

**Annual Management Report
of Fund Performance**

For:

Meritas Jantzi Social Index[®] Fund
For the year ended December 31, 2009

MERITAS JANTZI SOCIAL INDEX[®] FUND

This annual Management Report of Fund Performance contains financial highlights but does not contain the annual financial statements of the Fund. You can get a copy of the annual 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

State Street Global Advisors, Montreal, Quebec

Investment Objective and Strategies

The principal investment objective of the Fund is to achieve capital gains from investing in the Canadian equity securities that comprise the Jantzi Social Index[®]. This Fund invests according to the Criteria for Socially Responsible Investing which are outlined in the Simplified Prospectus.

Risk

The risk level of this Fund has not significantly changed over the last year. The Fund remains well diversified in terms of number of holdings as it is invested in more than sixty different securities.

Results of Operations

The Fund invests in the companies that comprise the Jantzi Social Index[®]. The Fund was underweight in energy and mining companies and over weight in financial services companies in 2009. These characteristics are still present in the Fund at year-end and will likely be factors in the 2010 comparative performance of the Fund.

The Fund size increased from \$55 million at the start of the year to approximately \$78 million at year-end with the largest part of the increase being the result of an increase in the market value of the securities owned by the Fund. The ending value was also helped by strong net sales of Fund units as it continues to gain in popularity.

The year started out poorly well with losses in equity markets continuing on the heel of the losses in 2008. But by the middle of March, equity markets had found support with investors and, while their were ups and downs along the way, Canadian markets turned in some of their best returns in decades.

We continued to experience a high frequency of large daily price changes and intra-day swings that continued to rattle investor's confidence.

Oil prices sharply recovered from around US\$35 to over \$75 in December – nowhere near the highs of \$135 that we saw in 2008 but a strong recovery and indication that the sell-off may have been overdone. Gold continued to hold up well and ran from just under \$900 at the start of the year to end the year over \$1,000.

The Bank of Canada continued to hold interest rates at record low levels and has hinted that these rates may continue well into 2010 as inflation appears well in check.

MERITAS JANTZI SOCIAL INDEX[®] FUND

Results of Operations (Continued)

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. Realized losses and unrealized gains experienced in the year are also considered reasonable given prevailing market conditions.

Recent Developments

Future Accounting Policy Change

As at December 31, 2009 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, 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 JANTZI SOCIAL INDEX[®] 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 years. This information is derived from the Fund's annual audited financial statements. 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
Net assets per unit, GAAP,					
beginning of periods (a)	\$ 10.88	\$ 17.59	\$16.72	\$ 14.40	\$ 12.02
Initial adoption of Section 3855	-	-	(0.01)	-	-
Increase (decrease) from operations:					
Total revenue	0.42	0.41	0.38	0.33	0.29
Total expenses	(0.26)	(0.31)	(0.35)	(0.31)	(0.26)
Realized gains (losses) for the periods	(0.45)	0.41	0.68	0.86	0.24
Unrealized gains (losses) for the periods	4.24	(6.72)	0.14	1.49	2.19
Transaction costs	-	-	-	-	-
Total increase (decrease) from operations (a)	3.94	(6.21)	0.85	2.37	2.46
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(0.36)	-	(0.09)	-
Return of capital	-	-	-	-	-
Total annual distributions (a)(b)	-	(0.36)	-	(0.09)	-
Net assets per unit, GAAP, end of periods (a)	\$ 14.81	\$ 10.88	\$ 17.59	\$ 16.72	\$ 14.40
Ratios and Supplemental data:					
Net assets, GAAP, end of periods	\$ 76,292,336	\$ 53,924,653	\$ 76,002,687	\$ 63,068,199	\$ 47,009,653
Adjustment from bid to closing price	\$ 192,551	\$ 121,878	\$ 65,268	-	-
Net assets, Trading end of periods	\$ 76,484,887	\$ 54,046,531	\$ 76,067,955	\$ 63,068,199	\$ 47,009,653
Number of units outstanding end of periods	5,152,250	4,955,647	4,320,677	3,772,526	3,265,060
Net asset value per unit, Trading end of periods (a)	\$ 14.85	\$ 10.91	\$ 17.60	\$ 16.72	\$ 14.40
Management expense ratio (MER) (c)	1.97%	1.97%	1.97%	1.99%	1.98%
Management expense ratio before waivers or absorptions	2.11%	2.32%	2.29%	2.33%	2.17%
Portfolio turnover rate (d)	15.98%	19.15%	11.86%	17.77%	8.16%
Trading expense ratio (e)	0.02%	0.02%	0.01%	0.03%	0.04%

