

**Interim Management Report
of Fund Performance**

For:

Meritas Monthly Dividend and Income Fund
For the period ended June 30, 2009

MERITAS MONTHLY DIVIDEND AND INCOME 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

Jarislowsky Fraser Limited, Montreal, Quebec

Investment Objective and Strategies

The objective of the Fund is to provide investors with a steady stream of income from a combination of capital gains, dividends, income and return of capital through investing primarily in Canadian equities with some exposure to other assets including income trusts, foreign equities and fixed income investments.

Risk

The Fund is well diversified across various industries with approximately 80% of its assets in Canadian equities and the majority of the remainder in high quality fixed income investments.

Results of Operations

The Fund increased in size from almost \$16 million to \$17.5 million due primarily to an increase in the value of the investments held by the Fund. The Manager has invested approximately 80% of these assets in equities with the majority being within Canada.

The Manager is of the view that there are two main kinds of companies available to investors. The first are companies that are dependent upon a growing economy to generate earnings and cash flow growth which are commonly referred to as cyclicals. The second type of company is one that can sustain earnings and perhaps grow even if the economy is in decline called non-cyclicals. The latter, which comprises much of the portfolio, will tend to lag in periods of rapid economic expansion but will generally catch up during more moderate periods or slowdowns. The former are very exciting and often financially rewarding when the market is in expansion mode but can be stressful to own when the economy slows down or contracts. The Manager has always sought out companies that have the ability to generate sustainable and predictable earnings throughout the economic cycle even when that approach has been unpopular.

The Manager continues to believe that the Fund is best positioned for the uncertain times that we are experiencing while the market and economy strive for stability.

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.

MERITAS MONTHLY DIVIDEND AND INCOME FUND

Management Discussion of Fund Performance (continued)

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 MONTHLY DIVIDEND AND INCOME 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 eleven months ended December 31, 2006 and for the years ended December 31, 2008 and 2007 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 (eleven months)
Net assets per unit, GAAP				
beginning of periods (a)	\$ 6.75	\$ 9.22	\$ 9.96	\$ 10.00
Initial adoption of Section 3855	-	-	(0.01)	-
Increase (decrease) from operations:				
Total revenue	0.13	0.30	0.30	0.28
Total expenses	(0.08)	(0.21)	(0.26)	(0.22)
Realized gains (losses) for the periods	(0.04)	(0.16)	0.04	0.04
Unrealized gains (losses) for the periods	0.58	(1.86)	(0.39)	0.60
Transaction costs	-	-	-	-
Total increase (decrease) from operations (a)	0.59	(1.93)	(0.31)	0.70
Distributions:				
From income (excluding dividends)	-	(0.10)	-	-
From dividends	-	-	(0.07)	(0.02)
From capital gains	-	-	-	(0.06)
Return of capital	(0.28)	(0.47)	(0.52)	(0.47)
Total annual distributions (a)(b)	(0.28)	(0.57)	(0.59)	(0.55)
Net assets per unit, GAAP				
end of periods (a)	\$ 7.04	\$ 6.75	\$ 9.22	\$ 9.96
Ratios and Supplemental data:				
Net assets, GAAP, end of periods	\$ 17,273,840	\$ 15,756,366	\$ 19,887,064	\$ 11,056,937
Adjustment from bid to closing price	\$ 33,053	\$ 45,587	\$ 28,686	-
Net assets, Trading end of periods	\$ 17,306,893	\$ 15,801,953	\$ 19,915,750	\$ 11,056,937
Number of units outstanding end of periods	2,453,539	2,333,997	2,158,091	1,110,326
Net asset value per unit, Trading end of periods (a)	\$ 7.05	\$ 6.77	\$ 9.23	\$ 9.96
Management expense ratio (MER) (c)	2.47%	2.48%	2.51%	2.52%
Management expense ratio before waivers or absorptions	3.48%	3.27%	3.23%	4.08%
Portfolio turnover rate (d)	5.89%	10.34%	24.12%	22.48%
Trading expense ratio (e)	0.00%	0.02%	0.04%	0.07%

- (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) 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.

