

**Interim Management Report
of Fund Performance**

For:

Meritas International Equity Fund
For the period ended June 30, 2009

MERITAS INTERNATIONAL EQUITY FUND

This interim Management Report of Fund Performance contains financial highlights but does not contain the interim financial statements of the Fund. You can get a copy of the interim financial statements at no cost by calling 1.866.924.6767 or by writing us at Meritas Mutual Funds, 1265 Strasburg Road, Kitchener, ON, N2R 1S6 or by visiting our website at www.meritas.ca or SEDAR at www.sedar.com. Investors may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

Forward-Looking Statements

This document contains forward looking statements. Such statements are typically identifiable by the terminology used, such as “anticipate”, “plan”, “intend”, “expect” and “estimate” or other similar wording. These forward looking statements are subject to unknown risks and uncertainties and other factors that may cause actual results, achievements and levels of activity to differ materially from those expressed or implied by such statements. Such factors may include, but are not limited to: general economic, market and business conditions, fluctuations in securities prices, interest rates and foreign currency exchange rates, and actions by government authorities. Future events and their effects on a Fund may not be anticipated by us. Actual results may differ materially from the results anticipated in the forward looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

Management Discussion of Fund Performance

Portfolio Sub-Advisor

Thornburg Investment Management, Santa Fe, NM

Investment Objective and Strategies

The principal investment objective of the Fund is to generate capital gains from investing in a diversified portfolio of securities primarily based outside of North America.

Risk

The risk level of the Fund has not significantly changed over the period. The Fund remains well diversified in terms of number of holdings, style of holdings, industry classification and market capitalization of the companies held.

Results of Operations

The Fund size increased throughout the year from \$23 million to over \$24 million due primarily to an increase in the market value of the investments held by the Fund.

For the international equity market in general, it was a period where losses from the previous year started to be recovered. Our portfolio recovered a portion of the losses it incurred in 2008 but still remains below its previous levels as do the markets in general. The Fund returned just over 5% during the period while its benchmark returned less than 3%.

Our focus has been two-fold: to strive to protect the portfolio from continued exposure to deteriorating market conditions, while recognizing that today's malaise might also bring tomorrow's opportunity. We continued to selectively allocate more capital to companies whose near-term outlooks may be challenging but where we believe long-term promise remains. In doing so, we have focused on companies with excellent balance sheets, manageable near-term debt maturities, and robust business models that are likely to flourish over our investment horizon.

We have also sought to think broadly about where opportunities might be. Rather than becoming focused on the decline in financial shares at the exclusion of other opportunities, we have sought opportunity in technology, where we believe balance sheets are healthy and competitive positions unassailable; emerging markets, where dominant, cash-generating companies have come under pressure and retail, where perhaps an undue degree of pessimism about consumer spending power is reflected in share prices.

MERITAS INTERNATIONAL EQUITY FUND

Management Discussion of Fund Performance (continued)

We are optimistic about the likelihood that some of the best risk-adjusted values in the stock market may be within our current portfolio.

Income and expenses both remain in line with prior year's experience taking into account both the size of the Fund and the market conditions experienced in the current period.

Recent Developments

Future Accounting Policy Change

As at December 31, 2008 the Manager has developed a changeover plan to meet the timetable published by the CICA for changeover to IFRS. The key elements of the plan include disclosures of the qualitative impact in the December 31, 2008, 2009, and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of the December 31, 2011 financial statements in accordance with IFRS.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that net assets attributable to unitholders or net asset value per unit will be impacted by the changeover to IFRS. Currently the Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially different presentation of unitholder interests and certain other items

Related Party Transactions

Meritas Financial Inc. is the Manager of the Fund. All expenses of the Fund are payable by the Manager, other than legal fees, audit fees, filing fees, custodial fees, record keeping and communication charges, bank charges, printing stationary and supplies, brokerage on securities and taxes. In consideration for management services and pursuant to the Declaration of Trust, the Fund pays the Manager a monthly fee applied to the average daily net asset value of the Fund.

MERITAS INTERNATIONAL EQUITY FUND

Financial Highlights

The following tables show selected key financial information of the Fund and are intended to help you understand the Fund's financial performance for the past five and a half years. The information for the years ended December 31, 2004 to 2008 is derived from the Fund's annual audited financial statements and the information for the six month period ended June 30, 2009 is from the Fund's interim financial statement. To obtain a copy of any of these statements please see the information presented earlier in this document.