- (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) Distributions were either paid in cash or reinvested in additional units of the Fund.
- (c) 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.
- (d) 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.
- (e) 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 JANTZI SOCIAL INDEX[®] 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 29, 2008. This information is derived from the Fund's annual audited 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	\$ 10.87	\$ 17.00
Initial adoption of Section 3855	-	-
Increase (decrease) from operations:		
Total revenue	0.46	0.55
Total expenses	(0.12)	(0.13)
Realized gains (losses) for the period	(0.50)	0.54
Unrealized gains (losses)		
for the period	3.95	(9.87)
Transaction costs	-	-
Total increase (decrease)		
from operations (a)	3.79	(8.92)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	(0.52)
Return of capital	-	-
Total annual distributions (a)	-	-
Net assets per unit, GAAP,		
end of period	\$ 14.93	\$ 10.87
Ratios and Supplemental data:		
Net assets, GAAP,		
end of period	\$ 1,141,831	\$ 764,255
Adjustment from bid to closing price	\$ 2,882	\$ 1,729
Net assets, Trading,		
end of period	\$ 1,144,713	\$ 765,984
Number of units outstanding,		
end of period	76,468	70,283
Net asset value per unit, Trading,		
end of period	\$ 14.97	\$ 10.90
Management expense		
ratio (MER) (c)	0.92%	0.92%
Management expense ratio		
before waivers or absorptions	1.06%	1.27%
Portfolio turnover rate (d)	15.98%	19.15%
Trading expense ratio (e)	0.02%	0.02%

- (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 periods. This table is not intended to reconcile beginning and ending net assets per unit.
- (b) Distributions were either paid in cash or reinvested in additional units of the Fund.
- (c) 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.
- (d) 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.
- (e) 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 JANTZI SOCIAL INDEX[®] 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. Management fees payable to the Manager by the Fund are calculated daily on the Net Asset Value of the Fund at a maximum annual rate of:

Series A: 1.90% Series F: 0.90%

The Fund paid Meritas Financial Inc. management fees of \$1,153,867 during the period. The Fund's management fees were used by Meritas to pay costs related to managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. For the twelve months ended December 31, 2009, approximately 24.8% of the total management fees from all Meritas Funds was used to fund these costs. Where total costs exceeded the current period's management fees paid by the Fund, the balance was paid out of Meritas' other resources.

