

MERITAGE PORTFOLIOS

Simplified Prospectus

October 30, 2009



meritage
PORTFOLIOS®

Offering Advisor Series and F Series Units of:

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

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The mutual funds and the units of the mutual funds offered under this simplified prospectus are not registered with the United States Securities and Exchange Commission, and they are only sold in the United States in reliance on exemptions from registration.

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Introduction

In this document, *we*, *us* and *our* refer to National Bank Securities Inc. (“National Bank Securities” or the “Manager”). We refer to all of the mutual funds we offer pursuant to this Prospectus as “Meritage Portfolios” or “Portfolios” and, individually, as “Portfolio”.

This document contains selected important information to help you make an informed decision about investing in the Meritage Portfolios and to help you understand your rights as an investor. This document is divided into two parts. The first part, from pages 1 through 15, contains general information applicable to all of the Meritage Portfolios. The second part, from pages 16 through 44, contains specific information about each of the Meritage Portfolios.

Additional information about each Meritage Portfolio is available in the following documents:

- the Annual Information Form;
- the most recently filed annual financial statements;
- any interim financial statements filed after the annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after the annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request and at no cost, by calling toll free 1-866-603-3601 or from your dealer.

These documents are also available at www.meritageportfolios.com or you may request a copy by emailing us at infomeritage@nbc.ca.

These documents and other information are also available on the Internet at www.sedar.com.

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

Mutual funds offer a simple and affordable way for investors to meet financial goals, such as saving for retirement or a child’s education. But what exactly is a mutual fund and what are the risks of investing in a mutual fund?

What is a Mutual Fund and what are the Portfolios?

A mutual fund is a pool of money contributed by people with similar investment objectives. People who contribute

money become unitholders or shareholders of the mutual fund.

The Portfolios are mutual funds that are designed to offer dynamic asset allocation and diversification by investing their assets in other mutual funds. These other mutual funds are referred to as underlying funds. Underlying funds may be trusts, corporations or classes of corporations. Minimum investments are usually higher for the Portfolios than for traditional mutual funds.

A professional portfolio adviser of a mutual fund uses the money contributed by investors to buy securities, which in the case of the Portfolios are securities of underlying funds and in the case of the underlying funds are generally stocks, bonds, cash or a combination of these, depending on the underlying fund’s investment objectives. The portfolio adviser makes all the decisions about which securities to buy and when to buy and sell them. Mutual fund securityholders share the fund’s income, expenses, and any gains and losses the fund makes on its investments in proportion to the units or shares they own. The value of an investment in a mutual fund is realized by redeeming the units or shares held.

When you buy a mutual fund, you purchase units if the mutual fund is a trust or shares if the mutual fund is a corporation. The price of a unit or share is its net asset value (“NAV”). In respect of funds that have multiple series of units or shares such as the Portfolios, the NAV per unit or share is calculated by adding up all of the assets of the series, subtracting the liabilities allocated to that series, and dividing the balance by the total number of units or shares outstanding for that series.

Mutual funds may issue different series of securities. Each series is intended for different kinds of investors and has different fees and expenses.

What are the risks of investing in a Mutual Fund?

Mutual funds own different kinds of investments – stocks, bonds, other securities, cash, derivatives – depending on the fund’s investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund’s units or shares may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it. For example, today you might pay \$10 for a unit or share of a particular mutual fund, and tomorrow the price might be \$10.05 or \$9.95 for such unit or share, because the value of the mutual fund has changed.

There will inevitably be periods where a mutual fund will experience a drop in the price of its units or shares. If you sell your units in a mutual fund when the price is lower than you paid for them, you will lose money on your investment. Mutual funds are generally designed to be held as long-

term investments (at least three years). Holding a mutual fund for longer periods of time has historically reduced the risk of experiencing a loss.

Although we manage the Meritage Portfolios to earn as high a return as possible consistent with preservation of capital, we cannot guarantee that the full amount of your original investment will be returned. Unlike bank accounts or GICs, mutual fund units or shares are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. See page 7, “Some rules for redeeming”.

See “What Are the Risks of Investing in the Portfolio?” in each individual portfolio section of this Simplified Prospectus for risks specific to each Portfolio.

Specific risks of the Portfolios

The risks of investing in the Portfolios include the risks described below. Some of these risks apply directly to the Portfolios, while others apply to the underlying funds and, therefore, indirectly to the Portfolios. The description of each Portfolio starting on page 16 sets out the specific risks that apply directly or indirectly to that Portfolio.

Concentration risk

If a mutual fund invests a large proportion of assets in securities of one issuer or in a single class of assets, it will have risk relating to concentration. Because its portfolio is not diversified, it could experience greater volatility and will be strongly affected by changes in the market value of these securities.

Credit risk

A mutual fund can lose money if the issuer of a bond or other fixed-income security can not pay interest or repay principal when it is due. This risk is higher if the fixed-income security has a low credit rating or no rating at all. Fixed-income securities with a low credit rating usually offer a better return than securities with a high credit rating, but they also have the potential for substantial loss. These are known as “high yield securities”.

Currency risk

Whenever a mutual fund must buy its assets in a currency other than Canadian dollars, there are risks relating to exchange rates. As the Canadian dollar changes in value against the U.S. dollar or other currencies, the value of the mutual fund securities acquired in other currencies will fluctuate.

Some mutual funds denominate the value of their securities in Canadian dollars, but invest in different currencies. The value of their securities will fluctuate as foreign currencies change value in relation to the Canadian dollar.

Some mutual funds denominate the value of their securities in both U.S. and Canadian dollars. These mutual funds may buy and sell assets in U.S. dollars. The value of their securities denominated in Canadian dollars will fluctuate in relation to the U.S. dollar.

Derivative risk

Derivatives add another element of risk to a mutual fund’s portfolio. A derivative usually takes the form of a contract between two parties. The value of the contract is “derived” from the market price or value of an underlying asset, such as currency or stock, or an economic indicator such as interest rates or stock market indices.

A mutual fund might use a derivative to hedge a currency position. While hedging may help to reduce the overall risk in an investment or group of investments, some risk still exists as there can be no assurance that a mutual fund’s hedging strategies will be effective.

The use of derivatives does not guarantee that there will not be a loss or that there will be a gain. Some examples of risks associated with the use of derivatives are:

- in the cases of over-the-counter options and forward contracts, there can be no assurance that a market will exist to permit a mutual fund to realize its profits or limit its losses by closing out positions; and in the case of exchange-traded options and futures contracts there may be a risk of a lack of liquidity when the mutual fund wants to close out positions;
- a mutual fund is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations; in addition, there is the risk of loss by a mutual fund of margin deposits in the event of bankruptcy of a dealer with whom the mutual fund has an open position in a futures contract;
- the ability of a mutual fund to close out its positions may also be affected by daily trading limits imposed by futures exchanges on certain derivatives;
- if a derivative is based on a stock market index, and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, it could have an adverse effect on the derivative; and
- derivatives traded in foreign markets may offer less liquidity and greater credit risk than comparable derivatives traded in North American markets.

Equity risk

Companies issue equities, or stocks, to help finance their operations and future growth. A company’s performance outlook, market activity and the larger economic picture influence its stock price. When the economy is expanding, the outlook for many companies will be good and the value of their stocks should rise. The opposite is also true. The

value of a Portfolio is affected by changes in the prices of the shares or units it holds. The prices of those shares or units are in turn affected by changes in the prices of equity and other securities that they hold. The potential risks and rewards are usually greater for small companies, start-ups, resource companies and companies in emerging sectors. Investments that are convertible into equity may also be subject to interest rate risk.

Foreign investment risk

Investing in mutual funds that hold or have exposure to foreign securities can help diversify your portfolio's overall risk and enhance its returns, but there are additional risks. The net asset value of these mutual funds can be affected by fluctuations in currency exchange rates and changes in monetary policies. Information about foreign companies may be incomplete and may not be up to Canadian standards. Some foreign securities markets are small, resulting in more abrupt price movements and less liquidity than in larger markets. Investments in some foreign countries could be affected by political actions and social instability. Derivatives traded in foreign markets may offer less liquidity and greater credit risk than comparable derivatives traded in North American markets.