	CLASS A Units					
	2009	2008	2007	2006	2005	2004
Net assets per unit, GAAP						
beginning of periods (a)	\$ 6.71	\$ 10.01	\$ 10.29	\$ 8.62	\$ 7.81	\$ 7.18
Initial adoption of Section 3855	-	-	(0.02)	-	-	-
Increase (decrease) from operations:						
Total revenue	0.11	0.18	0.19	0.17	0.14	0.13
Total expenses	(0.09)	(0.24)	(0.31)	(0.27)	(0.24)	(0.21)
Realized gains (losses) for the periods	(0.32)	(1.32)	0.78	0.69	0.12	0.10
Unrealized gains (losses) for the periods	0.69	(1.81)	(0.80)	1.19	0.83	0.61
Transaction costs	(0.01)	(0.01)	(0.02)	-	-	-
Total increase (decrease) from operations (a)	0.37	(3.19)	(0.16)	1.78	0.85	0.63
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	(0.18)	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions (a)	-	-	(0.18)	-	-	-
Net assets per unit, GAAP, end of periods (a)						
	\$ 7.08	\$ 6.71	\$ 10.01	\$ 10.29	\$ 8.62	\$ 7.81
Ratios and Supplemental data:						
Net Assets, GAAP, end of periods	\$ 23,896,355	\$ 22,393,710	\$ 28,399,917	\$ 19,300,671	\$ 12,903,162	\$ 9,944,593
Adjustment from bid to closing closing price	\$ 23,740	\$ 62,949	\$ 125,276	-	-	-
Net assets, Trading, end of periods	\$ 23,920,095	\$ 22,456,659	\$ 28,525,193	\$ 19,300,671	\$ 12,903,162	\$ 9,944,593
Number of units outstanding end of periods	3,374,999	3,335,621	2,836,014	1,875,157	1,496,095	1,274,107
Net asset value per unit, Trading end of periods (a)	\$ 7.09	\$ 6.73	\$ 10.06	\$ 10.29	\$ 8.62	\$ 7.81
Management expense ratio (MER) (b)	2.91%	2.91%	2.93%	2.96%	2.95%	2.97%
Management expense ratio before waivers or absorptions	4.05%	3.89%	3.93%	4.27%	3.85%	4.08%
Portfolio turnover rate (c)	51.38%	53.07%	73.44%	69.27%	44.50%	39.55%
Trading expense ratio (d)	0.16%	0.33%	0.24%	0.18%	0.16%	-

- (a) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted number of units outstanding during the year. This table is not intended to reconcile beginning and ending net assets per unit.
- (b) Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during the year. The manager may absorb some operating expenses payable by the Fund and may discontinue this at any time at its discretion.
- (c) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio in the course of the year. The higher the Fund's portfolio turnover rate, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (d) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year. It has not been shown for years prior to 2005 as it was a new reporting requirement in 2005.

MERITAS INTERNATIONAL EQUITY FUND

Financial Highlights (continued)

The following tables show selected key financial highlights of the Fund and are intended to help you understand the Fund's financial highlights since it commenced operations on February 22, 2008. The information for the period ended December 31, 2008 is derived from the Fund's annual audited financial statements and the information for the six month period ended June 30, 2009 is derived from the interim financial statements. To obtain a copy of any of these statements please see the information presented earlier in this document.

	CLASS F Units	
	2009	2008
Net assets per unit, GAAP,		
beginning of period	\$ 6.80	\$ 9.19
Initial adoption of new accounting policy	-	-
Increase (decrease) from operations:		
Total revenue	0.10	0.41
Total expenses	(0.06)	(0.14)
Realized gains (losses) for the period	(0.30)	(3.07)
Unrealized gains (losses) for the period	0.49	(1.31)
Transaction costs	(0.01)	(0.03)
Total increase (decrease) from operations (a)	0.22	(4.13)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions (a)	-	-
Net assets per unit, GAAP, end of period	\$ 7.21	\$ 6.80
Ratios and Supplemental data:		
Net asset value, GAAP, end of period	\$ 363,398	\$ 674,833
Adjustment from bid to closing price	\$ 361	\$ 1,872
Net asset value, Trading, end of period	\$ 363,759	\$ 676,705
Number of units outstanding, end of period	50,413	99,181
Net asset value per unit, Trading, end of period	\$ 7.22	\$ 6.82
Management expense ratio (MER) (b)	1.88%	1.86%
Management expense ratio before waivers or absorptions	3.00%	2.84%
Portfolio turnover rate (c)	51.38%	53.07%
Trading expense ratio (d)	0.16%	0.33%

- (a) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted number of units outstanding during the period. This table is not intended to reconcile beginning and ending net assets per unit.
- (b) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. The Manager may absorb some operating expenses payable by the Fund and may discontinue this at any time at its discretion.
- (c) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio in the course of the year. The higher the Fund's portfolio turnover rate, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- (d) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period. It has not been shown for years prior to 2005 as it was a new reporting requirement in 2005.