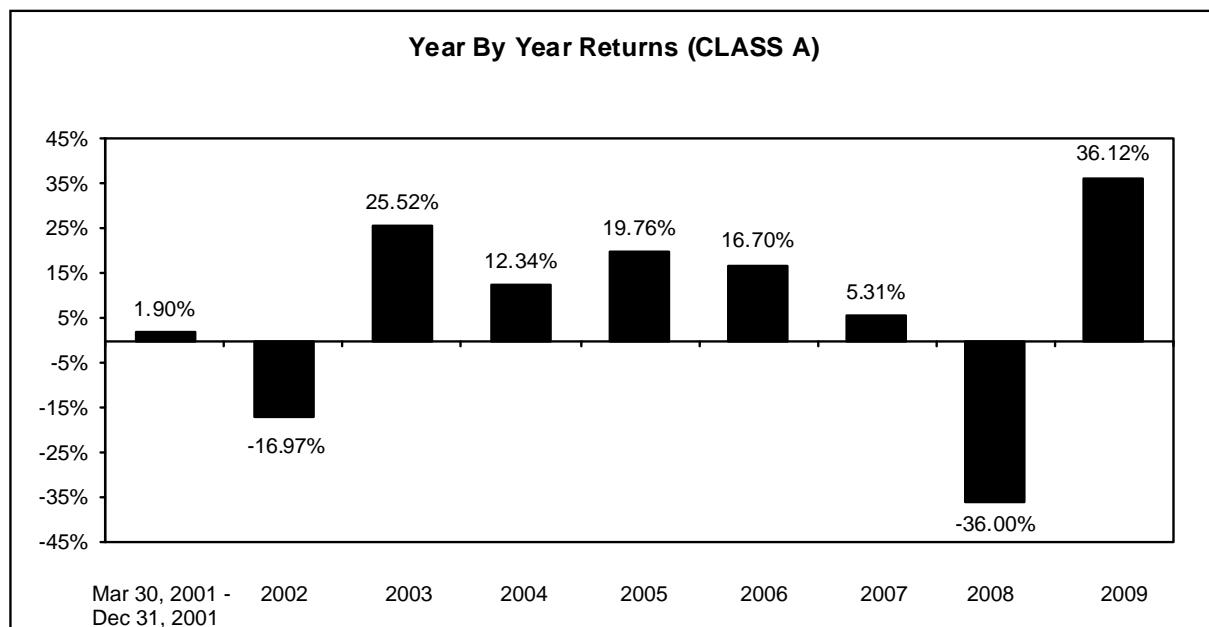
Meritas also used the management fees to fund commission payments and other dealer compensation (collectively distribution-related costs) to registered dealers and brokers for shares of the Fund bought and held by investors. For the twelve months ended December 31, 2009, approximately 54.1% of the total management fee revenues received from all Meritas Mutual Funds was used to fund distribution-related costs paid to registered dealers and brokers. This may vary by series depending on the assets invested in each series. The proportion of distribution-related costs is primarily attributable to sales commissions related to gross sales of the Fund.

Past Performance

The following charts show 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.

