

MD Family of Funds

2011 Annual Financial Statements



PHYSICIAN
SERVICES INC.
A CMA COMPANY

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A Message Regarding Your Financial Statements

Dear MD Family of Funds Investor:

As part of our commitment to keeping you informed about your MD Fund investments, please find attached the 2011 annual financial statements.

The annual financial statements are produced on a fund-by-fund basis, and your report only includes information on the funds you owned as of December 31, 2011.

If you have any questions regarding these documents, please contact your MD advisor or the MD TradeCentre at **1 800 267-2332**. We thank you for your continued investment in the MD Family of Funds.

Audited Annual Financial Statements for the Year Ended December 31, 2011

These audited Annual Financial Statements do not contain the Annual Management Report of Fund Performance ("MRFP") of the investment fund. If you have not received a copy of the Annual MRFP with this report, you may obtain a copy of the Annual MRFP at your request, and at no cost, by calling the toll-free number 1 800 267-2332, by writing to us at MD Physician Services Inc., 1870 Alta Vista Drive, Ottawa ON K1G 6R7, by visiting our website at md.cma.ca or by visiting the SEDAR website at sedar.com. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MD Physician Services Inc. either wholly owns or has a majority interest in its seven subsidiaries (the MD group of companies*), provides financial products and services, is the fund manager for the MD family of mutual funds, offers investment counselling services, and also provides practice management services (such as consulting, EMR and Health Portal solutions) and related billing services.

* For a detailed list of companies, visit md.cma.ca.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Standard performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges payable by any securityholder which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. You may obtain a copy of the prospectus before investing by calling your MD advisor or the MD TradeCentre at 1 800 267-2332.

MD Family of Funds

Management's Responsibility for Financial Reporting

Management acknowledges responsibility for the preparation and presentation of the financial statements of MD Money Fund, MD Bond Fund, MD Bond and Mortgage Fund, MD Balanced Fund, MD Dividend Fund, MD Income & Growth Fund, MD Equity Fund, MD Select Fund, MD American Value Fund, MD American Growth Fund, MD International Value Fund, MD International Growth Fund, MD Growth Investments Limited, MD Conservative Portfolio, MD Moderate Balanced Portfolio, MD Balanced Growth Portfolio, MD Maximum Growth Portfolio, MD PIM Canadian Equity Pool and MD PIM US Equity Pool (collectively "the Funds"). These financial statements have also been approved, in its capacity as trustee, by the Board of Directors of MD Physician Services Inc., with the exception of MD Growth Investments Limited, which has been approved by its own Board of Directors.

The financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Management has, where required, made these judgments and estimates on a reasonable basis to ensure that the financial statements are presented fairly in all material respects. Management also maintains strong internal controls to provide reasonable assurance that the financial information provided is reliable and accurate, that the funds' assets are appropriately accounted for and safeguarded, and that any compliance requirements arising under corporate legislation, securities regulations and internal codes of business conduct are strictly adhered to.

The Board of Directors of MD Physician Services Inc. and MD Growth Investments Limited are responsible to ensure that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the respective financial statements as outlined above.

The Board of Directors for MD Physician Services Inc. and MD Growth Investments Limited (the "Boards"), meet with the external auditors periodically to discuss internal control, accounting and auditing matters and financial reporting issues in order to satisfy themselves, that each party's Board of Directors has properly discharged its statutory responsibilities with regards to financial reporting. The Boards review unaudited semiannual financial statements and audited annual financial statements including the external auditors' report thereon. The Boards consider these findings when making their ultimate approval of the financial statements for issuance. The Boards also review the appointment of the external auditors annually.

The financial statements have been audited by PricewaterhouseCoopers LLP, the external auditors, in accordance with Canadian generally accepted standards. PricewaterhouseCoopers LLP has full and free access to the MD Physician Services Inc. and MD Growth Investment Limited Boards.

Signed on behalf of MD Growth Investments Limited.



Guy Bélanger
President and Chief Executive Officer
MD Growth Investments Limited



Christine Allison
Chief Financial Officer
MD Growth Investments Limited

Signed on behalf of MD Physician Services Inc., in its capacity as trustee for MD Money Fund, MD Bond Fund, MD Bond and Mortgage Fund, MD Balanced Fund, MD Dividend Fund, MD Income & Growth Fund, MD Equity Fund, MD Select Fund, MD American Value Fund, MD American Growth Fund, MD International Value Fund, MD International Growth Fund, MD Conservative Portfolio, MD Moderate Balanced Portfolio, MD Balanced Growth Portfolio, MD Maximum Growth Portfolio, MD PIM Canadian Equity Pool and MD PIM US Equity Pool.



Brian Peters
President and Chief Executive Officer
MD Physician Services Inc.



Guy Bélanger
Chief Financial Officer
MD Physician Services Inc.



March 9, 2012

Independent Auditor's Report

To the Unitholders and Trustee of:

MD Money Fund	MD Equity Fund	MDPIM Canadian Equity Pool
MD Bond Fund	MD Select Fund	MDPIM US Equity Pool
MD Bond and Mortgage Fund	MD American Value Fund	MD Conservative Portfolio
MD Balanced Fund	MD American Growth	MD Moderate Balanced Portfolio
MD Dividend Fund	MD International Value Fund	MD Balanced Growth Portfolio
MD Income & Growth	MD International Growth Fund	MD Maximum Growth Portfolio

and

To the Shareholders of:

MD Growth Investments Limited

(collectively the "Funds")

We have audited the accompanying financial statements of each of the Funds, which comprise the statement of investment portfolio as at December 31, 2011 and the statements of net assets, operations and changes in net assets as at and for the periods indicated in note 1, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on each of our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds, the results of each of their operations and the changes in each of their net assets as at and for the periods indicated in note 1 in accordance with Canadian generally accepted accounting principles

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

MD International Growth Fund

Statement of Investment Portfolio as at December 31, 2011

(in \$'000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Foreign Equities			
Australia (1.99%)			
BHP Billiton Limited	91,512	2,381	3,283
Total for Australia		2,381	3,283
Brazil (2.23%)			
BM&F BOVESPA SA NPV	153,900	1,281	821
Embraer SA ADR	47,100	1,268	1,207
Natura Cosméticos SA	83,300	2,336	1,647
Total for Brazil		4,885	3,675
Cayman Islands (0.47%)			
Tencent Holdings Limited	37,800	886	772
Total for Cayman Islands		886	772
China (2.88%)			
China Life Insurance Co., Limited Cl. H	534,475	1,757	1,342
China Merchants Bank Co., Ltd. Cl. H	820,398	2,130	1,684
Industrial and Commercial Bank of China Cl. H	2,850,000	2,586	1,720
Total for China		6,473	4,746
Denmark (3.20%)			
Novo Nordisk A/S Cl. B	45,113	3,219	5,279
Total for Denmark		3,219	5,279
France (6.55%)			
Air Liquide SA	26,276	3,173	3,312
LVMH Moët Hennessy Louis Vuitton SA	27,855	3,243	4,001
Publicis Groupe SA	53,261	2,521	2,496
Vallourec SA	15,200	1,328	1,006
Total for France		10,265	10,815
Germany (11.90%)			
Adidas-Salomon AG	55,036	3,632	3,651
Allianz AG	23,600	3,211	2,294
Fresenius Medical Care AG & Co. KGaA	49,497	2,834	3,432
SAP AG	83,005	3,830	4,480
Siemens AG	32,100	3,951	3,124
Volkswagen AG Preferred	17,520	1,658	2,664
Total for Germany		19,116	19,645
Hong Kong (5.03%)			
CNOOC Limited	1,425,609	2,335	2,535
Hang Lung Properties Ltd.	546,049	2,033	1,573
Hong Kong Exchanges & Clearing Limited	192,067	3,172	3,136
Sinopharm Medicine Holding Co., Ltd. Cl. H	432,600	1,867	1,053
Total for Hong Kong		9,407	8,297
Ireland (1.44%)			
Covidien PLC	51,850	2,543	2,373
Total for Ireland		2,543	2,373
Israel (3.42%)			
Check Point Software Technologies Ltd.	35,673	1,947	1,905
Teva Pharmaceutical Industries Ltd. ADR	91,100	4,949	3,739
Total for Israel		6,896	5,644