MERITAS INTERNATIONAL EQUITY FUND

Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. Management fees are accrued daily and are payable monthly in arrears. The maximum management fee chargeable to the Fund is 2.90%. The management fee covers the cost of advisory fees and sales, marketing and distribution expenses of the Fund. The Manager pays trailer fees and selling commissions out of the management fees. The following table shows the maximum trailer fees and commissions paid to dealers. The fees depend on the sales charge option chosen by the investor.

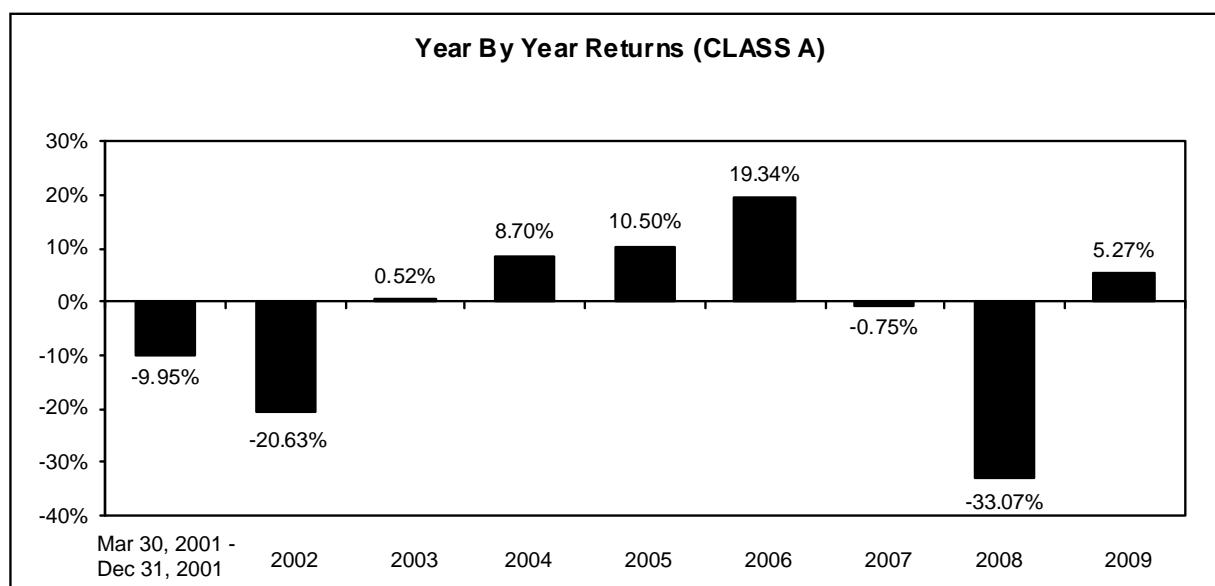
Sales Charge Option	Deferred Sales Charge	Front End Sales Charge	Low Load Sales Charge
Trailer Fees (annual)	0.50%	1.00%	0.75%
Sales Commission (paid once at purchase)	4.90%	0.00%	2.00%

Past Performance

The following chart shows the Fund's past performance and gives you an idea of the risk involved. Past returns do not tell you how the Fund will perform in the future. The performance information does not take into account sales, redemptions, distributions or other optional changes that could have reduced returns or performance. The sub-advisor of the fund was changed to Thornburg Investment Management, Inc. effective December 31, 2003. This change may have a positive or negative effect on the performance of the Fund.