Income trust risk

Income trusts generally hold securities in or are entitled to receive royalties from an underlying active business or investment in property. To the extent that an underlying active business or investment in property is susceptible to industry risks, interest rate fluctuations, commodity prices and other economic factors, investment returns from an income trust may be similarly affected. Although their returns are neither fixed nor guaranteed, income trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an income trust may be subject to interest rate risk. There is also a remote risk that where claims against an income trust are not satisfied by that trust, investors in that trust could be held liable for any outstanding obligations.

The Tax Act has recently been amended to impose a tax on certain trusts ("SIFT Trusts") the units of which are listed on a stock exchange. A SIFT Trust would be liable to pay this tax on distributions paid by it to unitholders out of "non-portfolio earnings", as defined in the new rules. Such distributions would be treated in the hands of unitholders as eligible dividends from a taxable Canadian corporation. For a trust that would have been a SIFT Trust on October 31, 2006, the date on which these new rules were first announced, the application of this new tax will be deferred until, generally, 2011, provided that the trust does not exceed "normal growth" before that time as set out in guidelines released by the Department of Finance on December 15, 2006. For a trust that exceeds the "normal growth" guidelines or that becomes a SIFT Trust after October 31, 2006, the new tax applies immediately. This

new tax may affect the value of units of income trusts in which a fund directly or indirectly invests.

Inflation risk

To the extent that a mutual fund invests in real return bonds, changes in levels of inflation may affect the value of the fund. The value of real return bonds is directly affected by inflation. The value of real return bonds tends to increase when inflation increases and tends to decrease when inflation decreases. This is the case even if the general level of interest rates is unchanged.

Interest rate risk

A mutual fund that holds debt securities is affected by interest rate fluctuations. A drop in interest rates may reduce the return of a mutual fund holding money market securities. An increase in interest rates may reduce the return of a mutual fund holding other debt securities.

Legal, tax and regulatory risks

Changes to laws, regulations or administrative practices could adversely affect funds and the issuers in which funds invest.

Liquidity risk

Liquidity means the speed and ease with which an asset may be sold and converted into cash. Most of the securities held by a mutual fund may be sold easily at a fair price and thus represent investments which are relatively liquid. However, a mutual fund may invest in securities which are not liquid, i.e. which may not be sold quickly or easily. Some securities may not be liquid because of legal restrictions, the nature of the investment or certain characteristics of the security. The lack of purchasers interested in a given security or market could also explain why a security may be less liquid. The difficulty of selling illiquid securities may result in a loss or a reduced return for a fund.

Repurchase and reverse repurchase agreements risk

Repurchase agreements enable a portfolio adviser to sell portfolio securities of the mutual fund to a purchaser for cash at one price, with an agreement to buy an identical quantity of the same securities back at a later date for a higher price. The securities are sold by the portfolio adviser to obtain liquidity for the mutual fund. Such a transaction does not normally exceed 30 days. To protect the interests of a mutual fund in a repurchase transaction, the mutual fund will receive, as collateral for the securities sold, a cash consideration equal to 102% of the market value of the securities sold. If the value of the securities sold increases, the purchaser would be required to pay an additional amount of money to maintain the collateral at 102% of the market value of the securities sold at all times.

The risk for the mutual fund associated with a repurchase agreement is mainly the purchaser's inability to pay the necessary consideration to maintain the collateral at 102%. If the purchaser is unable to deliver the securities sold by the end of the agreed-upon period for the repurchase transaction and the market value of the securities sold increases during this same period, the collateral will no longer be adequate to buy back these same securities on the market. The portfolio adviser will therefore have to use the money in the mutual fund to repurchase the securities and the mutual fund will sustain a loss. The market value of the securities forming part of a repurchase transaction by a Portfolio may not exceed 50% of its total assets, excluding the value of the collateral.

Reverse repurchase agreements enable the portfolio adviser to buy securities for a mutual fund from a seller at one price with an agreement to sell an identical quantity of the same securities back at a higher price at a later date. Such transaction does not normally exceed 30 days. To protect the interests of a mutual fund in a reverse repurchase agreement, the bought securities must have a market value equal to at least 102% of the amount paid by the mutual fund to purchase them.

The risk associated with a reverse repurchase agreement is mainly the inability of the seller to maintain the collateral at 102% of the cash consideration paid for the securities. The mutual fund could sustain a loss if the seller is unable to buy back the securities sold at the end of the agreed-upon period for the reverse repurchase transaction and the market value of the securities sold decreases during this same period. The amount obtained by selling securities forming part of a reverse repurchase transaction will be less than the cash consideration given by the mutual fund in exchange for the securities, resulting in a loss for the mutual fund. The market value of the securities forming part of a reverse repurchase transaction by a mutual fund may not exceed 50% of its total assets, excluding the value of the assets given as collateral.

The risks described above can be minimized by selecting parties with solid credentials, that have undergone a stringent credit evaluation.

Sector risk

When a mutual fund is invested in a specific sector of the economy and not diversified among different industry sectors, the mutual fund's unit price will be more volatile than more broadly diversified mutual funds. The unit price of a fund will vary with changes in the relevant sector, such as the world price of energy, forces of nature, economic cycles, commodity prices, exchange rates and political events. The success of some of the companies in which mutual funds focused on certain sectors invest may depend on the success of exploration programs. These companies may not be in production when a mutual fund invests in them.

Securities lending risk

A mutual fund's portfolio adviser may, for a fixed period of time, lend securities of the portfolio in exchange for collateral. This collateral may be in cash, qualified securities or securities that may be immediately converted into the same securities that have been loaned. To limit the risks, the value of the assets given as collateral and held by the mutual fund must at all times be equal to at least 102% of the market value of the loaned securities.

The risk associated with a securities lending transaction is mainly the borrower's inability to pay the necessary consideration to maintain the collateral at 102%. The mutual fund could sustain a loss if the borrower is unable to return the loaned securities by the end of the agreed-upon period and the market value of the securities loaned increases during this period. In this case, the collateral will no longer be sufficient to purchase the same securities on the market. Consequently, the portfolio adviser will have to use the money in the mutual fund to buy back securities and the mutual fund will sustain a loss. The market value of the securities forming part of a securities lending transaction by a mutual fund may not exceed 50% of its total assets, excluding the value of the assets given as collateral.

Again, the risks described above can be minimized by selecting purchasers with solid credentials, that have undergone a stringent credit evaluation.

Series risk

The Portfolios and the underlying funds may have more than one series of units. A multi-series structure recognizes that different investors may seek the same investment objective, yet require different investment advice or service. Each series represents an investment in the same investment portfolio. However, each series has its own fees and certain expenses which the Portfolio tracks separately. If a Portfolio cannot pay the expenses of one series using that series' proportionate share of the Portfolio's assets, the Portfolio could have to pay those expenses out of the other series' proportionate share of the assets, which would lower the investment return of the other series.

Smaller companies risk

Small companies can be riskier investments than larger companies. For one thing, they are often newer and may not have a track record, extensive financial resources or a well-established market. The risk is especially true for private companies or companies that have recently become publicly traded. They generally do not have as many shares trading in the market, so it could be difficult for a fund to buy or sell small companies stock when it needs to. All of this means their share price can change significantly in a short period of time.

Substantial securityholder risk

The purchase or redemption of a substantial number of securities of a mutual fund may require the portfolio adviser to change the composition of the mutual fund's investment portfolio significantly or may force the portfolio adviser to buy or sell investments at unfavourable prices, which can affect a mutual fund's returns. Therefore the redemption of securities by a substantial securityholder may adversely affect the performance of a mutual fund.