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Japan (11.37%)			
Canon Inc.	59,961	2,773	2,693
Fanuc Ltd.	13,394	1,290	2,080
KDDI Corporation	386	2,485	2,521
Komatsu Ltd.	153,800	3,454	3,648
Mitsubishi UFJ Financial Group, Inc.	747,700	4,382	3,210
The Dai-ichi Life Insurance Company	1,250	2,186	1,246
Toyota Motor Corporation	99,741	4,235	3,370
Total for Japan		20,805	18,768
Mexico (1.20%)			
Wal-Mart de Mexico SA de CV Series V	714,700	1,715	1,986
Total for Mexico		1,715	1,986
Netherlands (0.52%)			
Yandex NV	43,100	1,305	862
Total for Netherlands		1,305	862
South Korea (1.45%)			
Hyundai Motor Co., Ltd.	12,740	1,268	2,395
Total for South Korea		1,268	2,395
Sweden (4.65%)			
Assa Abloy AB Series B	146,900	3,563	3,750
Hennes & Mauritz AB Cl. B	95,193	2,884	3,097
Svenska Handelsbanken AB Series A	31,100	815	832
Total for Sweden		7,262	7,679
Switzerland (8.52%)			
Credit Suisse Group	103,100	4,090	2,467
Julius Baer Group Ltd.	54,587	1,885	2,175
Nestlé SA	70,425	2,888	4,120
Novartis AG	72,924	4,277	4,247
Swatch Group	2,780	1,118	1,059
Total for Switzerland		14,258	14,068
Taiwan (0.57%)			
High Tech Computer Corp.	56,600	1,277	945
Total for Taiwan		1,277	945
Turkey (0.85%)			
Turkiye Garanti Bankasi AS ADR	446,100	2,388	1,411
Total for Turkey		2,388	1,411
United Kingdom (20.83%)			
ARM Holdings PLC	182,785	522	1,704
BG Group PLC	179,576	2,562	3,905
Carnival PLC	98,865	3,598	3,320
Kingfisher PLC	803,096	3,208	3,179
Pearson PLC	125,122	1,783	2,390
Reckitt Benckiser Group PLC	80,921	4,422	4,065
Rolls-Royce Holdings PLC	108,970	1,033	1,284
SABMiller PLC	77,076	2,178	2,760
Standard Chartered PLC	188,746	4,746	4,201
Tesco PLC	678,460	4,804	4,324
Vodafone Group PLC	1,145,700	3,219	3,238
Total for United Kingdom		32,075	34,370

Percentages shown in brackets relate investments at fair value to total fair value of investments of the Fund. The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Statement of Investment Portfolio as at December 31, 2011

(in \$'000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
United States (10.93%)			
iShares MSCI EAFE Index Fund	273,000	14,558	13,722
Schlumberger Limited	62,300	4,027	4,327
Total for United States		18,585	18,049
Total for Foreign Equities (100.00%)		167,009	165,062
Total for MD International Growth Fund (100.00%)		\$167,009	\$165,062

Schedule of Derivative Instruments

(in \$'000's)

Forward Currency Contracts

Currency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
Counterparty: Brown Brothers Harriman & Co.						
CAD	A+	01/03/12	1.000	7	7	—
HKD	A+	01/03/12	1.000	(7)	(7)	—
Counterparty: Royal Bank of Canada						
NZD	AA-	01/12/12	0.800	260	208	(2)
CAD	AA-	01/12/12	1.000	(208)	(208)	—
SEK	AA-	01/17/12	0.152	2,044	310	(8)
CAD	AA-	01/17/12	1.000	(310)	(310)	—
NOK	AA-	01/17/12	0.177	12,239	2,168	(84)
CAD	AA-	01/17/12	1.000	(2,168)	(2,168)	—
NOK	AA-	01/17/12	0.170	705	120	—
CAD	AA-	01/17/12	1.000	(120)	(120)	—
CAD	AA-	01/17/12	1.000	3,064	3,064	—
DKK	AA-	01/17/12	1.051	(2,915)	(3,064)	149
CAD	AA-	01/17/12	1.000	2,144	2,144	—
SEK	AA-	01/17/12	1.035	(2,071)	(2,144)	73
CAD	AA-	01/17/12	1.000	109	109	—
NOK	AA-	01/17/12	1.038	(105)	(109)	4
CAD	AA-	01/17/12	1.000	113	113	—
SEK	AA-	01/17/12	1.027	(110)	(113)	3
CAD	AA-	01/17/12	1.000	155	155	—
SEK	AA-	01/17/12	1.013	(153)	(155)	2
CAD	AA-	01/17/12	1.000	196	196	—
SEK	AA-	01/17/12	1.010	(194)	(196)	2
CAD	AA-	01/17/12	1.000	152	152	—
SEK	AA-	01/17/12	1.000	(152)	(152)	—
CLP	AA-	01/18/12	1.028	845	869	(19)
USD	AA-	01/18/12	1.028	(845)	(869)	9
CLP	AA-	01/18/12	1.053	19	20	(1)
USD	AA-	01/18/12	1.053	(19)	(20)	1
GBP	AA-	02/17/12	1.627	2,600	4,229	(119)
CAD	AA-	02/17/12	1.000	(4,229)	(4,229)	—
GBP	AA-	02/17/12	1.628	935	1,522	(44)
CAD	AA-	02/17/12	1.000	(1,522)	(1,522)	—
GBP	AA-	02/17/12	1.596	460	734	(7)
CAD	AA-	02/17/12	1.000	(734)	(734)	—
GBP	AA-	02/17/12	1.613	230	371	(7)
CAD	AA-	02/17/12	1.000	(371)	(371)	—
CAD	AA-	02/17/12	1.000	373	373	—
GBP	AA-	02/17/12	1.025	(364)	(373)	9

Currency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Amounts Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
CAD	AA-	02/17/12	1.000	284	284	284	—
GBP	AA-	02/17/12	1.025	(277)	(284)	(277)	7
CAD	AA-	02/17/12	1.000	608	608	608	—
GBP	AA-	02/17/12	1.025	(593)	(608)	(593)	15
CAD	AA-	02/17/12	1.000	1,151	1,151	1,151	—
GBP	AA-	02/17/12	1.004	(1,146)	(1,151)	(1,146)	5
CAD	AA-	02/17/12	1.000	220	220	220	—
GBP	AA-	02/17/12	0.995	(221)	(220)	(221)	(1)
CAD	AA-	02/27/12	1.000	147	147	147	—
CHF	AA-	02/27/12	1.043	(141)	(147)	(141)	6
CAD	AA-	02/27/12	1.000	641	641	641	—
CHF	AA-	02/27/12	1.008	(636)	(641)	(636)	5
CAD	AA-	02/27/12	1.000	310	310	310	—
CHF	AA-	02/27/12	1.000	(310)	(310)	(310)	—
KRW	AA-	02/28/12	1.032	378	390	382	(8)
USD	AA-	02/28/12	1.032	(378)	(390)	(385)	5
ILS	AA-	02/29/12	0.279	3,740	1,042	997	(45)
CAD	AA-	02/29/12	1.000	(1,042)	(1,042)	(1,042)	—
JPY	AA-	02/29/12	0.013	14,550	192	193	1
CAD	AA-	02/29/12	1.000	(192)	(192)	(192)	—
CAD	AA-	02/29/12	1.000	69	69	69	—
JPY	AA-	02/29/12	1.015	(68)	(69)	(68)	1
TWD	AA-	02/29/12	1.051	197	207	202	(5)
USD	AA-	02/29/12	1.051	(197)	(207)	(200)	7
TWD	AA-	02/29/12	1.035	85	88	87	(1)
USD	AA-	02/29/12	1.035	(85)	(88)	(87)	1
CAD	AA-	02/29/12	1.000	523	523	523	—
JPY	AA-	02/29/12	1.002	(522)	(523)	(522)	1
TWD	AA-	02/29/12	1.016	123	125	125	—
USD	AA-	02/29/12	1.016	(123)	(125)	(125)	—
CAD	AA-	02/29/12	1.000	1,265	1,265	1,265	—
JPY	AA-	02/29/12	0.985	(1,284)	(1,265)	(1,284)	(19)
TWD	AA-	02/29/12	1.022	46	47	47	—
USD	AA-	02/29/12	1.022	(46)	(47)	(47)	—
TWD	AA-	02/29/12	1.017	117	119	119	—
USD	AA-	02/29/12	1.017	(117)	(119)	(119)	—
HKD	AA-	03/01/12	0.135	3,760	508	493	(15)
CAD	AA-	03/01/12	1.000	(508)	(508)	(508)	—
HKD	AA-	03/01/12	0.132	2,985	393	391	(2)
CAD	AA-	03/01/12	1.000	(393)	(393)	(393)	—
CAD	AA-	03/01/12	1.000	295	295	295	—
HKD	AA-	03/01/12	1.031	(286)	(295)	(286)	9
CAD	AA-	03/01/12	1.000	559	559	559	—
HKD	AA-	03/01/12	1.011	(553)	(559)	(553)	6
CAD	AA-	03/01/12	1.000	606	606	606	—
HKD	AA-	03/01/12	1.000	(606)	(606)	(606)	—
CAD	AA-	03/01/12	1.000	276	276	276	—
HKD	AA-	03/01/12	1.000	(276)	(276)	(276)	—
CAD	AA-	03/01/12	1.000	397	397	397	—
HKD	AA-	03/01/12	1.010	(393)	(397)	(393)	4
BRL	AA-	03/02/12	1.021	97	99	94	(5)
USD	AA-	03/02/12	1.021	(97)	(99)	(98)	1
BRL	AA-	03/02/12	1.053	38	40	38	(2)
USD	AA-	03/02/12	1.053	(38)	(40)	(39)	1
AUD	AA-	03/07/12	1.038	400	415	415	—
CAD	AA-	03/07/12	1.000	(415)	(415)	(415)	—
CAD	AA-	03/07/12	1.000	572	572	572	—
AUD	AA-	03/07/12	0.995	(575)	(572)	(575)	(3)

