



2009 Interim Report (unaudited)

Veritas Canadian Select Portfolio

Disclosure of Auditor's Review:

Veritas Canadian Select Portfolio

The accompanying unaudited interim financial statements have been prepared by First Defined Portfolio Management Co., the Manager of the Veritas Canadian Select Portfolio (the "Fund"). The Fund's Manager is responsible for the information and representations contained in these interim financial statements and other sections of the report.

The Fund's independent auditors have not performed a review of these interim financial statements.

The interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund is described in note 3 to the interim financial statements.



Mark Bradley
Director



Ron McAlister
Director

First Trust Portfolios Canada

Veritas Canadian Select Portfolio

SCHEDULE OF INVESTMENTS As at December 31, 2009 (unaudited)

Number of Shares		Category	Average Cost (\$)	Fair Value (\$)	% of Total
6,542	Baytex Energy Trust	Income Trust	173,275	193,185	5.53
6,455	BCE Inc.	Common Stock	158,119	186,872	5.34
3,154	Canadian National Railway Co.	Common Stock	166,004	180,251	5.16
2,624	Canadian Natural Resources Ltd.	Common Stock	169,809	198,558	5.68
7,136	Cenovus Energy Inc.	Common Stock	196,055	188,890	5.40
11,803	IESI-BFC Ltd.	Common Stock	165,845	197,936	5.66
5,569	Loblaw Companies Ltd.	Common Stock	175,155	188,344	5.39
10,148	Manulife Financial Corp.	Common Stock	190,154	195,856	5.60
25,789	Maple Leaf Foods Inc.	Common Stock	243,143	299,153	8.56
4,915	Metro Inc.	Common Stock	186,328	192,668	5.51
3,906	National Bank of Canada	Common Stock	220,730	234,985	6.71
7,348	Nexen Inc.	Common Stock	173,129	184,729	5.28
4,035	Royal Bank of Canada	Common Stock	228,051	227,413	6.50
8,512	Shaw Communications Inc.	Common Stock	170,887	183,859	5.26
4,906	Suncor Energy Inc.	Common Stock	169,112	182,062	5.21
36,813	The Consumers' Waterheater Income Fund	Income Fund	225,676	153,878	4.40
12,000	The Jean Coutu Group (PJC) Inc.	Common Stock	105,952	116,280	3.33
2,904	Toronto-Dominion Bank	Common Stock	179,905	191,490	5.48
Total investments			3,297,329	3,496,409	100.00
Transaction costs			(3,003)	—	—
Net investments			3,294,326	3,496,409	100.00

See accompanying notes.

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STATEMENTS OF NET ASSETS As at December 31 (unaudited) and June 30 (audited)


	December 31, 2009 (\$)	June 30, 2009 (\$)
Assets		
Investments, at fair value	3,496,409	2,037,521
Cash	66,491	644,525
Accrued investment income receivable	10,320	12,041
Due from Manager	79,988	38,939
Subscription receivable	—	5,977
	3,653,208	2,739,003
Liabilities		
Accrued liabilities	67,419	33,745
Redemption payable	—	8,399
	67,419	42,144
Total net assets and shareholders' equity	3,585,789	2,696,859
Total Shareholder Equity for each class		
Series A	2,526,612	1,716,550
Series F	1,059,177	980,309
Shares outstanding [note 5]		
Series A	298,063	225,582
Series F	122,386	127,081
Net assets per class		
Series A	8.48	7.61
Series F	8.65	7.71
Investments, at average cost	3,294,326	2,011,919

STATEMENTS OF OPERATIONS For the periods ended December 31 (unaudited)