Underlying fund risk

The Meritage Portfolios invest in underlying funds, subject to certain requirements imposed by the Canadian securities

regulators. Where a Portfolio invests some or all of its net assets in securities of underlying funds, to meet redemption requests, the underlying funds may have to alter their portfolio to accommodate large fluctuations in assets and sell their investments at unfavourable prices. This can reduce the returns of the underlying funds. In addition, a Portfolio's performance is directly related to the investment performance of the underlying funds and is therefore subject to the risks of an underlying fund in proportion to the amount of its investment in this fund. For more information on fund investing, see the description of the investment strategies and risk factors in each individual Portfolio section of this Simplified Prospectus.

Organization and Management of the Meritage 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.

The following table tells you about the companies that are involved in managing and providing services to the Portfolios. National Bank Securities, National Bank Trust Inc. and Natcan Trust Company are wholly-owned subsidiaries of National Bank of Canada.

MANAGER National Bank Securities Inc. 1100 University Street 10th Floor Montreal, Quebec H3B 2G7	National Bank Securities manages the overall business and affairs of each Portfolio. We may engage third parties to perform certain services on our behalf.
TRUSTEE Natcan Trust Company Montreal, Quebec	The Portfolios are organized as mutual fund trusts. When you invest in the Portfolios, you are buying units of a trust. As trustee, Natcan Trust Company is the legal owner of the investments in the Portfolios.
PORTFOLIO ADVISER National Bank Trust Inc. (the “Portfolio Adviser”) Montreal, Quebec	The Portfolio Adviser manages the investment portfolio of each of the Portfolios, provides analysis and makes the decisions as to which underlying funds the Portfolio will invest in and the target weighting of a Portfolio’s assets.
CUSTODIAN Natcan Trust Company Montreal, Quebec	The custodian is responsible for ensuring that the assets in the Portfolios are safely held.
REGISTRAR Natcan Trust Company Montreal, Quebec	The registrar maintains the names of unitholders and the record of the number of units held.
AUDITOR Samson Bélair/Deloitte et Touche s.e.n.c.r.l. Montreal, Quebec	The auditor annually reviews the books and records of all of the Meritage Portfolios to ensure that the financial statements fairly present the Portfolios’ financial position and results prepared in accordance with Canadian generally accepted accounting principles.
INDEPENDENT REVIEW COMMITTEE Members: Jean-François Bernier, Jean Durivage, André D. Godbout, Yves Julien and Jacques Valotaire	Pursuant to <i>Regulation 81-107 Independent Review Committee for Investment Funds</i> (“Regulation 81-107”), the independent review committee (the “IRC”) generally reviews conflict of interest matters submitted by the manager to which the manager is confronted in operating the Portfolios and reviews and comments on the manager’s written policies and procedures regarding conflict of interest matters. The IRC is comprised of five members that are independent from the manager and entities related to the manager. The IRC prepares, at least annually, a report of its activities for the Portfolios’ unitholders. You may obtain this report by visiting our website at www.meritageportfolios.com or by sending an email to National Bank Securities at infomeritage@nbc.ca . You will find additional information on the IRC in the Portfolios’ Annual Information form.

Purchases, Switches and Redemptions

You can buy, sell and switch units of the Portfolios through registered dealers and brokers.

About the series offered

We offer two series of units called the Advisor Series and the F Series. Your choice of Series will have an impact on the fees that you will pay and the compensation received by your dealer. Please read the “Fees and Expenses” and “Dealer Compensation” sections.

Advisor Series

This series is available to all investors and is offered under one of the following three sales charge options:

- **Initial sales charge:** In this case, you pay an initial sales charge which you negotiate with your dealer or broker when you purchase units of a Portfolio.
- **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.
- **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.

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

F Series

F Series units are only available 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 the asset value of their account instead of commissions on each trade. The F Series units have lower management fees than Advisor Series units 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 are not eligible to hold F Series units, we can change them for Advisor Series securities of the same Portfolio upon 30 days’ notice or redeem them.

Establishing the price of a unit

Unit prices are generally calculated each day that the Toronto Stock Exchange (“TSX”) is open for business. The price of the units that you buy or sell is based on the net asset value per unit of the series of the Portfolio, next determined after we receive your order.

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 of the series.

If we receive your order by 4:00 p.m. Eastern time on a day that the TSX is open for business, we will process your order using the net asset value per unit for that day. If we receive your order after 4:00 p.m., or on a day that is not a business day in Toronto, we will process your order on the next day net asset value is calculated for that Portfolio or series.

Some rules for buying

- 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).
- You must pay the full price for the units (in Canadian funds) when you buy them.
- We must receive payment from your dealer or broker within three business days, or such shorter period as we may determine, after the day we receive your order.
- If we do not receive payment within three business days or such shorter period as we may determine, or if your cheque is returned because there were not sufficient funds in your account, we will redeem the same number of units as you ordered. If the sale price is greater than the price you paid for the units, the Portfolio will keep the difference. If the sale price is less than the price you paid for the units, we are required to pay the Portfolio the difference. We may make arrangements to collect the difference from your dealer or broker, who may then make arrangements to collect it from you.
- When you buy units, we will send you a confirmation that includes the details of your purchase. We do not issue certificates.
- We have the right to reject any request for purchase within one business day after we receive it, and will return your payment immediately.
- There is no limit to the number of units that a Portfolio can issue.
- If your investment in a Portfolio falls below the minimum investment requirement, we reserve the right to redeem your units and send you the proceeds. We will give you 30 days’ prior notice before selling so that you can buy more units if you wish to raise your investment in the Portfolio above the minimum investment requirement.

Some rules for redeeming

Redeeming your units is often referred to as selling. In general, if you are redeeming units of a Portfolio, the lowest amount you can redeem is \$50. You can sell your units at any time, once your payment for them has cleared the Canadian banking system.

Your dealer or broker must send a written request to us to redeem units of a Portfolio on your behalf. Your dealer or broker may also provide this information to us electronically in accordance with our requirements.

If we do not receive all the documents required to complete the redemption within 10 business days, we will buy for your account the same number of units you sold. If the purchase price is less than the redemption price for the units, the Portfolio will keep the difference. If the purchase price is greater than the sale price for the units, we are required to pay the Portfolio the difference. We may make arrangements to collect the difference from your dealer or broker, who then may make arrangements to collect it from you.

Your dealer or broker will credit your account with the proceeds of the redemption less any redemption fees.

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 following your request to redeem, 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.

Redeeming units under the DSC option or low load 2 sales charge option

If you purchase Advisor Series units under the DSC option or the low load 2 sales charge option and sell those Advisor Series units within six years (for the DSC option) or three years (for the low load 2 sales charge option) of buying them, we will deduct the applicable redemption fee from your redemption proceeds.

You will not pay any DSC or low load 2 redemption fee in the following circumstances:

- cash distributions on Advisor Series units;
- redeeming Advisor Series units you received from reinvested distributions;

- switching Advisor Series units from one Portfolio to another Portfolio, provided you remain in the same series. Any fee will be payable when Advisor Series units in the new Portfolio are redeemed but will be based on the date on which you bought the Advisor Series units in the initial Portfolio.

In each year, you are entitled to redeem a certain number of Advisor Series units bought under the DSC option without paying any DSC redemption fee. See "Free redemption units — DSC option".

We redeem units of a Portfolio in the following order:

- free redemption units (available to DSC option only);
- units obtained from reinvested distributions;
- other units in the order of purchase, with the oldest units being redeemed first.

Free redemption units – DSC option

Every calendar year, you can redeem up to 10% of your Advisor Series units bought under the DSC option without paying any DSC redemption fee. We call these "free redemption units". You can use up your free redemption units in one sale or spread it out over several sales, whichever you prefer. You can not carry forward any unused free redemption units to the next year. The number of free redemption units you are entitled to is established as follows:

- 10% of the Advisor Series units held on December 31 of the previous year (excluding units obtained by reinvested distribution); plus
- 10% of the Advisor Series units bought in the current year.