Percentages shown in brackets relate investments at fair value to total fair value of investments of the Fund. The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Statement of Investment Portfolio as at December 31, 2011

(in \$000's)

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized	Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized
							Gain (Loss) CAD \$								Gain (Loss) CAD \$
CAD	AA-	03/07/12	1.000	206	206	206	—	CAD	AA-	02/17/12	1.000	976	976	976	—
AUD	AA-	03/07/12	0.995	(207)	(206)	(207)	(1)	GBP	AA-	02/17/12	1.012	(964)	(976)	(964)	12
USD	AA-	03/09/12	1.011	465	470	474	4	CHF	AA-	02/27/12	1.123	786	883	854	(29)
CAD	AA-	03/09/12	1.000	(470)	(470)	(470)	—	CAD	AA-	02/27/12	1.000	(883)	(883)	(883)	—
CAD	AA-	03/09/12	1.000	530	530	530	—	CAD	AA-	02/27/12	1.000	88	88	88	—
USD	AA-	03/09/12	1.011	(524)	(530)	(524)	6	CHF	AA-	02/27/12	1.011	(87)	(88)	(87)	1
CAD	AA-	03/09/12	1.000	118	118	118	—	USD	AA-	02/28/12	0.001	2,348,352	2,117	2,075	(42)
USD	AA-	03/09/12	1.009	(117)	(118)	(117)	1	KRW	AA-	02/28/12	0.001	(2,348,352)	(2,117)	(2,068)	49
EUR	AA-	03/23/12	1.352	5,965	8,065	7,887	(178)	USD	AA-	02/29/12	0.034	49,720	1,706	1,672	(34)
CAD	AA-	03/23/12	1.000	(8,065)	(8,065)	(8,065)	—	TWD	AA-	02/29/12	0.034	(49,720)	(1,706)	(1,674)	32
EUR	AA-	03/23/12	1.346	700	942	926	(16)	TWD	AA-	02/29/12	1.056	36	38	37	(1)
CAD	AA-	03/23/12	1.000	(942)	(942)	(942)	—	USD	AA-	02/29/12	1.056	(36)	(38)	(37)	1
CAD	AA-	03/23/12	1.000	1,832	1,832	1,832	—	JPY	AA-	02/29/12	0.014	1,121,163	15,216	14,840	(376)
MXN	AA-	03/23/12	1.025	(1,787)	(1,832)	(1,787)	45	CAD	AA-	02/29/12	1.000	(15,216)	(15,216)	(15,216)	—
CAD	AA-	03/23/12	1.000	162	162	162	—	TWD	AA-	02/29/12	1.045	66	69	67	(2)
MXN	AA-	03/23/12	1.000	(162)	(162)	(162)	—	USD	AA-	02/29/12	1.045	(66)	(69)	(67)	2
CAD	AA-	03/23/12	1.000	398	398	398	—	JPY	AA-	02/29/12	0.013	37,180	490	492	2
EUR	AA-	03/23/12	1.003	(397)	(398)	(397)	1	CAD	AA-	02/29/12	1.000	(490)	(490)	(490)	—
Counterparty: State Street Bank and Trust Co.								JPY	AA-	02/29/12	0.013	34,469	453	456	3
CAD	AA-	01/12/12	1.000	205	205	205	—	CAD	AA-	02/29/12	1.000	(453)	(453)	(453)	—
NZD	AA-	01/12/12	0.995	(206)	(205)	(205)	—	CAD	AA-	02/29/12	1.000	47	47	47	—
TRY	AA-	01/17/12	0.552	2,310	1,276	1,241	(35)	JPY	AA-	02/29/12	0.979	(48)	(47)	(48)	(1)
CAD	AA-	01/17/12	1.000	(1,276)	(1,276)	(1,276)	—	TWD	AA-	02/29/12	1.000	20	20	20	—
RUB	AA-	01/17/12	1.051	1,550	1,629	1,576	(53)	USD	AA-	02/29/12	1.000	(20)	(20)	(20)	—
USD	AA-	01/17/12	1.051	(1,550)	(1,629)	(1,577)	52	JPY	AA-	02/29/12	0.013	35,740	476	473	(3)
NOK	AA-	01/17/12	0.183	1,350	247	230	(17)	CAD	AA-	02/29/12	1.000	(476)	(476)	(476)	—
CAD	AA-	01/17/12	1.000	(247)	(247)	(247)	—	CAD	AA-	02/29/12	1.000	430	430	430	—
CAD	AA-	01/17/12	1.000	241	241	241	—	JPY	AA-	02/29/12	1.012	(425)	(430)	(425)	5
DKK	AA-	01/17/12	1.057	(228)	(241)	(228)	13	TWD	AA-	02/29/12	1.042	24	25	25	—
CAD	AA-	01/17/12	1.000	277	277	277	—	USD	AA-	02/29/12	1.042	(24)	(25)	(25)	—
DKK	AA-	01/17/12	1.049	(264)	(277)	(264)	13	CAD	AA-	03/01/12	1.000	97	97	97	—
CAD	AA-	01/17/12	1.000	390	390	390	—	HKD	AA-	03/01/12	1.000	(97)	(97)	(97)	—
SEK	AA-	01/17/12	1.026	(380)	(390)	(380)	10	HKD	AA-	03/01/12	0.131	3,515	461	461	—
CAD	AA-	01/17/12	1.000	131	131	131	—	CAD	AA-	03/01/12	1.000	(461)	(461)	(461)	—
SEK	AA-	01/17/12	1.016	(129)	(131)	(129)	2	HKD	AA-	03/01/12	0.133	4,570	608	599	(9)
CAD	AA-	01/17/12	1.000	188	188	188	—	CAD	AA-	03/01/12	1.000	(608)	(608)	(608)	—
SEK	AA-	01/17/12	1.016	(185)	(188)	(185)	3	HKD	AA-	03/01/12	0.133	2,000	266	262	(4)
CAD	AA-	01/17/12	1.000	166	166	166	—	CAD	AA-	03/01/12	1.000	(266)	(266)	(266)	—
NOK	AA-	01/17/12	1.012	(164)	(166)	(164)	2	USD	AA-	03/02/12	0.548	4,982	2,732	2,693	(39)
CAD	AA-	01/17/12	1.000	47	47	47	—	BRL	AA-	03/02/12	0.548	(4,982)	(2,732)	(2,686)	46
SEK	AA-	01/17/12	1.000	(47)	(47)	(47)	—	BRL	AA-	03/02/12	1.026	38	39	38	(1)
USD	AA-	01/18/12	0.002	25,595	51	50	(1)	USD	AA-	03/02/12	1.026	(38)	(39)	(39)	—
CLP	AA-	01/18/12	0.002	(25,595)	(51)	(50)	1	BRL	AA-	03/02/12	1.041	49	51	49	(2)
CAD	AA-	02/17/12	1.000	89	89	89	—	USD	AA-	03/02/12	1.041	(49)	(51)	(50)	1
GBP	AA-	02/17/12	1.023	(87)	(89)	(87)	2	BRL	AA-	03/02/12	1.031	32	33	32	(1)
GBP	AA-	02/17/12	1.618	220	356	348	(8)	USD	AA-	03/02/12	1.031	(32)	(33)	(33)	—
CAD	AA-	02/17/12	1.000	(356)	(356)	(356)	—	AUD	AA-	03/07/12	1.034	10,879	11,249	11,274	25
CAD	AA-	02/17/12	1.000	470	470	470	—	CAD	AA-	03/07/12	1.000	(11,249)	(11,249)	(11,249)	—
GBP	AA-	02/17/12	1.026	(458)	(470)	(458)	12	CAD	AA-	03/07/12	1.000	200	200	200	—
CAD	AA-	02/17/12	1.000	208	208	208	—	AUD	AA-	03/07/12	0.990	(202)	(200)	(202)	(2)
GBP	AA-	02/17/12	1.015	(205)	(208)	(205)	3	CAD	AA-	03/07/12	1.000	26	26	26	—
CAD	AA-	02/17/12	1.000	87	87	87	—	AUD	AA-	03/07/12	1.000	(26)	(26)	(26)	—
GBP	AA-	02/17/12	1.000	(87)	(87)	(87)	—	CAD	AA-	03/09/12	1.000	101	101	101	—
CAD	AA-	02/17/12	1.000	1,136	1,136	1,136	—	USD	AA-	03/09/12	0.990	(102)	(101)	(102)	(1)
GBP	AA-	02/17/12	1.012	(1,122)	(1,136)	(1,122)	14	USD	AA-	03/09/12	1.023	825	844	840	(4)
CAD	AA-	02/17/12	1.000	279	279	279	—	CAD	AA-	03/09/12	1.000	(844)	(844)	(844)	—
GBP	AA-	02/17/12	1.007	(277)	(279)	(277)	2	USD	AA-	03/09/12	1.021	1,350	1,378	1,375	(3)
								CAD	AA-	03/09/12	1.000	(1,378)	(1,378)	(1,378)	—

