

**Interim Management Report  
of Fund Performance**

**For:**

Meritas Money Market Fund  
For the period ended June 30, 2009

## **MERITAS MONEY MARKET FUND**

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*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](http://www.meritas.ca) or SEDAR at [www.sedar.com](http://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**

GWL Investment Management, Winnipeg, MB

#### **Investment Objective and Strategies**

The principal investment objective of the Fund is to maintain its principal value while providing daily interest income through investing in short-term investment notes.

#### **Risk**

The risk level of the Fund has decreased over the period as the Fund had previously been invested in a combination of commercial paper, banker's acceptance paper and Government of Canada treasury bills and is now invested almost entirely in Government of Canada Treasury Bills.

#### **Results of Operations**

The Fund size decreased from \$5.8 million to \$5.0 million throughout the period. The decrease was primarily caused by net redemptions of Fund units. Decreasing short term interest rates have led to lower yields and returns for the Fund over the period in comparison to prior periods and some investors have chosen to search out alternative investments. This pattern of decreasing yields may not continue into the second half of 2009 as there is little room for the yields to decline further.

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.

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### **Management Discussion of Fund Performance (continued)**

#### **Recent Developments**

##### **Change in Classes of Fund Offered For Sale**

Class F Units of the Fund were established on January 30, 2008. The date of commencement of operations for the F Units is different as it is based on the first sale of Class F Units of the Fund. Financial results for Class F Units are presented from the date operations commenced (March 20, 2009).

Class F Units are available only to investors who participate in fee-based programs with their financial advisor, certain institutional investors, our employees and employees of our affiliates and other investors who subscribe for any hold a minimum dollar amount of Class F Units and have been approved by the Manager, at its discretion. Class A Units are available to all investors and are sold subject to front-end load charge, low load charge or a deferred sales charge.

##### **Change in Sub-Advisor**

Effective January 26, 2009 the sub-advisor for the Fund was changed from Genus Capital Management to GWL Investment Management.

##### **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 MONEY MARKET 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
<b>Net assets per unit, GAAP</b>						
beginning of periods (a)(e)	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
<b>Initial adoption of Section 3855</b>	-	-	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.04	0.29	0.40	0.40	0.25	0.23
Total expenses	(0.03)	(0.08)	(0.07)	(0.08)	(0.07)	(0.08)
Realized gains (losses) for the periods	-	-	-	-	-	-
Unrealized gains (losses) for the periods	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
<b>Total increase (decrease) from operations (a)</b>	<b>0.01</b>	<b>0.21</b>	<b>0.33</b>	<b>0.32</b>	<b>0.18</b>	<b>0.15</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.01)	(0.21)	(0.33)	(0.32)	(0.18)	(0.15)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions (a)(b)</b>	<b>(0.01)</b>	<b>(0.21)</b>	<b>(0.33)</b>	<b>(0.32)</b>	<b>(0.18)</b>	<b>(0.15)</b>
<b>Net assets per unit, GAAP</b>						
end of periods (a)	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
<b>Ratios and Supplemental data:</b>						
Net assets, GAAP						
end of periods	\$ 4,825,774	\$ 5,751,850	\$ 3,245,607	\$ 2,562,461	\$ 2,430,333	\$ 2,414,630
Adjustment from bid losing price	-	-	-	-	-	-
Net assets, Trading,						
end of periods	\$4,825,774	\$ 751,850	\$ 245,607	\$ 562,461	\$ 430,333	\$ 414,630
Number of units outstanding						
end of periods	482,577	575,185	324,561	256,246	243,033	241,463
Net asset value per unit, Trading,						
end of periods (a)	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Management expense ratio (MER) (c)	0.53%	0.64%	0.75%	0.76%	0.75%	0.75%
Management expense ratio before waivers or absorptions	3.65%	3.96%	4.22%	5.35%	4.92%	4.92%
Portfolio turnover rate (c)	-	-	-	-	-	-
Trading expense ratio (d)	-	-	-	-	-	-

- (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 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.

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### 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 March 20, 2009. This information is derived from the Fund's interim financial statements. To obtain a copy of any of these statements please see the information presented earlier in this document.

#### CLASS F Units

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2009

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<b>Net assets per unit, GAAP,</b>	
beginning of period	\$ 10.00
Initial adoption of Section 3855	-
<b>Increase (decrease) from operations:</b>	
Total revenue	0.08
Total expenses	(0.01)
Realized gains (losses) for the period	-
Unrealized gains (losses) for the period	(0.05)
Transaction Costs	-
<b>Total increase (decrease) from operations (a)</b>	<b>0.01</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.01)
From dividends	-
From capital gains	-
Return of capital	-
<b>Total annual distributions (a)</b>	<b>(0.01)</b>
<b>Net assets per unit, GAAP,</b>	
end of period	\$ 10.00

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#### Ratios and Supplemental data:

Net assets, GAAP,	
end of period	\$ 217,878
Adjustment from bid to closing price	\$ -
Net assets, Trading,	
end of period	\$ 217,878
Number of units outstanding,	
end of period	21,788
Net asset value per unit, Trading,	
end of period	\$ 10.00
Management expense ratio (MER) (c)	0.29%
Management expense ratio before waivers or absorptions	3.41%
Portfolio turnover rate (d)	-
Trading expense ratio (e)	-

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- (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.