Advisor Series units you purchase under the low load 2 sales charge option do not qualify as free redemption units.

Short-term trading

Most mutual funds are considered long-term investments, so we discourage investors from redeeming or switching Portfolio units frequently.

Some investors may seek to trade Portfolio units frequently in an effort to benefit from differences between the value of a Portfolio's units and the value of the underlying securities (*market timing*). These activities, if undertaken by unitholders, can negatively impact the value of the Portfolio to the detriment of other unitholders. Excessive short-term trading can also reduce a Portfolio's return because the Portfolio may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell investment portfolio holdings at an inopportune time to fund the redemption and incur additional trading costs.

Depending on the Portfolio and the particular circumstances, we will employ a combination of preventative and detective measures to discourage and

identify excessive short-term trading in the Portfolios, including:

- application of short-term trading fees;
- monitoring of trading activity and refusal of trades.

See “Fees and expenses you pay directly” for the short-term trading fees that may apply.

Some rules for switching

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 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 another Portfolio. When we redeem your units to make a switch in an investment account, you may realize a gain or loss. If you realize a gain, you may have to pay income tax on it. Your dealer or broker must send a written request to us to switch units of a Portfolio on your behalf. Your dealer or broker may also provide this information to us electronically in accordance with our requirements.

You won't pay a DSC redemption fee or low load 2 redemption fee on units you switch from one Portfolio to another Portfolio, provided you remain in the same series. See “Redeeming units under the DSC option or low load 2 sales charge option”.

However, if you switch your Advisor Series units for Advisor Series units of another Portfolio, your dealer may charge you a fee of up to 2% of the amount you switch. You and your broker or dealer negotiate the fee.

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.

Switching in an unregistered plan may lead to a capital gain or loss for tax purposes. See “Income Tax Considerations for Investors” for more information.

Reclassification of units

You can also 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.

Optional Services

Registered tax plans

The Portfolios qualify as “mutual fund trusts” under the *Income Tax Act* (Canada) (the “Tax Act”) and are therefore eligible for registered tax plans. We offer registered retirement savings plans (“RRSPs”) (personal or spousal), registered retirement income funds (“RRIFs”), life income funds (“LIFs”), locked-in retirement accounts (“LIRAs”) or locked-in RRSPs, locked-in retirement income funds (“LRIFs”), registered education savings plans (“RESP”) and tax-free savings accounts (“TFSA”).

There are no annual administration fees for our registered tax plans, but certain fees apply to withdrawals and transfers. See “Fees and Expenses” for more details.

Systematic investment plan

If you wish to contribute regularly to your Portfolios, you may set up a systematic investment plan. The plan allows you to put a fixed amount into one Portfolio or a group of Portfolios at regular intervals. You may contribute weekly, bi-weekly, monthly or every three months. The minimum amount you may invest in a Portfolio through the systematic investment plan is \$5,000 and the minimum subsequent purchase amount is \$25. You may change the amount or the frequency of the withdrawals or cancel the plan at any time.

Systematic withdrawal plan

You may opt 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. 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 payment is \$50.

Fees and Expenses

There are two kinds of Portfolio fees and expenses. The first kind is paid by a Portfolio before its unit price is calculated, which will therefore indirectly reduce the value of your investment in the Portfolio. You pay for the second kind directly. The following table lists both kinds of fees and expenses.

Fees and expenses paid by the Portfolios

Management fees	<p>National Bank Securities receives a management fee from each Portfolio. It varies by Portfolio and series and is a percentage of the average daily net asset value of each series. The management fee is paid monthly and is subject to GST. For the maximum total annual rate of the management fee for the Advisor Series and F Series units payable by each Portfolio, see the description of each Portfolio.</p> <p>In some cases, we may reduce the management fee or Portfolio expenses for certain unitholders 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 rebate for the management fees or fund expenses that apply to their 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. See "Canadian Federal Income Tax Considerations – Taxable Investors" in the Annual Information Form of the Portfolios for information on how these distributions are taxed.</p> <p>The provinces of Ontario and British Columbia have announced plans to harmonize provincial sales tax with the GST effective in 2010, resulting in a harmonized sales tax ("HST") of 13%, rather than the 5% GST, being payable in those provinces. It is possible that other provinces may do the same. Detailed information on the proposed new HST is not yet available. Management fees and other expenses payable by a Portfolio that are subject to GST may become subject to the new 13% HST and this cost may be indirectly borne by some or all investors in the Portfolios.</p>
Operating expenses	<p>The Portfolios are responsible for all costs and expenses they incur or the Manager incurs on their behalf. Operating expenses paid by a Portfolio are unique to each Portfolio and may include legal, audit, trustee, custodial and safekeeping fees, investor servicing costs, the cost of reports and prospectuses and all other operating and administrative costs. Expenses paid by the Portfolios also include brokerage commissions, interest charges, if any, and taxes, as well as fees and expenses related to the IRC of the Portfolios, including their compensation, travel expenses, insurance premiums and fees associated with their continuing education. Each member of the IRC currently receives \$1,500 plus expenses for each meeting of the IRC that the member attends. Each member also receives an annual compensation of \$13,000, whereas the Chair receives an annual compensation of \$23,000. Such costs, which relate to all of the mutual funds managed by the manager and other related mutual fund managers, are allocated among all of these mutual funds. About 25% of these costs are paid by the Portfolios. For further details of the costs and expenses paid by the Portfolios, see "Management of the Portfolios" in the Annual Information Form of the Portfolios. The Manager pays for advertising and promotion and, in some cases, other operating expenses. Unitholders of each series bear their pro rata share of the expenses that are common to the operation of all series, as well as those expenses that are attributable solely to that series of units.</p>
Fees relating to the underlying funds	<p>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 Portfolio. However, a Portfolio does not pay management fees or incentive fees that, to a reasonable person, would duplicate a fee payable by an</p>

underlying fund of that Portfolio for the same service. In addition, a Portfolio does not pay any sales fees or redemption fees in relation to its purchases or redemptions of securities of an underlying fund that, to a reasonable person, would duplicate a fee payable by an investor in the Portfolio.

As noted above with respect to the plans for Ontario and British Columbia to implement an HST, management fees and other expenses payable by an underlying fund that are subject to GST may become subject to the new 13% HST and this cost may be indirectly borne by some or all investors in the Portfolios.

Fees and expenses you pay directly

F Series For F Series units, you pay your dealer or broker an annual fee based on the asset value of your account instead of paying commissions or fees on each purchase, switch or redemption.

Advisor Series

Sales Charges If you choose the initial sales charge option, you may have to pay up to 5% of the purchase price of the Advisor Series units you buy. You negotiate the sales charges with your dealer or broker.

Switch fees If you switch your Advisor Series units for Advisor Series units of another Portfolio, you may have to pay your dealer switch fees of up to 2% of the value of the units you switch. You negotiate these fees with your dealer.

Redemption fees You will have to pay a redemption fee to redeem your Advisor Series units under the DSC or low load 2 sales charge option, if you request the redemption of your units within a specified time. The fee is based on the initial cost of your securities and the amount of time you hold them. We will deduct the fee from the value of the securities you are redeeming. The following table shows the redemption fees depending on whether the units were bought with the DSC option or low load 2 sales charge option:

<i>If redeemed during:</i>	<i>Deferred sales charge option</i>	<i>Low load 2 sales charge option</i>
Year 1	6.0%	3.0%
Year 2	5.5%	2.5%
Year 3	5.0%	2.0%
Year 4	4.5%	0%
Year 5	3.0%	0%
Year 6	1.5%	0%
After year 6	0%	0%

Short-term trading fee If you redeem or switch units of the Meritage Global Equity Portfolio, Meritage American Equity Portfolio and Meritage International Equity Portfolio within 30 days of purchase, you will be charged a short-term trading fee of 1% of the value of the units. If you redeem or switch units of any other Meritage Portfolio within 30 days of purchase, you may be charged a short-term trading fee of 1% of the value of the units.