The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Statement of Investment Portfolio as at December 31, 2011

(in \$000's)

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized
							Gain (Loss) CAD \$
USD	AA-	03/09/12	1.034	325	336	331	(5)
CAD	AA-	03/09/12	1.000	(336)	(336)	(336)	—
CAD	AA-	03/09/12	1.000	264	264	264	—
USD	AA-	03/09/12	1.015	(260)	(264)	(260)	4
CAD	AA-	03/09/12	1.000	234	234	234	—
USD	AA-	03/09/12	1.022	(239)	(234)	(229)	5
USD	AA-	03/09/12	1.030	330	340	336	(4)
CAD	AA-	03/09/12	1.000	(340)	(340)	(340)	—
USD	AA-	03/09/12	1.023	390	399	397	(2)
CAD	AA-	03/09/12	1.000	(399)	(399)	(399)	—
USD	AA-	03/09/12	1.020	450	459	458	(1)
CAD	AA-	03/09/12	1.000	(459)	(459)	(459)	—
USD	AA-	03/09/12	1.016	125	127	127	—
CAD	AA-	03/09/12	1.000	(127)	(127)	(127)	—
SGD	AA-	03/16/12	0.793	3,455	2,739	2,717	(22)
CAD	AA-	03/16/12	1.000	(2,739)	(2,739)	(2,739)	—
CAD	AA-	03/16/12	1.000	40	40	40	—
SGD	AA-	03/16/12	1.026	(39)	(40)	(39)	1
EUR	AA-	03/23/12	1.350	280	378	370	(8)
CAD	AA-	03/23/12	1.000	(378)	(378)	(378)	—
EUR	AA-	03/23/12	1.318	245	323	324	1
CAD	AA-	03/23/12	1.000	(323)	(323)	(323)	—
NZD	AA-	04/12/12	0.785	260	204	205	1
CAD	AA-	04/12/12	1.000	(204)	(204)	(204)	—

Counterparty: The Toronto-Dominion Bank

NOK	AA-	01/17/12	0.180	920	166	157	(9)
CAD	AA-	01/17/12	1.000	(166)	(166)	(166)	—
SEK	AA-	01/17/12	0.153	1,500	230	222	(8)
CAD	AA-	01/17/12	1.000	(230)	(230)	(230)	—
DKK	AA-	01/17/12	0.188	1,090	205	193	(12)
CAD	AA-	01/17/12	1.000	(205)	(205)	(205)	—
SEK	AA-	01/17/12	0.152	1,100	167	163	(4)
CAD	AA-	01/17/12	1.000	(167)	(167)	(167)	—
CAD	AA-	01/17/12	1.000	245	245	245	—
DKK	AA-	01/17/12	1.025	(239)	(245)	(239)	6
GBP	AA-	02/17/12	1.602	166	266	262	(4)
CAD	AA-	02/17/12	1.000	(266)	(266)	(266)	—
CAD	AA-	03/01/12	1.000	12,098	12,098	12,098	—
HKD	AA-	03/01/12	1.025	(11,804)	(12,098)	(11,804)	294
CAD	AA-	03/01/12	1.000	328	328	328	—
HKD	AA-	03/01/12	1.009	(325)	(328)	(325)	3
BRL	AA-	03/02/12	1.047	43	45	43	(2)
USD	AA-	03/02/12	1.047	(43)	(45)	(44)	1
CAD	AA-	03/07/12	1.000	136	136	136	—
AUD	AA-	03/07/12	0.993	(137)	(136)	(137)	(1)
CAD	AA-	03/09/12	1.000	18,096	18,096	18,096	—
USD	AA-	03/09/12	0.997	(18,144)	(18,096)	(18,144)	(48)
CAD	AA-	03/09/12	1.000	250	250	250	—
USD	AA-	03/09/12	1.012	(247)	(250)	(247)	3

Net unrealized gain (loss) on forward currency contracts (379)

Futures Contracts

Counter party	Credit Rating	Description	Notional Amount	Unrealized
				Gain (Loss) CAD \$
Newedge Canada Inc.	N/A	MSCI EAFE E-Mini Index Futures	USD 485	(3)
Net unrealized gain (loss) futures contracts				(3)
Total for Schedule of Derivative Instruments				\$(382)

The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Financial Statements

Statement of Net Assets

as at December 31

(in \$000's except for units outstanding and per unit amounts)

	2011	2010
Assets		
Investments, at fair value	\$ 165,062	\$ 201,934
Cash and short-term investments	8,117	5,684
Dividends and interest receivable	393	247
Net unrealized gain on derivatives	—	1,189
Net margin due from broker on future contracts	38	121
Receivable for investment transactions	270	16
Receivable for securities lending transactions	1	—
Subscriptions receivable	4	206
	173,885	209,397
Liabilities		
Payable for investment transactions	—	125
Redemptions payable	46	146
Net unrealized loss on derivative instruments	382	—
	428	271
Net assets and unitholders' equity	\$ 173,457	\$ 209,126
Net Assets per Series		
Series A	\$ 134,898	\$ 187,968
Series I	\$ 38,539	\$ 21,158
Series T	\$ 20	\$ —
Number of units outstanding (see Schedule of Fund Unit Transactions)		
Series A	21,542,168	25,777,890
Series I	6,009,266	2,843,174
Series T	2,453	3
Net assets per unit (see Schedule of Net Assets per Unit and Net Asset Value per Unit)		
Series A	\$ 6.26	\$ 7.29
Series I	\$ 6.41	\$ 7.44
Series T	\$ 8.23	\$ 9.90

Approved by the Board of Directors of MD Physician Services Inc., Trustee



Director (signed by Guy Bélanger)