	December 31, 2009 (\$)	December 31, 2008 (\$)
Revenues		
Dividends, net of withholding taxes	39,056	16,949
Interest	—	1,379
Other income	—	26
Income trust income	13,193	21,378
	52,249	39,732
Expenses [note 6]		
Other expenses	34,265	22,104
Management fees	25,735	18,587
Custody fees	15,494	2,706
Securityholder reporting costs	13,755	28,289
Audit fees	2,713	4,606
Independent Review Committee fees	302	192
	92,264	76,484
Expenses absorbed by the Manager	(55,000)	(50,000)
	37,264	26,484
Net investment income	14,985	13,248
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments [note 7]	157,835	(488,245)
Transaction costs [note 3]	(5,267)	(9,477)
Change in unrealized appreciation (depreciation) of investments	176,477	(108,177)
Net gain (loss) on investments	329,045	(605,899)
Net increase (decrease) in net assets resulting from operations	344,030	(592,651)
Increase (decrease) in net assets from operations for each class		
Series A	225,180	(346,006)
Series F	118,850	(246,645)
Increase (decrease) in net assets from operations per share		
Series A	0.90	(2.04)
Series F	0.93	(2.12)

See accompanying notes.

On behalf of the Board of Directors of the Manager,

 Director

 Director

First Trust Portfolios Canada

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STATEMENTS OF CHANGES IN NET ASSETS For the periods ended December 31 (unaudited)

	2009 Series A (\$)	2008 Series A (\$)	2009 Series F (\$)	2008 Series F (\$)
Net assets, beginning of period	1,716,550	1,271,915	980,309	719,912
Net increase (decrease) in net assets resulting from operations	225,180	(346,006)	118,850	(246,645)
Capital share transactions [note 5]				
Proceeds from issuance of shares	797,833	527,211	79,069	601,092
Redemption of shares	(212,951)	(75,125)	(119,051)	(136,251)
	584,882	452,086	(39,982)	464,841
Increase (decrease) in net assets for the period	810,062	106,080	78,868	218,196
Net assets, end of period	2,526,612	1,377,995	1,059,177	938,108
			2009 Total (\$)	2008 Total (\$)
Net assets, beginning of period			2,696,859	1,991,827
Net increase (decrease) in net assets resulting from operations			344,030	(592,651)
Capital share transactions [note 5]				
Proceeds from issuance of shares			876,902	1,128,303
Redemption of shares			(332,002)	(211,376)
			544,900	916,927
Increase (decrease) in net assets for the period			888,930	324,276
Net assets, end of period			3,585,789	2,316,103

See accompanying notes.

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Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

1. THE FUND

Veritas Canadian Select Portfolio (the “Fund”) represents a separate class of shares of FT Mutual Fund Corporation (“Fundcorp”) and has its own separate pool of assets within Fundcorp. The date of inception of the Fund was April 15, 2008.

Fundcorp was formed under the laws of Ontario by articles of incorporation dated July 5, 2007, as amended by articles of amendment dated November 30, 2007 in order to remove certain transfer restrictions on the shares of Fundcorp. The authorized capital of Fundcorp includes separate classes of mutual fund shares and separate series of each class. The Fund represents only one of the classes of mutual fund shares offered by Fundcorp. Subject to its articles and applicable law, Fundcorp may offer additional new classes and new series at any time. First Defined Portfolio Management Co. is Manager of the Fund.

2. INVESTMENT STRATEGIES

The fundamental investment objective of the Fund is to provide long-term capital appreciation by investing primarily in the same portfolio of securities, and tracking the performance of, the “V-List” (as it may be renamed and reconstituted from the time to time) chosen by Veritas Investment Research Corporation (“Veritas”).

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reported period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

Effective July 1, 2009, the Fund adopted the recent amendments to CICA 3862, Financial Instruments – Disclosures. Disclosures about fair value of Financial Instruments, requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund’s financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

An amendment to CICA 3862, Financial Instruments – Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 One or more significant pricing inputs are unobservable for the financial asset or liability and include situations where there is little, if any, market activity for the financial asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Disclosures

Section 1535 (Capital Disclosures) specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Section 1535 does not have a significant impact on the Fund's disclosures as: (i) the Fund's objectives, policies and processes are described in Note 2; (ii) information on the Fund's shareholders' equity is described in Note 5; and (iii) the Fund does not have any externally imposed capital requirements.