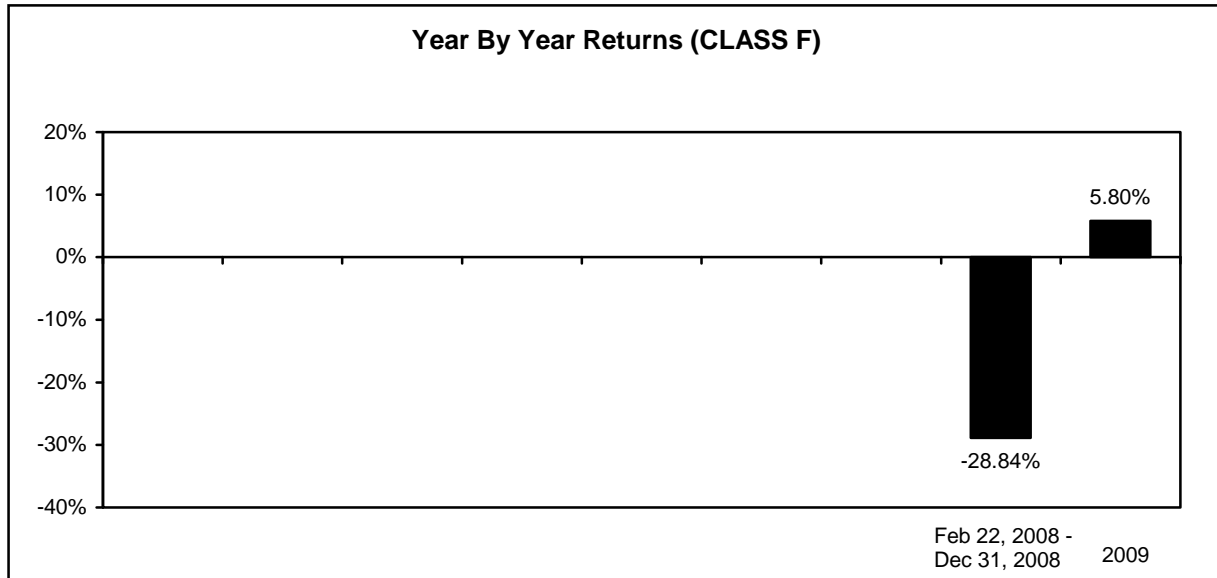
Year-by-year Returns

This chart shows the Fund's annual performance for each of the years shown and how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



MERITAS INTERNATIONAL EQUITY FUND

Past Performance (continued)



MERITAS INTERNATIONAL EQUITY FUND

Summary of Investment Portfolio at June 30, 2009

Top 25 Holdings*:

Security Name	% of net assets, GAAP
Cash and other net assets	6.1
Teva Pharma Ltd. ADR	3.8
BP PLC ADR	3.4
Hong Kong Exchanges & Clearing Limited	3.4
Hennes & Mauritz AB (H&M) 'B'	3.2
Standard Chartered PLC	3.1
SAP AG	3.0
Canadian National Railway Co.	2.9
Kingfisher PLC	2.8
Mitsubishi UFJ Financial Group Inc.	2.7
Novo Nordisk AS 'B'	2.6
Toyota Motor Corporation	2.6
Fresenius Medical Care AG & Company	2.6
Telefonica SA	2.6
Rogers Communications Inc. 'B'	2.5
Deutsche Boerse AG	2.5
National Bank of Greece S.A.	2.5
L'Air Liquide SA	2.5
BNP Paribas SA	2.4
Amdocs Limited	2.4
Vestas Wind Systems	2.4
Reckitt Benckiser PLC	2.3
Nokia Oyj	2.3
BM&F Bovespa SA	2.3
Wal-Mart de Mexico SAB de CV 'V'	2.3
	71.2

Sector Weightings:

Sector	% of net assets, GAAP
Financials	30.6
Information Technology	15.8
Health Care	12.5
Consumer Discretionary	8.7
Telecommunication Services	7.4
Industrials	6.9
Cash and other net assets	6.1
Consumer Staples	4.6
Materials	3.9
Energy	3.5
	100.0

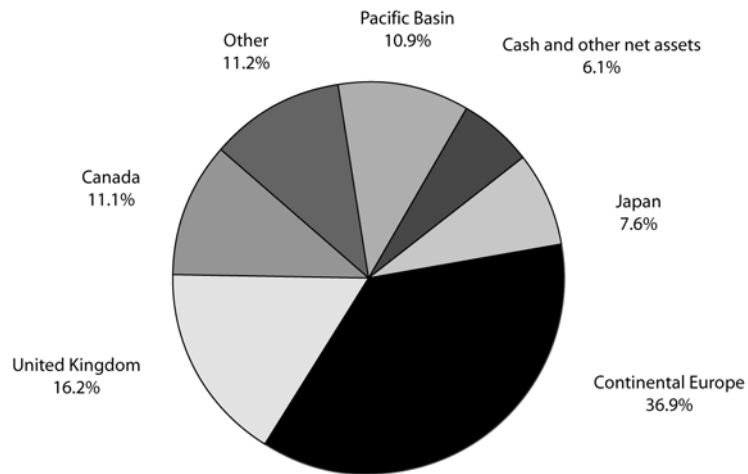
*All securities are common shares except where indicated as ADR

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Updates are available quarterly.

MERITAS INTERNATIONAL EQUITY FUND

Summary of Investment Portfolio (continued) at June 30, 2009

Region Allocation



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