

For the period from January 1, 2010 to December 31, 2010

Dear Investor:

The Independent Review Committee of the Meritage Portfolios (the "IRC") was created on April 30th, 2007 by Altamira Investment Services Inc. (now National Bank Securities Inc.), then manager of the Meritage Portfolios, in accordance with *National Instrument 81-107, Independent Review Committee for Investment Funds*.

As of November 1, 2008, Altamira Investment Services Inc., until then 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 National Bank of Canada, were consolidated and the name of the amalgamated company is National Bank Securities Inc. Pursuant to said merger, which was approved by the competent authorities, National Bank Securities Inc. became the manager of the Meritage Portfolios.

Pursuant to National Instrument 81-107, the IRC is required to review the conflict of interest matters submitted to it by the manager of the Meritage Portfolios for approval or recommendation, depending on the nature of the conflict of interest matter. The IRC's focus is on the question of whether the manager's proposed action achieves a fair and reasonable result for the fund. In performing its duties, the IRC meets regularly and ends each meeting *in camera*, without the attendance of any representative of the manager or any entity related to the manager.

This report provides information regarding the activities of the IRC for the period from January 1, 2010 to December 31, 2010.

At least once per year, the IRC reviews and assesses the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Meritage Portfolios, and also conducts a self-assessment of the IRC's independence, compensation and effectiveness.

The members of the IRC look forward to continue working with the manager in the best interest of the Meritage Portfolios.

"signed"

Yves Julien

Chair of the Independent Review Committee
of the Meritage Portfolios

Members of the Independent Review Committee of the Meritage Portfolios

Members of the Independent Review Committee	Residence	First Appointed to the Independent Review Committee
Jean-François Bernier ^{1, 2}	Boucherville, Quebec	April 30 th , 2007
Jean Durivage ^{1, 2, 3}	Lac Brome, Quebec	April 30 th , 2007
André D. Godbout ^{1, 2}	Montreal, Quebec	April 30 th , 2007
Yves Julien (Chair) ^{1, 2, 3}	Montreal, Quebec	April 30 th , 2007
Jacques Valotaire ^{1, 3}	Longueuil, Quebec	April 30 th , 2007

1. The Independent Review Committee of the Meritage Portfolios is also the Independent Review Committee of the National Bank Securities Mutual Funds and of the Jarislowsky Fraser Funds.
2. Also a member of the Independent Review Committee of Non Protected Notes from National Bank of Canada.
3. Also a member of the Independent Review Committees of Global Diversified Investment Grade Income Trust., and Global Diversified Investment Grade Income Trust II.

There were no changes in the composition of the independent review committee since its inception on April 30th, 2007.

For the period from January 1, 2010 to December 31, 2010

Holdings of Securities

(a) Meritage Portfolios

On the date hereof, the percentage of securities of each series of the Meritage Portfolios beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee of the Meritage Portfolios did not exceed ten per cent.

(b) Investment Fund Manager

On the date hereof, the percentage of securities of each class or series of voting or equity securities of National Bank Securities Inc. (the manager of the Meritage Portfolios) or National Bank of Canada (its parent company) beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee was less than 0.05 per cent.

(c) Service providers

On the date hereof, the percentage of securities of each class or series of voting or equity securities of any company or other entity providing services to the Meritage Portfolios or National Bank Securities Inc. (the manager of the Meritage Portfolios) beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee was less than 0.05 per cent.

Compensation and Indemnities

For the period from January 1, 2010 to December 31, 2010, the aggregate compensation paid to the members of the independent review committee of the Meritage Portfolios (the "IRC") (in this capacity and in their capacity as members of the independent review committees of other investment funds managed by National Bank Securities Inc. and/or its affiliates) was \$129,000. This amount was allocated among the Meritage Portfolios and other investment funds managed by National Bank Securities Inc. and/or its affiliates in a manner that is considered to be fair and reasonable by the manager of the Meritage Portfolios.

In compliance with National Instrument 81-107, the compensation paid to the IRC during the period from January 1, 2010 to December 31, 2010 was set by the members of the IRC.

At least annually, the IRC reviews its compensation, giving consideration to the following, *inter alia*:

1. the best interests of the funds;
2. industry best practices, including industry averages and surveys on IRC compensation;
3. the number, nature and complexity of the funds for which the IRC acts; and
4. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member.