MERITAS MONTHLY DIVIDEND AND INCOME FUND

Financial Highlights

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 for the 11 month 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 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	\$ 6.82	\$ 8.80
Initial adoption of Section 3855	-	-
Increase (decrease) from operations:		
Total revenue	0.13	0.34
Total expenses	(0.05)	(0.11)
Realized gains (losses) for the period	(0.04)	(0.18)
Unrealized gains (losses) for the period	0.14	(2.53)
Transaction Costs	-	-
Total increase (decrease) from operations (a)	0.19	(2.47)
Distributions:		
From income (excluding dividends)	-	(0.08)
From dividends	-	-
From capital gains	-	-
Return of capital	(0.28)	(0.44)
Total annual distributions (a)	(0.28)	(0.52)
Net assets per unit, GAAP, end of period	\$ 7.15	\$ 6.82

Ratios and Supplemental data:

Net assets, GAAP, end of period	\$ 278,346	\$ 311,206
Adjustment from bid to closing price	\$ 12,374	\$ 892
Net assets, Trading, end of period	\$ 290,720	\$ 312,098
Number of units outstanding, end of period	40,579	45,648
Net asset value per unit, Trading, end of period	\$ 7.16	\$ 6.84
Management expense ratio (MER) (c)	1.43%	1.42%
Management expense ratio before waivers or absorptions	2.43%	2.22%
Portfolio turnover rate (d)	5.89%	10.34%
Trading expense ratio (e)	0.00%	0.02%

- (a) Net asset value 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 asset value 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.

MERITAS MONTHLY DIVIDEND AND INCOME 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 2.45%. 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.

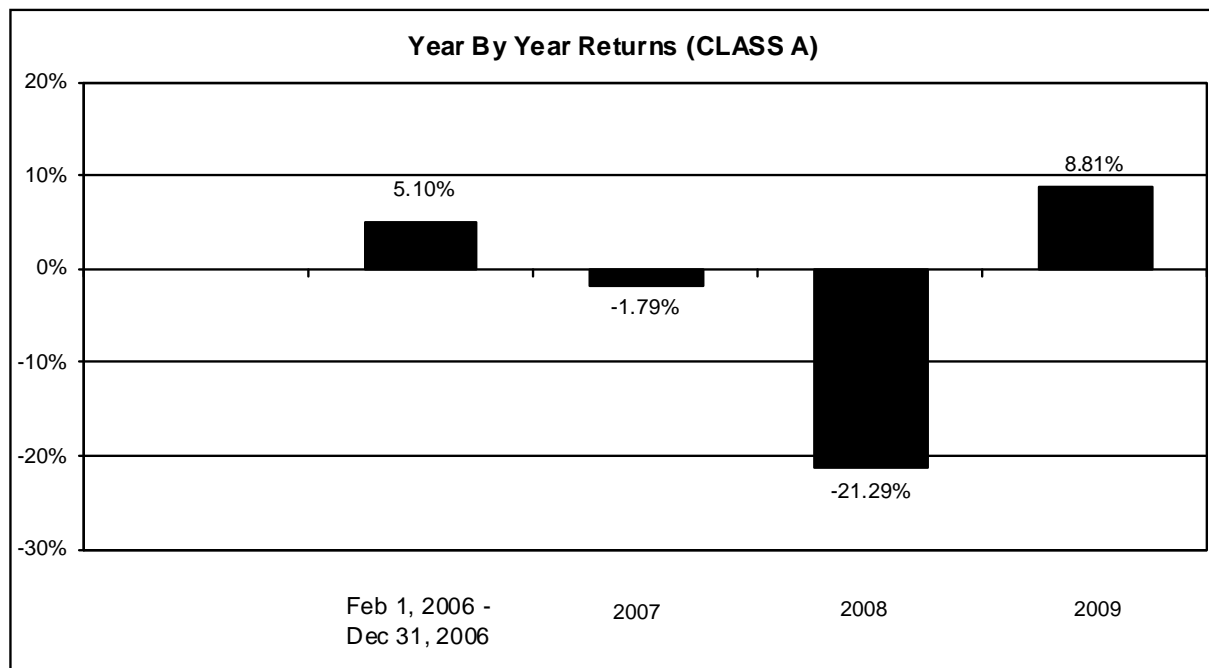
Sales Charge Option	Deferred Sales Charge	Front End Sales Charge	Low Load Sales Charge
Trailer Fees (annual)	0.50%	1.00%	0.75%
Sales Commission (paid once at purchase)	4.90%	0.00%	2.00%

Past Performance

The following 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.

