31 of year shown | \$ 6.04 | \$ 6.04 | \$ 8.94 |

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

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

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data

| | 6-month period ended June 30, 2009 | 2008 | 2007 95 days |
|--|------------------------------------|---------|-----------------|
| Total net asset value (000's) ⁽¹⁾ | \$55 | \$120 | \$63 |
| Number of units outstanding ⁽¹⁾ | 9,079 | 19,893 | 7,015 |
| Management expense ratio ⁽²⁾ | 1.09 % | 1.09 % | 1.08 % |
| Management expense ratio before waivers or absorptions | 1.33 % | 1.41 % | 1.43 % |
| Trading expense ratio ⁽³⁾ | — % | — % | — % |
| Portfolio turnover rate ⁽⁴⁾ | 20.57 % | 41.29 % | — % |
| Net asset value per unit | \$ 6.04 | \$ 6.04 | \$ 8.94 |

⁽¹⁾ This information is provided as at June 30, 2009 and as at December 31 for the year shown.

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

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

⁽⁴⁾ The Portfolio's turnover rate indicates how actively the Portfolio's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

Management Fees

The Portfolio pays annual management fees to the Manager in consideration for management, portfolio advisor and administrative services and facilities required by the Portfolio in its day-to-day operations. A portion of the management fees paid by the Portfolio covers trailer and sales commissions paid to dealers.

As the Portfolio invests in underlying funds, the fees and expenses payable in connection with the management of the underlying funds are in addition to those payable by the Portfolio. However, the Manager makes sure that the Portfolio does not pay any management (or operating) fees that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.

The management fees are calculated as a fixed percentage of the Portfolio's daily net asset value, are accrued on a daily basis and are paid monthly. The Portfolio is required to pay Goods and Services Tax (GST) on the management fees.

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

| Series | Management Fee | Distribution | Others [†] |
|----------------|----------------|-------------------------------|---------------------|
| Advisor Series | 2.25% | Front | 55.56% |
| | | Back | 44.44% |
| | | Low Load 2 – Year 1 to 3** | 77.78% |
| | | Low Load 2 – Year 4 and after | 77.78% |
| F Series* | 1.00% | 0.00% | 100.00% |

(*) For F Series, no trailer commissions are paid. The dealer or broker is paid an annual fee based on the asset value of your account instead of paying a commission for each purchase, switch or redemption.

(**) Excluding sales commissions paid on the Advisor Series with low load and back end fees.

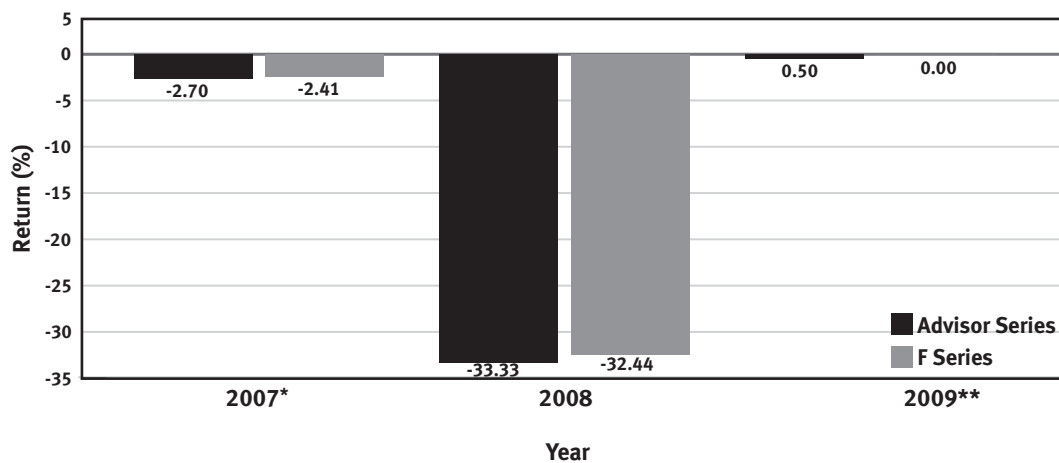
(†) Includes all costs related to management, investment advisory services, general administration and profit.

Past Performance

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

Year-by-Year Returns

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



* Returns for the period of October 2, 2007 to December 31, 2007.

** Returns for the six-month period ended June 30, 2009.

Summary of Investment Portfolio

Top 25 Holdings

| | % of Net Asset Value |
|---|-------------------------|
| McLean Budden American Equity Fund | 30.3 |
| Fidelity American Disciplined Equity Fund | 29.9 |
| RBC O'Shaughnessy U.S. Value Fund | 29.1 |
| CI American Small Companies Fund | 10.8 |
| Cash & Other Assets | -0.1 |
| | 100.0 |

Asset Mix

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

Net asset value \$2,775,347

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

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

Note on forward-looking statements

This document may contain forward-looking statements concerning the Portfolio, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties, both general and specific. There is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate.

In fact, a number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, expressed in such forward-looking statements. Such differences might be caused by several factors including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events, specifically those related to the war on terrorism, and other risks described in detail in the Portfolio's current simplified prospectus.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and the uncertainties and risks they contain. We caution readers not to place undue reliance on these forward-looking statements.

Forward-looking statements are issued in good faith and may be modified without notice. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

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