The Meritage Portfolios paid no indemnities to the IRC during the period.

Conflict of Interest Matters

The manager of the Meritage Portfolios has policies and procedures in place to address each of the conflict of interest matters listed below. With respect to items 1 to 4 and 6 to 12 below, the IRC has issued standing instructions to the manager of the Meritage Portfolios that require the manager to comply with its policies and procedures and to report periodically, and at least annually, to the IRC.

During the period from January 1, 2010 to December 31, 2010, the manager of the Meritage Portfolios has relied on the following approvals and recommendations granted by the IRC in accordance with National Instrument 81-107.

For the period from January 1, 2010 to December 31, 2010

Approvals

1. *Transactions in securities of a related issuer:* The IRC has provided its approval for the Meritage Portfolios to make or hold, in compliance with the IRC's standing instructions, an investment in the securities of an issuer related to the Meritage Portfolios, the manager or an entity related to the manager (as defined in National Instrument 81-107).
2. *Inter-fund trading:* The IRC has provided its approval for the Meritage Portfolios to purchase and sell, in compliance with the IRC's standing instructions, securities amongst the Meritage Portfolios or with investment funds or managed accounts that are managed by the manager or any of its affiliates.
3. *Trading in securities underwritten by a related underwriter:* The IRC has provided its approval for the Meritage Portfolios to invest, in compliance with the IRC's standing instructions, in securities of an issuer underwritten by an entity related to the manager (as defined in National Instrument 81-107).
4. *Transactions in debt securities with a related party:* The IRC has provided its approval for the Meritage Portfolios to purchase, in compliance with the IRC's standing instructions, debt securities from, and sell debt securities to, a related party acting as principal.
5. *Changing Auditors:* The IRC has provided its approval in respect of the replacement of the auditors of the Meritage Portfolios by Raymond Chabot Grant Thornton LLP.

The IRC has been informed that no transactions occurred during the referenced period as a result of items 1 to 4 above. The IRC is not aware of any instance in which the manager of the Meritage Portfolios acted in a conflict of interest matter without meeting any condition imposed by the IRC in its approval.

Recommendations

6. *Management fee rebates:* The IRC has provided its positive recommendation in respect of making special arrangements (regarding *management fees, redemptions, etc.*) with entities related to the manager (as defined in National Instrument 81-107) and large unitholders.
7. *Expense eligibility and allocation:* The IRC has provided its positive recommendation in respect of charging the Meritage Portfolios for eligible expenses incurred in operating the funds (*operating expenses*) and allocating such operating expenses among the funds.
8. *Fair Value Pricing:* The IRC has provided its positive recommendation in respect of fair value pricing of the Meritage Portfolios' portfolio securities to reflect their fair market value.
9. *Related suppliers fees and quality monitoring:* The IRC has provided its positive recommendation in respect of monitoring by the manager of fees charged and quality of services provided by service providers that are related to the manager or in a material business relationship with the manager.
10. *Monitoring of portfolio managers' conflicts of interests:* The IRC has provided its positive recommendation in respect of monitoring by the manager of conflict of interest matters present at the portfolio manager and sub-adviser levels, including without limitation: (i) portfolio manager's and sub-adviser's employees' conflicts of interest (personal trading, disclosure and confidentiality and whistle-blowing), (ii) fair allocation of securities (among, on one hand, the Meritage Portfolios and, on the other hand, between the Meritage Portfolios and the portfolios of other clients of the portfolio manager or sub-adviser), (iii) broker selection and trade allocation, (iv) soft dollar arrangements, (v) proxy voting and other corporate actions regarding related issuers, and (vi) correction of portfolio manager or sub-adviser material errors.
11. *Correcting material errors:* The IRC has provided its positive recommendation in respect of correcting material errors made by the manager of the Meritage Portfolios in calculating net asset value and processing purchases, redemptions and exchanges of securities of the funds.
12. *Manager's employees' conflicts of interest:* The IRC has provided its positive recommendation in respect of the treatment of certain conflicts such as personal trading, disclosure, confidentiality and whistle-blowing.

The IRC is not aware of any instance in which the manager of the Meritage Portfolios acted in a conflict of interest matter referred to the IRC for which it did not give a positive recommendation. The IRC is not aware of any instance in which the manager of the Meritage Portfolios acted in a conflict of interest matter without meeting the conditions imposed by the IRC in its recommendation.

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Funds covered by this report:

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

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