Director (signed by Brian Peters)

Statement of Operations

for the years ended December 31

(in \$000's except for per unit amounts)

	2011	2010
Income		
Dividends	\$ 5,357	\$ 4,344
Interest	38	28
Gain (loss) on foreign exchange	(499)	199
Early redemption fee	3	5
Securities lending	133	83
Deduct: Withholding tax on foreign income	(445)	(401)
	4,587	4,258
Expenses		
Management fees (Note 3)	3,021	3,212
Administration fees	366	390
	3,387	3,602
Net investment income (loss)	\$ 1,200	\$ 656
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain (loss) on sale of investments	\$ (9,638)	\$ (1,187)
Net realized gain (loss) on sale of derivative instruments	2,000	164
Change in unrealized appreciation (depreciation) of investments and derivatives	(20,384)	15,699
Transaction costs	(157)	(234)
Net gain (loss) on investments	\$ (28,179)	\$ 14,442
Increase (decrease) in net assets from operations	\$ (26,979)	\$ 15,098
Increase (decrease) in net assets from operations per Series		
Series A	\$ (23,079)	\$ 13,014
Series I	\$ (3,900)	\$ 2,084
Series T	\$ —	\$ —
Increase (decrease) in net assets from operations per unit, for the period		
Series A	\$ (0.97)	\$ 0.48
Series I	\$ (0.93)	\$ 1.20
Series T	\$ 0.61	\$ (0.10)

The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Financial Statements

Statement of Changes in Net Assets

for the years ended December 31 (in \$'000's)

	2011	2010
SERIES A		
Net assets - beginning of year	\$ 187,968	\$ 191,239
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(23,079)	13,014
Unitholders		
Proceeds from issue of units	26,177	39,341
Consideration paid for redemption of units	(56,159)	(55,624)
Securities issued on reinvestment of distributions	568	389
	(29,414)	(15,894)
Distributions to unitholders		
From net investment income	(577)	(391)
Net assets - end of the year	\$ 134,898	\$ 187,968

SERIES I		
Net assets - beginning of year	\$ 21,158	\$ —
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(3,900)	2,084
Unitholders		
Proceeds from issue of units	22,382	21,085
Consideration paid for redemption of units	(1,101)	(2,011)
Securities issued on reinvestment of distributions	633	132
	21,914	19,206
Distributions to unitholders		
From net investment income	(633)	(132)
Net assets - end of the year	\$ 38,539	\$ 21,158

	2011	2010
SERIES T		
Net assets - beginning of year	\$ —	\$ —
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	—	—
Unitholders		
Proceeds from issue of units	22	—
Consideration paid for redemption of units	(2)	—
	20	—
Distributions to unitholders		
From net investment income	—	—
Net assets - end of the year	\$ 20	\$ —

TOTAL FUND		
Net assets - beginning of year	\$ 209,126	\$ 191,239
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(26,979)	15,098
Unitholders		
Proceeds from issue of units	48,580	60,426
Consideration paid for redemption of units	(57,262)	(57,635)
Securities issued on reinvestment of distributions	1,202	521
	(7,480)	3,312
Distributions to unitholders		
From net investment income	(1,210)	(523)
Net assets - end of the year	\$ 173,457	\$ 209,126

The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Financial Statements – Supplementary Schedules

Schedule of Fund Unit Transactions

For the years ended December 31

	2011	2010
SERIES A		
Outstanding, beginning of year	25,777,890	28,149,240
Issued	3,831,234	5,941,565
Redeemed	(8,066,956)	(8,312,915)
Outstanding, end of year	21,542,168	25,777,890
SERIES I		
Outstanding, beginning of year	2,843,174	–
Issued	3,317,459	3,129,603
Redeemed	(151,367)	(286,429)
Outstanding, end of year	6,009,266	2,843,174
SERIES T		
Outstanding, beginning of year	3	–
Issued	2,703	3
Redeemed	(253)	–
Outstanding, end of year	2,453	3

Schedule of Soft dollar commissions

For the years ended December 31 (in \$000's)

	2011	2010
Soft dollar commissions	\$ 2	\$ 4

The term “soft dollar” is used to describe a widely accepted business practice by which the investment advisors receive various benefits from the broker through the course of a normal business relationship. Such benefits may be in the form of research or other materials that aid in the investment process, thus contributing to the long-term realization of returns for the unitholders.

Schedule of Securities on Loan

As at December 31 (in \$000's)

	2011	2010
Loaned	\$ 3	\$ 4,438
Collateral (non-cash)	\$ 3	\$ 4,558

Schedule of Net Assets per Unit and Net Asset Value per Unit

As at December 31

	2011	2010
SERIES A		
Net asset value per unit	\$ 6.27	\$ 7.29
Bid price adjustment	(0.01)	–
Net assets per unit	\$ 6.26	\$ 7.29

	2011	2010
SERIES I		
Net asset value per unit	\$ 6.42	\$ 7.44
Bid price adjustment	(0.01)	–
Net assets per unit	\$ 6.41	\$ 7.44
SERIES T		
Net asset value per unit	\$ 8.24	\$ 9.90
Bid price adjustment	(0.01)	–
Net assets per unit	\$ 8.23	\$ 9.90

Schedule of Fees

As at December 31

	2011
Maximum annualized management fee	
Series A	1.65%
Series I	0.00%
Series T	1.65%
Annual fixed administration fee rate	
	0.20%

Schedule of Tax Loss Carry Forwards

As at December 31 (in \$000's)

	2011
Net capital loss carried forward	\$ 59,891
Non-capital losses expiring:	
2012	\$ –
2013	–
in 2014 and thereafter	–
Total	\$ –

The Fund qualifies as a mutual fund trust under the provisions of the *Income Tax Act* (Canada) and, accordingly, is subject to tax on its income for the year, including net realized capital gains which is not paid or payable to its unitholders as at the end of the year. It is the intention of management that all annual net investment income and sufficient net realized taxable capital gains will be distributed to unitholders annually by December 31, such that there are no Canadian income taxes payable by the Funds, or that these are otherwise minimized.

As of the taxation year ended December 2011, the Fund has accumulated net realized capital losses and non-capital losses available for utilization against net realized gains or net income for tax purposes in future years. Capital losses have no expiry. Non-capital losses realized before 2004 can be carried forward for up to seven years. Non-capital losses realized in 2004 and 2005 can be carried forward for up to ten years. Non-capital losses realized in 2006 and after can be carried forward for up to twenty years. No benefit has been recorded by the Funds in their financial statements in respect of their unused losses as at December 31, 2011.

The accompanying notes are an integral part of these financial statements.

MD International Growth Fund

Financial Instruments Risks

(in \$000's)

Financial Instruments

MD International Growth Fund (the "Fund") invests in a diversified portfolio of global equity securities, with up to 15% of holdings in emerging markets, as shown in the Statement of Investment Portfolio. The Fund invests excess cash in high grade short-term notes with maturities of less than 1 year. These investments expose the Fund to risks associated with financial instruments. The Fund's exposure and sensitivity to these risks are presented below. A description of the risks and how the Fund manages these risks is discussed in Note 5 of the Notes to the Financial Statements.

Credit Risk

The Fund's credit risk is concentrated in investments in short-term debt instruments. The Fund's maximum exposure to credit risk is the cash equivalents presented on the Statement of Net Assets.

As at December 31, 2011 and 2010, the Fund invested in short-term debt instruments with the following credit ratings:

Credit Rating	% of Net Assets December 31, 2011	% of Net Assets December 31, 2010
Debt Instruments		
R-1 (High)	—	0.7%
Preferred Shares		
Unrated	1.5%	2.8%
Total	1.5%	3.5%

Currency Risk

Exposures to foreign currencies as at December 31, 2011 and December 31, 2010 are presented in the tables below.