For the purposes of determining whether the fee applies, we will consider the units that were held the longest to be the units which are redeemed first. Short-term trading fees are paid to the Portfolio and are in addition to any initial sales charge, DSC redemption fee, low load 2 redemption fee or switch fee. The fee is deducted from the amount you redeem or switch, or it is charged to your account. The fee will not apply in the following circumstances:

- redemption of units pursuant to a systematic withdrawal plan or purchase of units pursuant to a systematic investment plan;
- redemptions of units purchased by the reinvestment of distributions;
- reclassification of units from one series to the other series of the same Portfolio; or
- redemptions initiated by us.

This fee is designed to protect unitholders from other investors moving quickly in and out of the Portfolios. For more details, please see “Short-term trading”.

We have the discretion to impose the fee in other appropriate circumstances.

Other fees and expenses

Dishonoured cheque or electronic funds	\$20
Duplicate tax slips for previous years	\$10

We do not charge any account opening or annual administration fees.

Note that these fees are subject to the Goods and Services Tax and provincial sales tax, where applicable.

Impact of Sales Charges

You and your broker or dealer decide on an appropriate purchase option when you buy units of the Portfolios. The following table indicates the fees you would have to pay according to the different purchase options described above if you invest \$1,000 in a Portfolio over 1, 3, 5 or 10 years and if redemption occurs before the end of that period.

	At the time of purchase	1 year	3 years	5 years	10 years
Advisor Series					
Initial Sales Charge Option	\$50	–	–	–	–
Deferred Sales Charge Option	–	\$60	\$50	\$30	–
Low Load 2 Sales Charge Option	–	\$30	\$20	–	–
F Series					
	–	–	–	–	–

Dealer Compensation

F Series

Your dealer does not receive any compensation with respect to F Series units other than the annual fee based on the asset value of your account that you pay your dealer.

Advisor Series

Your dealer normally receives a commission each time you buy securities in the Advisor Series of a Portfolio. This commission is based on the purchase option under which you invest in the Portfolio.

- Initial sales charge option: You and your dealer agree on the percentage you will pay as a fee at the time you buy Advisor Series units. This percentage varies between 0% and 5%. See “Fees and Expenses” for more information.
- Deferred sales charge option: When you buy units in the Advisor Series under the deferred sales charge option, we pay your dealer a commission equal to 5% of the amount you invest. You do not pay any fee unless you redeem your units within six years of their purchase. See “Fees and Expenses” and “Impact of Sales Charges” for more information.

- Low load 2 sales charge option: When you buy units in the Advisor Series under the low load 2 sales charge option, we pay your dealer a commission equal to 2.5% of the amount you invest. You do not pay a fee unless you redeem your units within three years of their purchase. See “Fees and Expenses” and “Impact of Sales Charges” for more information.

Switch fee

When you switch your securities in the Advisor Series of a Portfolio for units of the same series of another Portfolio, you may have to pay your dealer switch fees of up to 2%. You negotiate these fees with your dealer.

Trailer commission

At the end of each month we pay an ongoing trailing commission to your dealer. We assume that the dealers will pay part of that commission to their registered representatives to compensate them for the services they provide their clients. These commissions represent a percentage of the average daily value of the units of each Portfolio held by a dealer’s clients. The maximum trailing commission rates are as follows:

Advisor Series units

Portfolio Category	Initial Sales Charge Option	Deferred Sales Charge Option	Low Load 2 Sales Charge Option	
	Trailing Commission (%)	Trailing Commission (%)	Trailing Commission (%) (1-3 yrs)	Trailing Commission (%) (+3 yrs)
Canadian Equity Portfolio	1.25	0.50	0.50	1.00
Global Equity Portfolio	1.25	0.50	0.50	1.00
American Equity Portfolio	1.25	0.50	0.50	1.00
International Equity Portfolio	1.25	0.50	0.50	1.00
Conservative Portfolio	0.75	0.25	0.25	0.75
Conservative Income Portfolio	0.75	0.25	0.25	0.75
Moderate Portfolio	1.00	0.50	0.50	1.00
Moderate Income Portfolio	1.00	0.50	0.50	1.00
Balanced Portfolio	1.00	0.50	0.50	1.00
Balanced Income Portfolio	1.00	0.50	0.50	1.00
Growth Portfolio	1.25	0.50	0.50	1.00
Growth Income Portfolio	1.25	0.50	0.50	1.00
Equity Portfolio	1.25	0.50	0.50	1.00
Equity Income Portfolio	1.25	0.50	0.50	1.00

Dealer support program

Co-operative marketing – We may pay your dealer or broker up to 50% of their direct costs to:

- publish and distribute sales communications;
- lead seminars to educate investors or promote mutual funds, the Portfolios or other mutual funds managed by National Bank Securities.

We may also provide dealers and brokers with marketing materials and reports to help them promote the Portfolios and other mutual funds managed by National Bank Securities.

Conferences and seminars – In addition to co-operative marketing, we may also:

- organize and present educational conferences for representatives of dealers and brokers;
- pay registration fees of representatives of dealers and brokers for educational conferences organized and presented by others;
- pay industry organizations up to 10% of the direct costs of organizing and presenting educational conferences;
- pay dealers and brokers up to 10% of the costs of leading educational conferences.

Dealer Compensation from Management Fees

During the last financial year of National Bank Securities, which ended on October 31, 2008, 12.43% of the management fees of National Bank Mutual Funds then existing were used to pay dealer commissions and promotional activities. During the same period, 15.12% of the management fees of Altamira Funds and Meritage Portfolios then existing were used for the same purposes by Altamira Investment Services Inc., then manager of Altamira Funds and Meritage Portfolios. National Bank Securities Inc. and Altamira Investment Services Inc. merged on November 1, 2008.

Income Tax Considerations for Investors

The following summary is of a general nature only. You should consult your own tax advisor about your individual circumstances.

Portfolios held in a registered plan

If you hold your investments in an RRSP, RRIF, LIRA, LIF, LRIF, RESP or TFSA, you will not be taxed on your distributions and capital gains. You will, however, be taxed when you withdraw money from the plan (except for a TFSA).

Distribution policy

Each Portfolio makes payments, as the case may be, called distributions to its investors. These distributions consist of

net income, or depending on the Portfolio, net income and net realized capital gains or non taxable amounts such as returns 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.

Portfolios not held in a registered plan

You will be taxed on all distributions (other than certain non-taxable amounts such as a return of capital and the non-taxable half of capital gains), whether you take them in cash or we reinvest them for you in units of a Portfolio. You will also be subject to a capital gain tax if you redeem or switch any of your units at a gain. However, you can reclassify units from one series to another series of the same Portfolio without triggering a capital gain or loss. You will generally also be taxed on management fee distributions you receive from a Portfolio.

Steps have been taken to enact new tax rules that deal with investments in certain foreign entities. 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 gain is actually realized on such securities. Any such amounts would be reflected in distributions to unitholders out of the Portfolio's income. If enacted as proposed, the new rules will take effect for taxation years that begin after 2006.

When you invest in a Portfolio, the unit price may include undistributed income and capital gains, particularly when you invest late in a calendar year. When these earnings are distributed to you, you will have to include them in your income for tax purposes, even though they may include earnings from before the date you invested in the Portfolio. The amount of the distribution, however, will be added to the adjusted cost base of your units, which will reduce any capital gains you have to declare later when you redeem your units.

The total adjusted cost base of your units of a Portfolio will generally be equal to the total of all amounts paid to purchase your units of that Portfolio plus the amount of any reinvested distributions less non-taxable amounts such as a return of capital component of distributions and the adjusted cost base of any units of that Portfolio you have previously redeemed. The adjusted cost base per unit of a Portfolio is determined by dividing the total adjusted cost base of your units of that Portfolio by the number of such units that you own in that Portfolio. In the case of a Portfolio with more than one series of units, the adjusted cost base is determined separately for each series of units of the Portfolio owned by an investor.

What are Your Legal Rights?