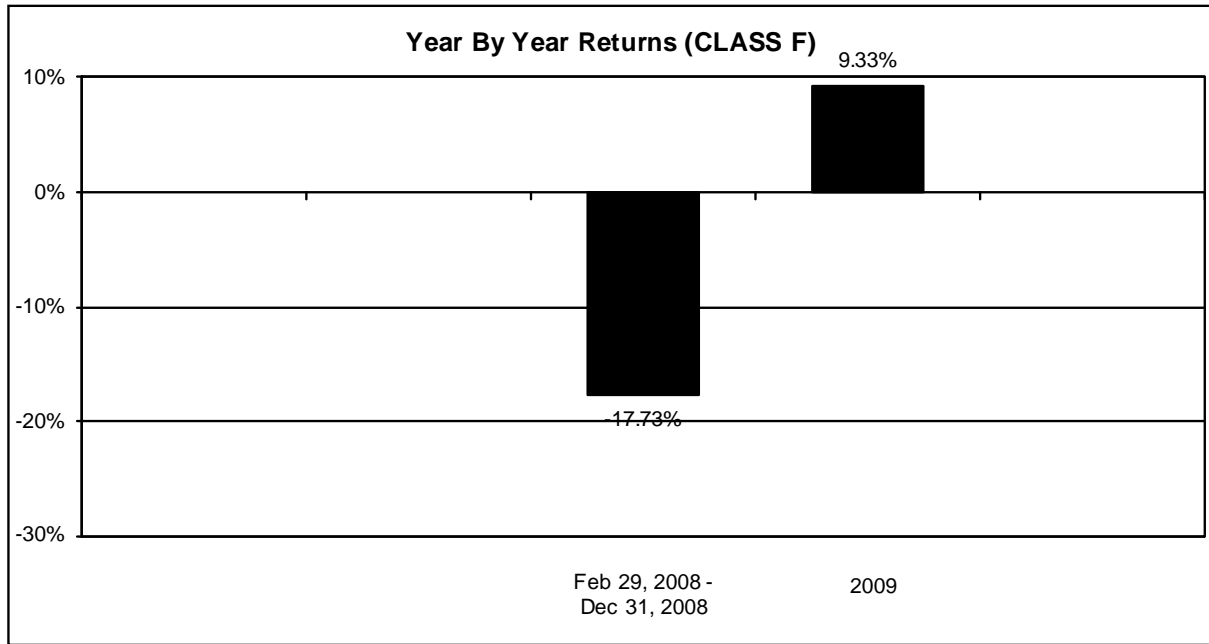
Year-by-year Returns

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 MONTHLY DIVIDEND AND INCOME FUND

Past Performance (continued)



MERITAS MONTHLY DIVIDEND AND INCOME FUND

Summary of Investment Portfolio at June 30, 2009

Top 25 Holdings:

Security Name	% of net assets, GAAP
Royal Bank of Canada	4.8
Bank of Nova Scotia	4.4
The Toronto-Dominion Bank	4.0
Nexen Inc.	3.9
Metro Inc. 'A'	3.1
Kinross Gold Corporation	3.0
EnCana Corporation	2.9
Enbridge Inc.	2.9
Manulife Financial Corporation	2.8
Cash and other net assets	2.8
Petro-Canada	2.7
Canadian National Railway Company	2.6
Canadian Tire Corporation 'A'	2.3
Pembina Pipeline Income Fund	2.3
Talisman Energy Inc.	2.2
Stantech Inc.	2.2
Thomson Reuters Corporation	2.1
Great-West Lifeco Inc.	2.0
Enerplus Resources Fund	1.6
Suncor Energy Inc.	1.5
Potash Corporation of Saskatchewan Inc.	1.4
Winpak Limited	1.4
Shaw Communications Inc. 'B'	1.3
Bank of Montreal	1.3
Government of Canada 5.75% Jun/01/2029	1.3
	62.8

Sector Weightings:

Sector	% of net assets, GAAP
Energy	27.5
Financials	26.1
Consumer Discretionary	13.3
Industrials	9.2
Materials	8.3
Consumer Staples	7.9
Cash and other net assets	2.8
Information Technology	2.0
Utilities	1.6
Telecommunication Services	1.3
Health Care	0.0
	100.0

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

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