Currency	Cash and Other Net Assets (\$000s)	Invest- ments at Fair Value (\$000s)	Derivative Exposure (\$000s)	Net Currency Exposure (\$000s)	Percentage of Net Assets (%)
December 31, 2011					
U.S. Dollar	1,445	29,544	(12,669)	18,320	10.56%
European Euro	16	30,461	9,110	39,587	22.82%
Australian Dollar	—	3,283	10,542	13,825	7.97%
Brazilian Real	15	2,468	(2,392)	91	0.05%
British Pound	—	34,370	1,487	35,857	20.67%
Chilean peso	—	—	820	820	0.47%
Danish Krone	—	5,279	(3,452)	1,827	1.05%
Hong Kong Dollar	7	13,815	(12,142)	1,680	0.97%
Israeli Shekel	—	—	997	997	0.57%
Japanese Yen	44	18,768	14,109	32,921	18.98%
Mexican Peso	—	1,986	(1,949)	37	0.02%
New Russian Ruble	—	—	1,576	1,576	0.91%
New Taiwan Dollar	—	946	(945)	1	0.00%
New Turkish Lira	—	—	1,241	1,241	0.72%
New Zealand Dollar	—	—	205	205	0.12%
Norwegian Krone	—	—	2,321	2,321	1.34%
Singapore Dollar	110	—	2,678	2,788	1.61%
South Korean Won	—	2,395	(1,686)	709	0.41%
Swedish Krona	—	7,679	(2,734)	4,945	2.85%
Swiss Franc	190	14,068	(320)	13,938	8.04%
Total	1,827	165,062	6,797	173,686	100.13%

The accompanying notes are an integral part of these financial statements.

Currency	Cash and Other Net Assets (\$000s)	Invest- ments at Fair Value (\$000s)	Derivative Exposure (\$000s)	Net Currency Exposure (\$000s)	Percentage of Net Assets (%)
December 31, 2010					
U.S. Dollar	932	31,058	(17,629)	14,361	6.87%
European Euro	10	47,462	7,284	54,756	26.18%
Australian Dollar	56	5,008	12,049	17,113	8.18%
Brazilian Real	2	4,600	(4,458)	144	0.07%
British Pound	115	38,168	1,374	39,657	18.96%
Danish Krone	—	7,907	(5,784)	2,123	1.02%
Hong Kong Dollar	—	17,079	(15,679)	1,400	0.67%
Indian Rupee	—	—	992	992	0.47%
Indonesian Rupiah	—	—	1,454	1,454	0.70%
Israeli Shekel	—	—	1,525	1,525	0.73%
Japanese Yen	44	21,524	18,898	40,466	19.35%
Mexican Peso	—	2,034	(1,990)	44	0.02%
New Russian Ruble	—	—	1,004	1,004	0.48%
New Taiwan Dollar	—	2,270	(2,132)	138	0.07%
New Turkish Lira	—	—	1,903	1,903	0.91%
New Zealand Dollar	—	—	200	200	0.10%
Norwegian Krone	40	2,045	555	2,640	1.26%
Singapore Dollar	—	—	3,299	3,299	1.58%
South Korean Won	15	2,250	(1,254)	1,011	0.48%
Swedish Krona	—	6,094	1,770	7,864	3.76%
Swiss Franc	106	14,435	1,328	15,869	7.59%
Yuan Renminbi	—	—	1,481	1,481	0.71%
Total	1,320	201,934	6,190	209,444	100.16%

If the Canadian Dollar had strengthened against all other currencies by 10% then the Net Assets of the Fund could have decreased by approximately \$17,369 (December 31, 2010—\$20,944). Conversely, had the Canadian Dollar weakened against all other currencies by 10% then the Net Assets of the Fund could have increased by approximately \$17,369 (December 31, 2010—\$20,944). These sensitivities are estimates, actual results may vary and the variance may be significant.

Interest Rate Risk

The majority of the Fund's financial assets are non-interest bearing. The maturity dates of the interest bearing assets held by the Fund are less than 1 year. Therefore, the Fund's exposure to interest rate risk is not significant.

Other Price Risk

As at December 31, 2011, 95.2% (December 31, 2010—96.6%) of the Fund's Net Assets were invested in equity financial instruments traded in active markets. If prices of securities traded on these markets decrease by 10%, with all other factors remaining constant, Net Assets could fall by approximately \$16,506 (December 31, 2010—\$20,193). Conversely, If prices increase by 10%, Net Assets could rise by approximately \$16,506 (December 31, 2010—\$20,193). These sensitivities are estimates. Actual results may vary, and the variance may be significant.

MD International Growth Fund

Financial Instruments Risks

(in \$000's)

Fair Value Hierarchy

The following is a summary of MD International Growth Fund's use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2), and internal models without observable market information (Level 3) in the valuation of the Fund's securities. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total*
December 31, 2011			
Foreign Equities	\$ 165,062	\$ —	\$ 165,062
Cash and Short-Term Investments	8,117	—	8,117
Derivative Instruments	(3)	(379)	(382)
Total	\$ 173,176	\$ (379)	\$ 172,797
December 31, 2010			
Foreign Equities	\$ 201,934	\$ —	\$ 201,934
Cash and Short-Term Investments	4,184	1,500	5,684
Derivative Instruments	8	1,181	1,189
Total	\$ 206,126	\$ 2,681	\$ 208,807

*MD International Growth Fund does not hold any Level 3 investments.

There have been no significant transfers between Level 1 and Level 2 for the periods January 1, 2011 to December 31, 2011 and from January 1, 2010 to December 31, 2010.

Effective April 30, 2010, the Fund subscribes to the services of a third-party valuation service provider to provide fair value adjustments, where applicable, to the prices of foreign securities due to changes in the value of securities in North American markets following the closure of the foreign markets. The parameters used to apply the fair value adjustments are based on observable market data, and as such, the foreign securities are considered Level 2 priced securities.

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

For the years ended December 31, 2011 and 2010

1. Name and formation of the Funds

Establishment of the Funds

The MD Family of Mutual Funds (individually a “Fund” and collectively the “Funds”) are unincorporated mutual fund trusts formed under the laws of the Province of Ontario pursuant to the Declarations of Trust dated as follows:

	Series A Units	Series I Units	Series T Units	Private Trust Series
MD Money Fund	July 12, 1983			
MD Bond Fund	April 6, 1988	October 30, 2009		
MD Bond and Mortgage Fund	September 19, 1995	October 30, 2009		
MD Balanced Fund	September 9, 1992		October 25, 2010	
MD Dividend Fund	September 9, 1992	October 30, 2009	October 25, 2010	
MD Income & Growth Fund	January 4, 2007	October 30, 2009	October 25, 2010	
MD Equity Fund	March 1, 1966	October 30, 2009	October 25, 2010	
MD Select Fund	October 29, 1993	October 30, 2009	October 25, 2010	
MD American Value Fund	August 9, 2000	October 30, 2009	October 25, 2010	
MD American Growth Fund	September 9, 1992	October 30, 2009	October 25, 2010	
MD International Value Fund	January 5, 2004	October 30, 2009	October 25, 2010	
MD International Growth Fund	August 9, 2000	October 30, 2009	October 25, 2010	
MDPIM Canadian Equity Pool	June 16, 1999		October 25, 2010	August 9, 2000
MDPIM US Equity Pool	August 6, 1999		October 25, 2010	August 9, 2000
MD Conservative Portfolio	January 5, 2010			
MD Moderate Balanced Portfolio	January 5, 2010			
MD Balanced Growth Portfolio	January 5, 2010			
MD Maximum Growth Portfolio	January 5, 2010			

MD Growth Investments Limited is a mutual fund corporation incorporated under the laws of Ontario pursuant to the Letters Patent dated as follows:

	Series A	Series I
MD Growth Investments Limited	July 18, 1969	October 30, 2009

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

MD Physician Services Inc. ("MDPSI") is the Manager of the Funds. Prior to June 2, 2010, MD Private Trust was the Manager and Trustee for the MDPIM Canadian Equity Pool and the MDPIM US Equity Pool.

On January 5, 2010, MDPSI launched four new funds, the MD Conservative Portfolio, the MD Moderate Balanced Portfolio, the MD Balanced Growth Portfolio and the MD Maximum Growth Portfolio.

The Statement of Investment Portfolio, Schedule of Tax Loss Carry Forwards and Schedule of Fees for each of the Funds are as at December 31, 2011. The Statement of Net Assets, Schedule of Net Assets per Unit and Net Asset Value per Unit and Schedule of Securities on Loan are as at December 31, 2011 and December 31, 2010 as applicable. The Statements of Operations, Statement of Changes in Net Assets, Schedule of Fund Unit Transactions and Schedule of Soft Dollar Commissions are for the years ended December 31, 2011 and December 31, 2010, except for the Funds established during either period, in which case the information provided relates to the period from inception to December 31, 2011 or to December 31, 2010. The Financial instrument risks for each of the Funds are as at December 31, 2011 and 2010.