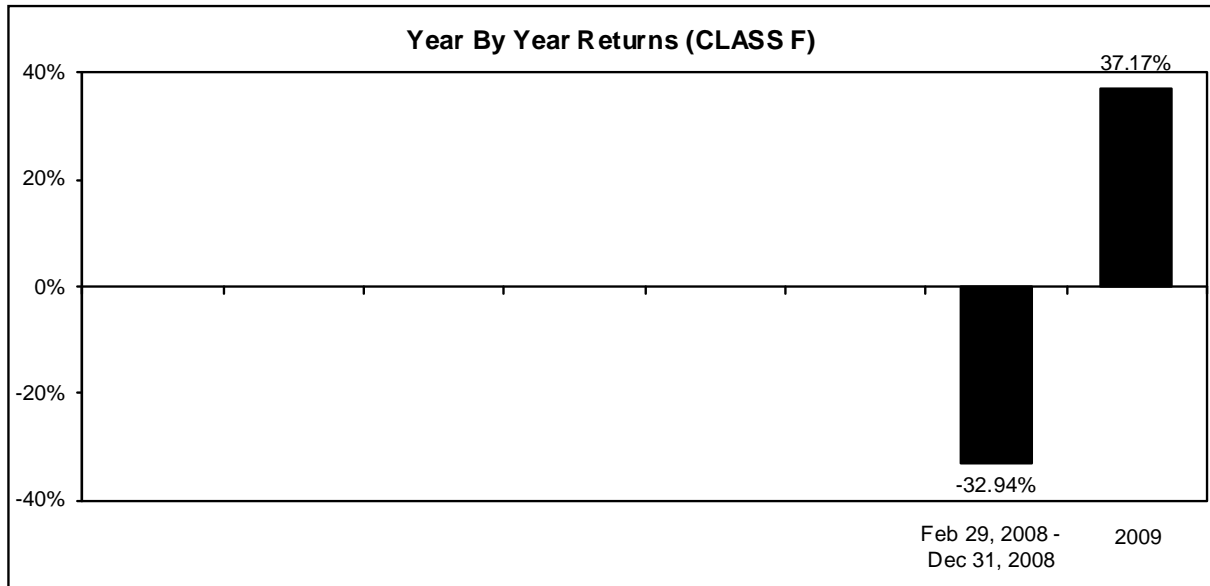
Year-by-year Returns

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 JANTZI SOCIAL INDEX[®] FUND

Past Performance (continued)



MERITAS JANTZI SOCIAL INDEX[®] FUND

Past Performance (continued)

Annual Compound Returns

This table shows the Fund's historical annual compound returns for the periods indicated, compared with the S&P/TSX 60 Index. The S&P TSX Index is an index of 60 Canadian Companies that are broadly diversified by industry but tend to be large capitalizations companies.

	CLASS A Units			
	1 Year	3 Years	5 Years	Since Inception
Meritas Jantzi Social Index [®] Fund	36.12%	-2.83%	5.13%	5.07%
S&P/TSX 60 Index	27.94%	-2.27%	6.22%	6.03%

	CLASS F Units			
	1 Year	3 Years	5 Years	Since Inception
Meritas Jantzi Social Index [®] Fund	37.17%	N/A	N/A	-3.58%
S&P/TSX 60 Index	27.94%	N/A	N/A	-4.67%

The returns noted for the Fund are net of expenses. The returns noted for the benchmark are before any expenses. At returns in excess of 35%, both Classes of the Fund provided a return that was significantly above its most pertinent benchmark, the S&P TSX 60 which returned under 28% over the same period. In 2009, most of this performance premium was due to being underweight in mining and energy as well as overweight in the financial services sector throughout the year.

MERITAS JANTZI SOCIAL INDEX[®] FUND

Summary of Investment Portfolio at December 31, 2009

Top 25 Holdings:

Security Name	% of net assets, GAAP
Royal Bank of Canada	9.7
Suncor Energy	8.5
The Toronto-Dominion Bank	8.3
Bank of Nova Scotia	7.2
Research In Motion Limited	5.1
Potash Corporation of Saskatchewan Inc.	5.0
Bank of Montreal	4.5
Canadian National Railway Company	4.0
Canadian Imperial Bank of Commerce	3.9
EnCana Corporation	3.8
Talisman Energy Inc.	2.9
Teck Resources Ltd. 'B'	2.6
Sun Life Financial Inc.	2.5
Enbridge Inc.	2.5
Rogers Communications Inc. 'B'	2.4
Kinross Gold Corporation	2.0
Nexen Inc.	1.9
Thomson Reuters Corporation	1.8
Brookfield Asset Management Inc.	1.8
Agrium Inc.	1.5
Shoppers Drug Mart Corporation	1.4
National Bank of Canada	1.4
Canadian Pacific Railway Limited	1.4
Yamana Gold Inc.	1.3
Shaw Communications Inc. 'B'	1.2
	88.6

Sector Weightings:

Sector	% of net assets, GAAP
Financials	40.9
Energy	20.1
Materials	14.1
Industrials	6.0
Information Technology	4.9
Telecommunication Services	4.0
Consumer Discretionary	3.7
Utilities	3.2
Consumer Staples	2.1
Cash and other net assets	0.5
Health Care	0.5
	100.0

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

Meritas Financial Inc.

1265 Strasburg Road
Kitchener, ON N2R 1S6
1-866-MERITAS
E-mail: info@meritas.ca
www.meritas.ca