You have the right to cancel your agreement to buy

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours after receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Portfolios. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Additional Information

Debt securities

Each Portfolio 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 exchanged 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.

The Portfolios have also received an exemption from the Canadian Securities Administrators in order to purchase on the primary market non-exchange traded related issuer 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.

Fundamental changes

In accordance with *Regulation 81-102 Mutual Funds* and to the extent permitted under the Portfolios' declaration of trust, unitholder approval need not be sought with respect to fundamental changes in the following circumstances:

- (i) a Portfolio undertakes a reorganization with, or transfers its assets to, another mutual fund to which Regulation 81-107 applies which is managed by the manager or an affiliate of the manager, and ceases to continue after the reorganization or transfer of assets, which results in the unitholders of the Portfolio becoming unitholders of the other mutual fund;
- (ii) a Portfolio changes its auditor.

Though they need not be called upon to approve such changes, which will however require the approval of the IRC, unitholders will be notified at least 60 days prior to the date the changes take effect.

Specific Information About Each of the Meritage Portfolios

General Information

The following explanations are provided to help you more easily understand the specific information about each of the Portfolios described in this Part B. Any information that is common to the Portfolios is described here. You should refer back to this section when reading the individual Portfolio description to make sure you have complete information about a particular Portfolio.

What Does the Portfolio Invest in?

This section can help you decide which Portfolio is suitable for you. It's meant as a general guide only. For advice about your investment portfolio, you should consult your registered representative.

Investment Objectives

This section outlines the investment objectives of the Portfolio. This will allow you to choose the Portfolio that best matches your personal financial objectives.

Investment Strategies

This section outlines the strategies we use to achieve the Portfolio's investment objectives.

Fund on Fund Investing

The Portfolios are allowed to invest in underlying funds, subject to certain requirements of securities legislation.

Use of Derivatives

Derivatives are investment instruments such as futures and options. Usually, derivatives grant the right or require the holder to buy or sell a specific asset during a certain period of time. There are several types of derivatives, each based on an underlying asset. A stock option is a derivative in which the underlying asset is the security of a major corporation. There are also derivatives based on currencies, commodities and market indexes.

All of the Meritage Portfolios may use derivatives that comply with their investment objectives and the guidelines set out by the Canadian securities regulators on the use of derivatives by mutual funds. 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 Portfolios may use derivatives to offset or reduce a risk associated with

investments in the Portfolios. The Portfolios may seek to improve their rates of return by using derivatives and accepting a lower, more certain rate of return through hedging transactions, rather than a higher but less certain potential rate of return. This is called hedging. Derivatives may not be used for speculation.

The Portfolios may use derivatives to reduce the risk of currency fluctuations, stock market volatility and interest rate fluctuations. However, there is no guarantee that using derivatives will prevent losses if the value of the underlying investments falls. In some cases, the Portfolios may use derivatives instead of direct investments. This reduces transaction costs, can improve liquidity and increases flexibility.

The Portfolios may also use derivatives for non-hedging purposes. Derivatives help these Portfolios increase the speed and flexibility with which they trade. But there is no guarantee that using derivatives will result in positive returns. The Meritage Portfolios face a credit risk when they use derivatives. At the current time, the Portfolios are not using derivatives.

What Are the Risks of Investing in the Portfolio?

There are certain risks associated with investing in the Portfolios. The Portfolios indirectly have the same risks as the underlying funds they hold. This section lists the direct and indirect risks specific to the Portfolios. However, since changes may occur in a Portfolio's holdings of the underlying funds, you should refer to the simplified prospectus of the underlying funds for the risks associated with the underlying funds.

Who Should Invest in This Portfolio?

This section tells you if the Portfolio is a suitable investment for you. This depends on a number of factors, including your risk tolerance, your investment horizon and your personal financial objectives.

Distribution Policy

This section outlines how frequently the Portfolio distributes its net income and net realized capital gains.

Portfolio Expenses Indirectly Borne By Investors

This section helps you compare the cost of investing in a portfolio with the costs of investing in other mutual funds.

Meritage Canadian Equity Portfolio

Portfolio Details

Type of Portfolio:	Canadian Equity
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.25% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve long-term capital appreciation by investing primarily in a diverse mix of Canadian equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for the asset class in which the Portfolio invests under normal market conditions is the following:

- 100% of net assets in Canadian equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of the asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time invest in foreign equity mutual funds and make direct investments in Canadian and foreign equity and fixed income securities. The Portfolio will invest no more than 30% of its assets in foreign equity mutual funds and direct investments in foreign equity securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objectives. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 31.36% of its net assets in the Fidelity Canadian Disciplined Equity Fund, up to 30.70% of its net assets in the Beutel Goodman Canadian Equity Fund, up to 30.61% of its net assets in the TD Canadian Blue Chip

Meritage Canadian Equity Portfolio

Equity Fund and up to 11.00% of its net assets in the Mackenzie Saxon Small Cap Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a moderate level of risk;
- are looking to invest for the long term (at least five years);
- are looking for an investment solution that allows you to invest in a wide range of Canadian equity securities.

Distribution Policy

The Portfolio distributes its net income and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$26.45	\$83.37	\$146.13	\$332.62
<i>F Series</i>	\$13.02	\$41.04	\$ 71.93	\$163.73

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Global Equity Portfolio

Portfolio Details

Type of Portfolio:	Global Equity
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.25% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve long-term capital appreciation by investing primarily in a diverse mix of global equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for the asset class in which the Portfolio invests under normal market conditions is the following:

- 100% of net assets in global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of the asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while

seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objectives. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 32.97% of its net assets in the Mackenzie Ivy Foreign Equity Fund, up to 12.62% of its net assets in the Brandes Global Small Cap Equity Fund, up to 31.44% of its net assets in the Mackenzie Cundill Value Fund and up to 30.42% of its net assets in the Capital International Global

Meritage Global Equity Portfolio

Equity Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a moderate level of risk;
- are looking to invest for the long term (at least five years);
- are looking for an investment solution that allows you to invest in a wide range of global equity securities.

Distribution Policy

The Portfolio distributes its net income and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$25.93	\$81.75	\$143.29	\$326.18
<i>F Series</i>	\$12.51	\$39.42	\$ 69.10	\$157.29

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage American Equity Portfolio

Portfolio Details

Type of Portfolio:	U.S. Equity
Date Portfolio was established:	September 25, 2007
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.25% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve long-term capital appreciation by investing primarily in a diverse mix of U.S. equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for the asset class in which the Portfolio invests under normal market conditions is the following:

- 100% of net assets in U.S. Equity

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of the asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while

seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 30.85 % of its net assets in the Fidelity American Disciplined Equity® Fund, up to 31.13% of its net assets in the McLean Budden American Equity Fund, up to 31.84% of its net assets in the RBC O'Shaughnessy U.S. Value Fund and up to 10.80% of its net assets in the

Meritage American Equity Portfolio

CI American Small Companies Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a moderate level of risk;
- are looking to invest for the long term (at least five years);
- are looking for an investment solution that allows you to invest in a wide range of U.S. equity securities.

Distribution Policy

The Portfolio distributes its net income and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$24.60	\$77.55	\$135.93	\$309.42
<i>F Series</i>	\$11.17	\$35.22	\$ 61.74	\$140.53

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage International Equity Portfolio

Portfolio Details

Type of Portfolio:	International Equity
Date Portfolio was established:	September 25, 2007
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.25% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve long-term capital appreciation by investing primarily in a diverse mix of international and emerging markets equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for the asset class in which the Portfolio invests under normal market conditions is the following:

- 100% of net assets in international and emerging markets equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of the asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 30.90% of its net assets in the McLean Budden International Equity Fund, up to 30.53% of its net assets in the AGF International Stock Class, up to 31.53% of its

Meritage International Equity Portfolio

net assets in the AIM International Growth Class and up to 12.90% of its net assets in the AGF Emerging Markets Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a moderate level of risk;
- are looking to invest for the long term (at least five years);
- are looking for an investment solution that allows you to invest in a wide range of international and emerging markets equity securities.