Throughout these Notes to the Financial Statements, the shares of MD Growth Investments Limited have been referred to as "units" to simplify the presentation.

Series of units

The MDPIM Canadian Equity Pool and MDPIM US Equity Pool Funds offer "Private Trust Series" and "Series T" units which may be purchased by either MD Private Investment Counsel or MD Private Trust Company clients who have appointed MD Private Investment Counsel (an operating division of MD Physician Services Inc.) to provide discretionary portfolio management services and advice to them or MD Private Trust Company to provide trust services. These funds also offer "Series A" units which are available to all qualified eligible investors. "Series A" units are closed to new subscribers. Investors holding "Series A" units of these Funds are allowed to hold their units, as well as subscribe for additional "Series A" units of the Funds.

Each of the MD Funds other than MDPIM Canadian Equity Pool and MDPIM US Equity Pool offer "Series A" units which are available to all MD Management Ltd. clients who are qualified eligible investors.

On October 30, 2009, "Series I" units were established to support the MD Conservative Portfolio, the MD Moderate Balanced Portfolio, the MD Balanced Growth Portfolio and the MD Maximum Growth Portfolio. These units are only available to the four Funds listed above, and are not charged management fees.

On November 22, 2010, "Series T" units were established in order to support a new tax-efficient investment solution for clients. The series T units will generate steady tax-efficient cash flow that does not increase taxable income or impact certain benefits such as Old Age Security.

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Significant accounting policies followed by the Funds are as follows:

Accounting estimates

The preparation of financial statements in accordance with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ from those estimates.

Investments - valuation

CICA Handbook - Accounting Section 3855, "Financial Instruments - Recognition and Measurement" ("Section 3855"), requires the fair value of financial instruments traded in active markets to be measured based on a security's bid price. The net asset value calculated in accordance with Section 3855 is referred to as "Net Assets" going forward.

In accordance with Section 3855, investments are categorized as held for trading and are recorded at fair value. In the case of securities traded in an active market, fair value is the latest bid price provided by independent pricing services. In the case of investments not traded in an active market, or for those securities for which the Manager feels the latest market prices are not reliable, fair value is estimated based on valuation techniques established by the Manager. Valuation techniques established by the Manager are based on observable market data except in situations where there is no relevant or reliable market data. The value of securities estimated using valuation techniques not based on observable market data, if any, is disclosed in the Financial Instruments Risks section of the financial statements.

Cash and short-term investments

Cash is comprised of cash on deposit and short-term investments are comprised of short-term debt instruments with terms to maturity of less than one year at acquisition. These are measured at fair value upon initial recognition, and are held at amortized cost, which approximates fair value. Cash and short-term investments include foreign cash and foreign short-term investments.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

Investment transactions, income recognition and transaction costs

Investment transactions are recorded on the trade date. Income from investments is recognized on an accrual basis. Interest income and estimated expenses are accrued daily. Dividend income and distributions to unitholders are recorded on the ex-dividend date. Distributions received from underlying funds out of interest, foreign income and related withholding taxes, Canadian dividends and net realized capital gains are recognized when declared. Realized gains or losses from investment transactions and the unrealized appreciation or depreciation of investments are computed on an average cost basis, which exclude brokerage commissions and other trading expenses. Brokerage commissions and other trading expenses are charged to income as incurred.

All income, realized and unrealized gains, losses and transaction costs are attributable to investments and derivatives, which are categorized as held for trading.

Other assets and liabilities

Other assets such as accrued interest and dividends receivable, accounts receivable for investment transactions, subscriptions receivable, and amounts receivable for securities lending transactions are categorized as loans and receivables and are recorded at cost. Other liabilities such as accrued expenses, income taxes payable, distributions payable, accounts payable for investment transactions and redemptions payable are categorized as financial liabilities and are measured at cost, as cost closely approximates their fair value.

Foreign exchange

Investments and other assets and liabilities denominated in foreign currencies are translated into Canadian Dollars at the rate of exchange prevailing on each valuation date. Transactions during the year in currencies other than Canadian Dollars are translated into Canadian Dollars at the rate of exchange prevailing on the trade date of the transaction. The difference in the foreign exchange rate between trade date and settlement date of a transaction is recognized in income on the Statement of Operations. The Funds do not separately report the effects of changes in foreign exchange rates from changes in the valuation of securities held. Such changes are included in net gains or losses on investments.

Forward currency contracts

The Funds may enter into forward currency contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities. Investments in forward currency contracts are entered into with approved counterparties and are recorded at fair value.

On a daily basis, the value of these contracts is the gain or loss that would be realized if the positions were to be closed out and is recorded in "Change in unrealized appreciation (depreciation) of investments and derivatives". Upon closing of the contracts,

the accumulated gains or losses are reported in "Net realized gain (loss) on sale of derivative instruments." Unrealized gains or losses on forward currency contracts are categorized as financial assets or liabilities held for trading.

The contractual amounts of open contracts are disclosed in the Statement of Investment Portfolio as the Schedule of Derivative Instruments.

Futures contracts

Futures contracts are valued on each valuation day using the bid/ask price posted on the related public exchange. All gains or losses arising from futures contracts are recorded as part of "Change in unrealized appreciation (depreciation) of investments and derivatives" in the Statements of Operations until the contracts are closed out or expire, at which time the gains or losses are realized and reported as "Realized gain (loss) on investments" in the Statements of Operations.

Unit valuation

The Funds' units are offered for sale on any business day and may be redeemed or issued at the Net Asset Value (NAV) per unit for the respective series on that business day. A business day refers to any day the Toronto Stock Exchange is open for business. The Net Asset Value for each series is computed daily by calculating the value of that series' proportionate share of net assets and liabilities of the Fund common to all series less liabilities attributable to that series. Expenses directly attributable to a series are charged to that series. Assets, common liabilities, revenues and other expenses are allocated proportionately to each series based upon the relative Net Asset Values of each series. The Net Asset Value per unit is determined by dividing the NAV of each series of a fund by the total number of units of that series outstanding.

Section 14.2 of National Instrument 81-106, "Investment Fund Continuous Disclosure" ("NI81-106") issued by the Canadian Securities Administration ("CSA") requires an investment fund to calculate the daily net asset value for the purchase and redemption of units based on the fair value of the investment fund's assets and liabilities ("Net Asset Value"). For these purposes, the Funds use the closing market prices to value securities held.

The Net Asset Value differs from Net Assets calculated in accordance with Section 3855 presented on the financial statements. A comparison between the Net Asset Value per unit and the Net Assets per unit is disclosed in the Schedule of Net Assets per Unit and Net Asset Value per Unit.

Increase (decrease) in net assets from operations per unit

"Increase (decrease) in net assets from operations per unit" in the Statement of Operations represents the increase or decrease in net assets from operations attributable to the series of units for the period, divided by the average units outstanding in that series during the period.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

Securities lending transactions

A Fund may lend portfolio securities to earn additional income through a securities lending agreement with its custodian. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund receives collateral in the form of cash and/or securities deemed acceptable under National Instrument 81-102 ("NI81-102") of at least 102% of the fair value of securities on loan.

Income from securities lending is recorded as "Securities lending" on a monthly basis when it is receivable.

Future Accounting Changes

On December 12, 2011, the Canadian Accounting Standards Board (AcSB) announced an IFRS deferral option for most investment funds until fiscal years beginning on or after January 1, 2014.

Accordingly, the MD Family of Funds will adopt IFRS for the fiscal period beginning January 1, 2013, and will issue their initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2014.

MD Physician Services Inc. continues to monitor and assess the impact of the transition to IFRS on Net Assets and Net Asset Value. MD Physician Services Inc. expects that the IFRS implementation on the MD Family of Mutual Funds' financial statements will result in additional disclosure and potentially different presentation of unitholder interests and certain other items.

3. Management fees and other fees and expenses

The management and administration fees are unique to each Fund and are unique to each series of units, and are disclosed on the Schedule of Fees.