Financial Instruments

The Fund adopted new CICA Handbook sections 3862, "Financial Instruments – Disclosures" ("Section 3862") and 3863, "Financial Instruments – Presentation" ("Section 3863"), replacing the previous section 3861. Section 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments, and how the Fund manages those risks (which disclosure is contained in Note 10, "Financial risk management"). Section 3863 carries forward unchanged the presentation requirements of section 3861 with respect to financial instruments.

Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are charged to net investment income in the period incurred and are presented as a separate line item in the Statements of Operations.

Valuation of Investments

Investments in listed securities are measured at fair value, which is determined in reference to their quoted bid prices on the principal securities exchange on which the issue is traded. The difference between the fair value and average cost is included in shareholders' equity as unrealized appreciation (depreciation) on investments.

A separate net asset value is calculated for each series of shares of a fund. The net assets value of a particular series of share is computed by calculating the value of the series' proportionate share of the assets and liabilities of the fund common to all series less direct expenses attributable only to that series. The net assets value is divided by the number of shares outstanding for each series on the day of valuation to compute net assets value per share. Other expenses are allocated proportionately to each series based upon the relative net assets value of each series. Expenses are accrued daily.

Investment transactions and gains and losses on disposal of investments

Investment transactions are accounted for on the trade date. Realized gains and losses from investments are determined on an average cost basis.

Recognition of income and expenses

Income from investment transactions is recognized on an accrual basis. Interest income is recognized as earned and dividends and distribution income are recognized on the ex-dividend date.

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December 31, 2009 and 2008 (unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The financial statements are prepared in Canadian Dollars. Investments purchased or sold in foreign currencies are translated into Canadian dollars using the exchange rate prevailing on the trade date. Income on foreign investments is recorded net of withholding taxes and is translated at the rate of exchange on the dates of such transactions. The fair values of investments and other assets and liabilities in foreign currencies are translated at the year-end exchange rates.

Increase (decrease) in net assets from operations per share

Increase (decrease) in net assets from operations per share represents the increase (decrease) in net assets from operations by series divided by the average shares outstanding per series during the period.

4. FAIR VALUE DISCLOSURES

The Fund's assets recorded at fair value have been categorised based upon a fair value hierarchy in accordance with the amendments to CICA 3862. See Note 3 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

	Financial Assets at Fair Value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Equities	3,496,409	–	–	3,496,409
	3,496,409	–	–	3,496,409

As of December 31, 2009, there were no transfers of investment between level 1 and level 2.

5. SHAREHOLDERS' EQUITY

The Fund is authorized to issue two Series of shares; Series A and Series F. Series A are available for any investor. Series F is only available to clients of certain dealers and brokers who have agreements with the Manager of the Fund.

Shares of the Fund are offered on a continuous basis and may be redeemed at the net asset value for transactional purposes thereof next determined following receipt by the Fund of an application for redemption.

Sales charge is payable up to 3.00% of the subscription price of Series A (where such subscription price includes the sales charge, if any). No sales charge is applicable for Series F.

The Fund issued (redeemed) the following shares during the periods ended December 31 (unaudited) and June 30:

	December 31, 2009			June 30, 2009		
	Issued	Redeemed	Outstanding	Issued	Redeemed	Outstanding
Series A	99,763	(27,282)	298,063	114,529	(23,240)	225,582
Series F	9,707	(14,402)	122,386	89,076	(37,806)	127,081

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6. MANAGEMENT FEES AND EXPENSES

The Manager is entitled to receive management fees from the Fund at the annual rates set out below:

	Annual Management Fee	
	(payable monthly) (%)	(payable quarterly) (%)
Series A	0.95	1.00
Series F	0.95	–

The management fee is accrued daily, based on the daily net asset value and is paid monthly or quarterly, as shown above. The Fund bears all other operating expenses, including brokerage commissions, taxes, legal, audit, custodial and trustee expenses.