Distribution Policy

The Portfolio distributes its net income and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$26.55	\$83.69	\$146.69	\$333.91
<i>F Series</i>	\$13.12	\$41.36	\$ 72.50	\$165.02

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Conservative Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 1.75% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve a steady rate of return with reduced risk by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 70%-85% of net assets in Canadian and global fixed income securities;
- 15%-30% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Inflation risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 23.56% of its net assets in the Beutel Goodman Income Fund, up to 23.12% of its net assets in the TD Canadian

Meritage Conservative Portfolio

Bond Fund, up to 20.50% of its net assets in the TD Short Term Bond Fund, up to 10.22% of its net assets in the TD Canadian Blue Chip Equity Fund, up to 10.60% of its net assets in the Mackenzie Sentinel Corporate Bond Fund and up to 10.70% of its net assets in the Capital International Global Equity Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low level of risk;
- are looking to invest for the short term to medium term (at least one year);
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio distributes its net income at the end of each quarter. It distributes net income for the last quarter and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$21.01	\$66.24	\$116.11	\$264.29
<i>F Series</i>	\$12.92	\$40.71	\$ 71.36	\$162.44

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Moderate Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 1.75% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve a steady rate of return and long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 55%-70% of net assets in Canadian and global fixed income securities;
- 30%-45% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Inflation risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 21.27% of its net assets in the Beutel Goodman Income Fund, up to 20.86% of its net assets in the TD Canadian

Meritage Moderate Portfolio

Bond Fund, up to 10.40% of its net assets in the TD Short Term Bond Fund and up to 10.38% of its net assets in the Mackenzie Sentinel Corporate Bond Fund. See “Concentration risk” on page 2 for a description of such risk.

See page 11 for the fees and expenses that you pay directly.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low level of risk;
- are looking to invest for the medium term to long term (at least three years);
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio distributes its net income at the end of each quarter. It distributes net income for the last quarter and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
Advisor Series	\$20.91	\$65.92	\$115.54	\$263.00
F Series	\$12.81	\$40.39	\$ 70.80	\$161.15

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

Meritage Balanced Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.00% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve a combination of income and long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 40%-55% of net assets in Canadian and global fixed income securities;
- 45%-60% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 19.47% of its net assets in the Beutel Goodman Income Fund, up to 19.12% of its net assets in the TD Canadian Bond Fund, up to 10.37% of its net assets in the Mackenzie Sentinel Corporate Bond Fund and up to 10.36% of its net assets in the Fidelity

Meritage Balanced Portfolio

Canadian Disciplined Equity Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low to moderate level of risk;
- are looking to invest for the medium term to long term (at least three years);
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio distributes its net income at the end of each quarter. It distributes net income for the last quarter and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
Advisor Series	\$23.47	\$74.00	\$129.70	\$295.23
F Series	\$12.81	\$40.39	\$ 70.80	\$161.15

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Growth Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.00% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 25%-40% of net assets in Canadian and global fixed income securities;
- 60%-75% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 14.34% of its net assets in the Beutel Goodman Income Fund, up to 14.08% of its net assets in the TD Canadian Bond Fund, up to 10.41% of its net assets in the Fidelity Canadian Disciplined Equity Fund, up to 10.02% of its net

Meritage Growth Portfolio

assets in the Beutel Goodman Canadian Equity Fund, up to 10.50% of its net assets in the Mackenzie Cundill Value Fund and up to 10.78% in the Mackenzie Ivy Foreign Equity Fund. See “Concentration risk” on page 2 for a description of such risk.

See page 11 for the fees and expenses that you pay directly.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low to moderate level of risk;
- are looking to invest for the medium term to long term (at least three years);
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio distributes its net income at the end of each quarter. It distributes net income for the last quarter and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
Advisor Series	\$23.47	\$74.00	\$129.70	\$295.23
F Series	\$12.71	\$40.07	\$ 70.23	\$159.87

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

Meritage Equity Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.25% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 10%-25% of net assets in Canadian and global fixed income securities;
- 75%-90% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 10.96% of its net assets in the Fidelity Canadian Disciplined Equity Fund, up to 11.04% of its net assets in the Mackenzie Ivy Foreign Equity Fund, up to 10.59% of its net assets in the Mackenzie Cundill Value Fund, up to

Meritage Equity Portfolio

10.99% of its net assets in the Mackenzie Sentinel Corporate Bond Fund, up to 10.54% of its net assets in the Capital International Global Equity Fund, up to 12.20% of its net assets in the Brandes Global Small Cap Equity Fund, up to 10.10% of its net assets in the TD Canadian Blue Chip Equity Fund, up to 10.09% of its net assets in the Beutel Goodman Canadian Equity Fund and up to 10.28% of its net assets in the Mackenzie Saxon Small Cap Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a moderate level of risk;
- are looking to invest for the long term (at least five years);
- are looking for an investment solution that allows you to invest in a wide range of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio distributes its net income at the end of each quarter. It distributes net income for the last quarter and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors 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. If so, we will pay you through direct deposit to your bank account or by cheque.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$26.24	\$82.72	\$144.99	\$330.04
<i>F Series</i>	\$12.81	\$40.39	\$ 70.80	\$161.15

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Conservative Income Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 1.75% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

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.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 70%-85% of net assets in Canadian and global fixed income securities;
- 15%-30% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Inflation risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 23.82% of its net assets in the Beutel Goodman Income Fund, up to 20.72% of its net assets in the TD Short Term Bond Fund, up to 23.35% of its net assets in the TD Canadian Bond Fund and up to 10.60% of its net assets in the

Meritage Conservative Income Portfolio

Mackenzie Sentinel Corporate Bond Fund. See “Concentration risk” on page 2 for a description of such risk.

purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

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

See page 11 for the fees and expenses that you pay directly.

Distribution Policy

The Portfolio will make monthly distributions at the end of each month. These monthly distributions will be comprised of net income and may include a return of capital. These monthly distributions will be invested in additional units of the same Portfolio, unless your distribution amount is greater than \$25 and you ask to be paid in cash. If so, we will pay you through direct deposit to your bank account or by cheque.

Any net income not distributed previously in the year and any capital gains will be distributed by the Portfolio in a special distribution at the end of the year. This special year-end distribution must be reinvested in additional Portfolio units of the same series.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$20.71	\$65.27	\$114.41	\$260.43
<i>F Series</i>	\$12.61	\$39.75	\$ 69.66	\$158.58

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative*

Meritage Moderate Income Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 1.75% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve a current income and long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 55%-70% of net assets in Canadian and global fixed income securities;
- 30%-45% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Inflation risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 22.28% of its net assets in the Beutel Goodman Income Fund, up to 21.84% of its net assets in the TD Canadian

Meritage Moderate Income Portfolio

Bond Fund, up to 10.90% of its net assets in the TD Short Term Bond Fund and up to 10.38% of its net assets in the Mackenzie Sentinel Corporate Bond Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low level of risk;
- are looking to invest for the medium term to long term (at least three years);
- want to receive income regularly;
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio will make monthly distributions at the end of each month. These monthly distributions will be comprised of net income and may include a return of capital. These monthly distributions will be invested in additional units of the same Portfolio, unless your distribution amount is greater than \$25 and you ask to be paid in cash. If so, we will pay you through direct deposit to your bank account or by cheque.