MDPSI provides the Funds with investment management and administrative services. In return, MDPSI receives a management fee based on the Net Asset Value of the Funds calculated on a daily basis and paid weekly.

Prior to June 2, 2010, MD Private Trust Company provided the Series A units of MDPIM Canadian Equity Pool and MDPIM US Equity Pool with investment management and administrative services. In return, MD Private Trust Company received a management fee based on the Net Asset Value of the Funds calculated on a daily basis and paid weekly. Since June 2, 2010, these services are received from and fees paid to MDPSI.

No management or administration fee, or operating expenses are charged in respect of Series I units. These units are only available to be held by other MD Funds.

No management fee or operating expenses are charged in respect of units of the Private Trust Series units of MDPIM Canadian Equity Pool and MDPIM US Equity Pool. Investors in these series of units have agreed to pay a managed account fee directly to MD Private Investment Counsel (an operating division of MD Physician Services Inc.). These managed account fees are charged directly to each unitholder to a maximum rate of 1.00% per annum plus custodial fees.

MDPSI bears all of the operating expenses of the Funds (other than certain taxes and borrowing costs) in return for fixed annual rate administration fees ("Administration Fees"). Administration Fees are calculated as a fixed annual percentage of the Funds' assets under management.

Short-term trading/early redemption fee

Clients who redeem or switch units or shares of an MD Fund are charged an early redemption fee equal to 2.00% of the amount redeemed or switched if the redemption or switch occurs within sixty (60) days of the date that the units or shares were purchased or switched.

The early redemption fee does not apply to redemptions or switches:

- ▶ of units of MD Money Fund;
- ▶ made in connection with any systematic and scheduled withdrawal program;
- ▶ where the amount of the redemption or switch is less than \$10,000;
- ▶ made as a result of the recommendation of your MD advisor related to a financial plan.

4. Capital units

With the exception of MD Growth Investments Limited, the Funds' capital is represented by an unlimited number of authorized units without nominal or par value. All series of units are redeemable on demand by unitholders at the respective Net Asset Value of that series. Each unit entitles the unitholder to one vote at unitholder meetings and participates equally, with respect to other units of the same series, in any dividends or distributions, liquidation or other rights of that series.

The relevant movements in capital for the period have been presented in the Statement of Changes in Net Assets. The Funds invest capital from subscriptions in financial instruments in accordance with the policies and risk management practices of the Funds, while maintaining sufficient liquidity to meet unitholder redemptions. The Funds' investment policies are set out in the prospectus and the risk management and liquidity management practices are disclosed in Note 5.

MD Growth Investments Limited is an incorporated company as opposed to a mutual fund trust and, as such, has issued share capital.

5. Financial instrument risk

The Funds use financial instruments in order to achieve their respective investment objectives. The Funds' investments are presented in the respective Statement of Investment Portfolio, which groups securities by asset type, geographic region and/or market segment.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

The use of financial instruments subjects the Funds to a variety of financial instrument risks. The Funds' risk management practices include setting investment policies to limit exposures to financial instrument risks and employing experienced and professional investment advisors to invest the Funds' capital in securities within the constraints of investment policies. The Manager regularly monitors the Fund advisors' performance and compliance with the investment policies.

The significant financial instrument risks, to which the Funds are exposed, along with the specific risk management practices related to those risks, are presented below. Fund specific disclosures are presented in the "Financial Instruments Risks" section of the financial statements.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will not honour its obligation under the terms of the instrument, resulting in a loss of capital. The Funds are exposed to credit risk through domestic and foreign bonds, derivative contracts, short-term debt investments, amounts due from brokers, dividends and interest receivable and other receivables. A Fund may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in the Canadian Securities Legislation. Collateral held is in the form of highly rated fixed income instruments. All securities under lending agreements are fully collateralized. In addition, the Funds' custodian has indemnified the funds from borrower default.

Credit risks arising from fixed income securities, including bonds and preferred shares, are generally limited to the fair value of the investments as shown in the Statement of Investment Portfolio. The Funds limit exposure to individual issuers/sectors and credit quality levels. The credit worthiness of issuers in which the Funds invest are reviewed regularly, and the portfolios are adjusted as required to match the minimum requirement as set forth in each Fund's prospectus. Each individual Fund's exposure to credit risk, if any, is presented in the Financial Instruments Risk section attached to the Financial Statements.

Credit risks arising from short-term debt investments are limited to the carrying value of cash equivalents as shown on the Statement of Net Assets, except in the case of MD Money Fund, where the credit risk is limited to the fair value of investments as shown on the Statement of Investment Portfolio. The Funds manage credit risk on short-term debt by investing in high grade short-term notes with credit ratings of R-1 (low) or higher as well as limiting exposure to any single issuer.

Derivative contracts are subject to netting arrangements whereby if one party to a derivative contract defaults, all amounts with the counterparty are terminated and settled on a net basis. As such, the maximum credit loss on derivative contracts is the unrealized gain shown in the Schedule of Derivative Instruments, or nil if the contract is in a loss position. Each Fund manages credit risk on derivatives by only entering into agreements with counterparties that have an approved

credit rating as defined in NI81-102. The total unrealized gain (loss) of the derivative contract cannot exceed 10% of the Fund's Net Asset Value.

Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In addition, the Funds' units are redeemable on demand. In accordance with NI81-102, the Funds must provide payment for redeemed units within three business days of receipt of a redemption order. To manage this liquidity requirement, the Funds invest primarily in liquid securities that can readily be sold in active markets and each Fund may borrow up to 5% of its Net Asset Value. During the period, no Fund borrowed against its respective line of credit.

Currency risk

Currency risk is the risk that the values of financial assets and liabilities denominated in foreign currencies fluctuate due to changes in foreign exchange rates. To the extent the Funds hold assets and liabilities denominated in foreign currencies, the Funds are exposed to currency risk. The Fund may also use forward contracts at the discretion of the Manager. Each individual Fund's exposure to currency risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value (measured as the present value) of cash flows associated with interest bearing financial instruments will fluctuate due to changes in the prevailing market rates of interest. In general, as interest rates rise, the fair value of interest bearing financial instruments will fall. Financial instruments with a longer term to maturity will generally have a higher interest rate risk.

The Funds' interest bearing financial instruments that subject the Funds to interest rate risk include domestic and foreign bonds, asset backed securities and collateralized mortgage obligations. Short-term money market instruments are also interest bearing and therefore subject to interest rate risk. However, due to the short-term nature of the securities, the interest rate risk is generally not significant.

Interest rate risk management practices employed by the Funds include setting target durations based on the appropriate benchmark indices and monitoring the Funds' durations relative to the benchmarks. If interest rates are anticipated to rise, the Funds' durations can be shortened to limit potential losses. Conversely, if interest rates are anticipated to fall, the durations can be lengthened to increase potential gains. Each individual Fund's exposure to interest rate risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

Other Price risk

Other Price risk is the risk that the fair value of financial instruments may decline because of changes in market prices of the financial instruments, other than declines due to interest rate risk and currency risk. Other price risk stems from financial instruments' sensitivity to changes in the overall market (market risk) as well as factors specific to the individual financial instrument. Other price risk attributable to individual investments is managed through diversification of the portfolio and security selection and adjustments to fair value when there is significant volatility in international markets after markets are closed. Other price risk attributable to the general market is systematic and cannot be diversified away.

The maximum loss due to other price risk is limited to the fair value of the equity investments presented on the Statement of Investment Portfolio. Each individual Fund's exposure to other price risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

Details of each Fund's exposure to financial instruments risks including fair value hierarchy classification are available in the "Financial Instruments Risks" section of the financial statements of each Fund.

6. Fair value measurement

The Funds classify fair value measurements within a hierarchy that prioritizes the inputs to Funds' valuation techniques used in measuring fair value. Under these provisions, an entity is required to classify each financial instrument into one of three fair value levels as follows:

Level 1 - for unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - for inputs that are based on unobservable market data

The classification of a financial instrument is based on the lowest level of input that is significant to the determination of fair value.

The extent of Funds' use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2), and internal models without observable market information (Level 3) in the valuation of securities is summarized in each Fund's "Financial Instruments Risks" section of the financial statements.

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