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### 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 1.15%. 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.

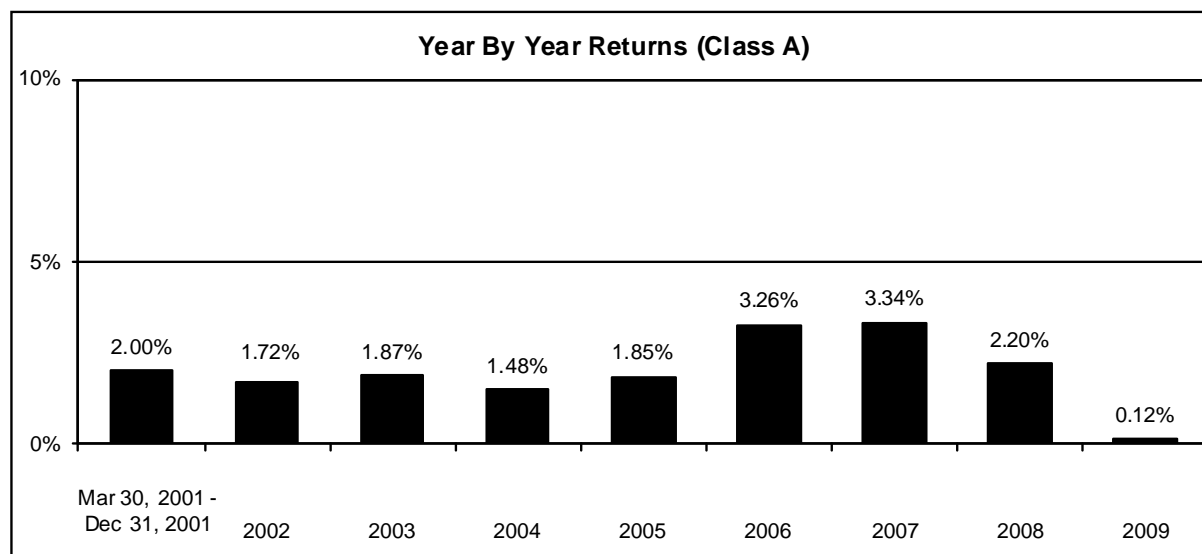
Sales Charge Option	Deferred Sales Charge	Front End Sales Charge	Low Load Sales Charge
Trailer Fees (annual)	0.00%	0.25%	0.00%
Sales Commission (paid once at purchase)	4.90%	0.00%	2.00%

### 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.

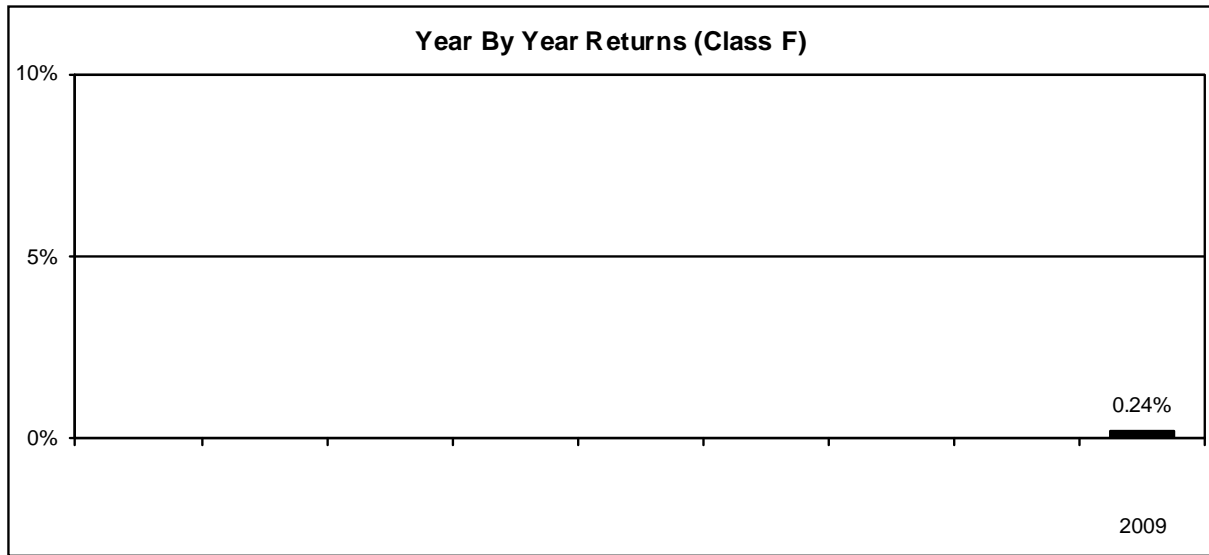
#### Year-by-year Returns

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.



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### Summary of Investment Portfolio at June 30, 2009

All Holdings:

Security Name	Maturity Date	Interest Rate	% of net assets, GAAP
Canada Treasury Bills	Jul/09/2009	0.39%	63.5
Canada Treasury Bills	Oct/15/2009	0.24%	15.4
Canada Treasury Bills	Aug/20/2009	0.17%	12.4
Bank of Nova Scotia	Aug/12/2009	0.30%	8.1
Cash and other net assets			0.6
Total			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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