Any net income not distributed previously in the year and any capital gains will be distributed by the Portfolio in a special distribution at the end of the year. This special year-end distribution must be reinvested in additional Portfolio units of the same series.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$20.60	\$64.95	\$113.84	\$259.14
<i>F Series</i>	\$12.51	\$39.42	\$ 69.10	\$157.29

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Balanced Income Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.00% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve a high current income by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 40%-55% of net assets in Canadian and global fixed income securities;
- 45%-60% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Inflation risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 19.47% of its net assets in the Beutel Goodman Income Fund, up to 19.08% of its net assets in the TD Canadian

Meritage Balanced Income Portfolio

Bond Fund, up to 10.40% of its net assets in the Mackenzie Sentinel Corporate Bond Fund, up to 10.40% of its net assets in the Signature Dividend Fund, up to 10.14% of its net assets in the RBC Canadian Dividend Fund and up to 10.06% of its net assets in the Dynamic Focus + Diversified Income Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low to moderate level of risk;
- are looking to invest for the medium term to long term (at least three years);
- want to receive income regularly;
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio will make monthly distributions at the end of each month. These monthly distributions will be comprised of net income and may include a return of capital. These monthly distributions will be invested in additional units of the same Portfolio, unless your distribution amount is greater than \$25 and you ask to be paid in cash. If so, we will pay you through direct deposit to your bank account or by cheque.

Any net income not distributed previously in the year and any capital gains will be distributed by the Portfolio in a special distribution at the end of the year. This special year-end distribution must be reinvested in additional Portfolio units of the same series.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$23.06	\$72.70	\$127.43	\$290.08
<i>F Series</i>	\$12.30	\$38.78	\$ 67.97	\$154.71

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Growth Income Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.00% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve a high current income and long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 25%-40% of net assets in Canadian and global fixed income securities;
- 60%-75% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 12.71% of its net assets in the RBC Canadian Dividend Fund, up to 13.10% of its net assets in the Dynamic Focus + Diversified Income Fund, up to 13.95% of its net assets in the Beutel Goodman Income Fund, up to 13.40% of its net

Meritage Growth Income Portfolio

assets in the GGOF Monthly High Income Fund, up to 13.68% of its net assets in the TD Canadian Bond Fund and up to 13.03% of its net assets in the Signature Dividend Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a low to moderate level of risk;
- are looking to invest for the medium term to long term (at least three years);
- want to receive income regularly;
- are looking for an investment solution that allows you to invest in a wide variety of securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio will make monthly distributions at the end of each month. These monthly distributions will be comprised of net income and may include a return of capital. These monthly distributions will be invested in additional units of the same Portfolio, unless your distribution amount is greater than \$25 and you ask to be paid in cash. If so, we will pay you through direct deposit to your bank account or by cheque.

Any net income not distributed previously in the year and any capital gains will be distributed by the Portfolio in a special distribution at the end of the year. This special year-end distribution must be reinvested in additional Portfolio units of the same series.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$22.86	\$72.06	\$126.30	\$287.50
<i>F Series</i>	\$12.10	\$38.13	\$ 66.83	\$152.13

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Equity Income Portfolio

Portfolio Details

Type of Portfolio:	Strategic asset allocation
Date Portfolio was established:	September 25, 2006
Securities offered:	Trust units – Advisor Series, F Series
Registered tax plan status:	The Portfolio units are eligible investments for registered plans.
Maximum annual management fees:	Advisor Series: 2.25% F Series: 1.00%

What Does the Portfolio Invest in?

Investment Objectives

The Portfolio's investment objectives are to achieve high current income and long-term capital appreciation by investing primarily in a diverse mix of fixed income and equity mutual funds.

Unitholders must approve any change to these objectives at a meeting specifically held for that purpose.

Investment Strategies

The target weighting for each asset class in which the Portfolio invests under normal market conditions is the following:

- 10%-25% of net assets in Canadian and global fixed income securities;
- 75%-90% of net assets in Canadian and global equity.

The Portfolio Adviser may, in its sole discretion, review and adjust the target weighting of each asset class depending on economic and market conditions.

The Portfolio achieves exposure to the above asset class by investing up to 100% of its assets in underlying funds managed by third parties. The Portfolio Adviser may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

When selecting an underlying fund in which to invest, the Portfolio Adviser will consider the degree of exposure to the asset class that the underlying fund will provide to the Portfolio, the performance of the underlying fund, and the expense, if any, to the Portfolio which may be associated with the investment. There will be no duplication of fees or sales charges between the Portfolio and any underlying fund.

The Portfolio may from time to time make direct investments in Canadian and foreign equity and fixed income securities.

The Portfolio may hold a portion of its assets in cash, money market securities or money market funds while seeking investment opportunities or for defensive purposes depending on market conditions.

The Portfolio may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest or exchange rates. The Portfolio may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets or to gain exposure to other currencies provided that the use of the derivative is consistent with the Portfolio's investment objective. At the current time, the Portfolio is not using derivatives.

What Are the Risks of Investing in the Portfolio?

The Portfolio indirectly has the same risks as the underlying funds it holds. The Portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The direct and indirect risks of the Portfolio are:

- Concentration risk
- Credit risk
- Currency risk
- Derivative risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Legal, tax and regulatory risks
- Liquidity risk
- Repurchase and reverse repurchase agreements risk
- Sector risk
- Securities lending risk
- Series risk
- Smaller companies risk
- Substantial securityholder risk
- Underlying fund risk

These risks are described in more detail beginning on page 1 of this Simplified Prospectus.

During the last 12 months, the Portfolio invested up to 15.07% of its net assets in the RBC Canadian Dividend Fund, up to 14.85% of its net assets in the Dynamic Focus + Diversified Income Fund, up to 14.27% of its net assets in the GGOF Monthly High Income Fund, up to 15.85% of its

Meritage Equity Income Portfolio

net assets in the Signature Dividend Fund and up to 11.05% of its net assets in the Mackenzie Sentinel Corporate Bond Fund. See “Concentration risk” on page 2 for a description of such risk.

Who Should Invest in This Portfolio?

The Portfolio is suitable if you:

- are willing to tolerate a moderate level of risk;
- are looking to invest for the long term (at least five years)
- want to receive income regularly;
- are looking for an investment solution that allows you to invest in a wide range of income generating securities in order to create a fully diversified portfolio.

Distribution Policy

The Portfolio will make monthly distributions at the end of each month. These monthly distributions will be comprised of net income and may include a return of capital. These monthly distributions will be invested in additional units of the same Portfolio, unless your distribution amount is greater than \$25 and you ask to be paid in cash. If so, we will pay you through direct deposit to your bank account or by cheque.

Any net income not distributed previously in the year and any capital gains will be distributed by the Portfolio in a special distribution at the end of the year. This special year-end distribution must be reinvested in additional Portfolio units of the same series.

Portfolio Expenses Indirectly Borne by Investors

A mutual fund generally pays some expenses out of its assets. The table below shows the costs you pay indirectly for each \$1,000 that you have invested in the Portfolio. To make it easy for you to compare these costs to the costs of other Portfolios, this table assumes:

- the total annual return of the Portfolio is 5% a year;
- the management expense ratio of the Portfolio was the same throughout the ten-year period as it was in the last financial year of the Portfolio.

Based on these assumptions, the cumulative costs of investing in this fund would be:

	One year	Three years	Five years	Ten years
<i>Advisor Series</i>	\$25.52	\$80.46	\$141.03	\$321.02
<i>F Series</i>	\$12.10	\$38.13	\$ 66.83	\$152.13

To compare the costs you pay indirectly for this Portfolio to those of other Portfolios, please see the other Portfolio descriptions. *Please note these figures are for comparative purposes only, based on the above-mentioned assumptions. Actual expenses will vary from what we have indicated here.*

See page 11 for the fees and expenses that you pay directly.

Meritage Portfolios

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Additional information about the Meritage Portfolios is available in the Meritage Portfolio's Annual Information Form, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents at your request, and at no cost, by calling toll-free 1-866-603-3601, or from your dealer. These documents are also available at www.meritageportfolios.com or you may request a copy by emailing us at infomeritage@nbc.ca. These documents and other information are also available on the Internet at www.sedar.com.

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Meritage Global Equity Portfolio
Meritage American Equity Portfolio
Meritage International Equity Portfolio
Meritage Conservative Portfolio
Meritage Moderate Portfolio
Meritage Balanced Portfolio

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