7. NET REALIZED GAIN (LOSS) ON INVESTMENTS

The net realized gain (loss) on sale of investments was as follows:

	2009 (\$)	2008 (\$)
Cost of investments at beginning of period	2,011,919	1,792,442
Add: Purchases of investments during the period	3,080,633	3,301,093
	5,092,552	5,093,535
Less: Cost of investments at end of period	3,294,326	1,720,687
Cost of investments sold during the period	1,798,226	3,372,848
Less: Proceeds from sale of investments	1,956,061	2,884,603
Net realized gain (loss) on investments	157,835	(488,245)

8. TAXATION

Income taxes

The Fundcorp is a “mutual fund corporation” as defined in the Income Tax Act (Canada) (the “Act”) and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. The Fundcorp is generally subject to a tax of 33 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fundcorp is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses. Accumulated non-capital losses of approximately \$165,000 and capital losses of approximately \$21,700,000 are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The non-capital losses expire in 2028 and the capital losses can be carried forward indefinitely.

9. COMMISSION

Total commissions and other transaction costs paid or payable to dealers by the investment fund for its portfolio transactions during the period reported were \$5,267 (2008 – \$9,477). There were no soft dollars paid during the period (2008 – Nil).

10. FINANCIAL RISK MANAGEMENT

The Fund’s financial instruments consist of cash, investments, and other short-term account receivables and account payables. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, credit risk, liquidity risk and currency risk. These risks and related risk management practices employed by the Fund are discussed below:

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10. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges. As at December 31, 2009 and June 30, 2009, the overall market exposures were as follows:

	At December 31, 2009		At June 30, 2009	
	Fair Value(\$)	% Net Assets	Fair Value(\$)	% Net Assets
Securities held for trading	3,496,409	97.51%	2,037,521	75.55%
Total market exposure	3,496,409	97.51%	2,037,521	75.55%

As at December 31, 2009, the Fund's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2009, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Market Sensitivity	At December 31, 2009		At June 30, 2009	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
Index				
S&P/TSX Composite Index	161,447	161,447	81,869	81,869
Total	161,447	161,447	81,869	81,869

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

Credit risk

As at December 31, 2009, the Fund had no significant investments in debt instruments and/or derivatives.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable shares. Therefore, the Fund invests the majority of its assets in investments that are traded in the active market and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. No such borrowings occurred during the year.

Currency risk

The Fund holds assets and liabilities, including cash, short-term investments, equities that are in Canadian Dollars. It is therefore not exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

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11. NET ASSETS AND NET ASSET VALUE

The Canadian Securities and regulatory authorities have published amendments to National Instruments 81-106 "Investments Fund Continuous Disclosure" ("NI 81-106") that remove the requirement that net asset value for transactional purposes, ("Net Asset Value") be calculated in accordance with CICA Handbook section 3855 "Financial Instruments – Recognition and Measurement" effective September 8, 2008. As a result of the amendments, the Net Asset Value of investment funds will continue to be calculated based on the fair value of investments using the close or last trade price. The net assets per share for financial reporting purposes ("Net Assets") and Net Asset Value per share could be different due to the use of different valuation techniques. As at December 31, 2009, the Fund's net asset value per share was \$8.50 (2008 – \$7.40) per Series A share & \$8.68 (2008 – \$7.46) per Series F share. The difference between the net asset value per share for shareholder transactions and the net assets per share as shown on the Statement of Net Assets is due to the use of different pricing methodologies discussed above.

12. CHANGEOVER TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As of December 31, 2009, the Manager has commenced the development of a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for conversion to International Financial Reporting Standards (IFRS). The key elements of the plan include disclosures of the qualitative impact in the 2009 and 2010 financial statements, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS, with comparatives. The impact the conversion from Canadian GAAP to IFRS will have on the Fund's net assets, accounting policies, financial statements and other business arrangements is being evaluated by the Manager.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation for the period ended December 31, 2009.

First Defined Portfolio Management Co.

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