

MD Bond Fund

Management Report of Fund Performance (June 30, 2011)

Series A and Series I

Results of Operations

For the six-month period ending June 30, 2011, the MD Bond Fund ("the Fund") generated a total return of 1.8%. The acceleration of the Consumer Price Index and core inflation in Canada was largely viewed as transitory by the Bank of Canada and the financial markets. The Bank of Canada's overnight lending rate remained at 1.00% throughout the first half of 2011 and Government of Canada bond yields ended the six-month period below the levels at the start of the year. Foreign investors in search of safety and additional yield maintained a high demand for Canadian debt and helped prices for Canadian fixed income securities to appreciate during the first half of the year.

The Fund began the year with a shorter duration than the DEX Universe Bond Index benchmark and was positioned for an increase in bond yields. During the first six months of 2011, the relative duration of the Fund was reduced further to mitigate the continuing risk of a resurgent economy and a corresponding rise of interest rates. Relative to the benchmark, the Fund was slightly underweight in both short-term and long-term issues and held an overweight position in medium-term issues as exposure to provincial government securities was increased.

The Fund maintained more than half of its holdings in corporate bonds throughout the first six months of the year. Despite credit spreads widening in June 2011, the six-month return for the DEX Corporate Bond Index outperformed the DEX Government Bond Index by 0.69% due primarily to the additional yield offered by corporate bonds. This active allocation decision was a positive contributor to the total return of the fund.

As at June 30, 2011 the total net asset value of the Fund was approximately \$1.7 billion, a decrease in the net asset value of 2% since the beginning of the year. The slight decline in the net asset value was attributable to net redemptions by unitholders. The Fund's operations contributed positively to the Fund and revenues and expenses were similar to the same period last year.

Recent Developments

Strategic Changes

There were no strategic changes to the Fund during the first half of the year. The Fund continues to be managed in predominantly a top-down manner, with the Fund continuing to hold an overweight position in high-quality, investment-grade corporate bonds. The Investment Sub-Advisor may lengthen or shorten the average term of the Fund based on their analysis of the future interest rates.

Related Party Transactions

MD Physician Services Inc. is the Manager, Registrar and Trustee of the Fund. As Manager, MD Physician Services Inc. manages the overall business of the MD Funds and is responsible for: setting investment objectives, providing and/or retaining the services of third party service providers for fund accounting services, administration services, and promoting the sales of the MD Fund's units.

As Registrar, MD Physician Services Inc. tracks the owners of units of the MD Funds, processes purchase, transfer and redemption orders, issues investor account statements, and issues annual tax reporting information.

As the Fund is organized as a Trust, investing in the Fund means purchasing units of the Trust. As Trustee to the Fund, MD Physician Services Inc. holds actual title to the property in the Fund—the cash and securities the Fund invests in—on behalf of the unitholders.

The principal distributor is MD Management Limited. As principal distributor, MD Management Limited markets the units of the MD Funds through its offices across Canada. MD Management Limited is owned by the Fund Manager, MD Physician Services Inc., which is owned by CMA Holdings (2009) Inc.

Management Fees

MD Physician Services Inc. provides the Fund with investment management and administrative services, including fund accounting and unitholder record-keeping. In return, MD Physician Services Inc. receives a management fee and an administration fee based on the net asset value of the Fund calculated on a daily basis and paid weekly.

MD Physician Services Inc. pays MD Management Limited, a related party, a fee for providing financial planning services.

(as a percentage of management fees)

Financial Planning Services	64.7%
Investment management, administration and other	35.3%

Disclosure

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can obtain a copy of the interim financial statements at your request, and at no cost, by calling 1 800 267-2332, by writing to us at MD Physician Services Inc., 1870 Alta Vista Drive, Ottawa, Ontario, K1G 6R7, or by visiting our website at md.cma.ca or SEDAR 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 Bond Fund

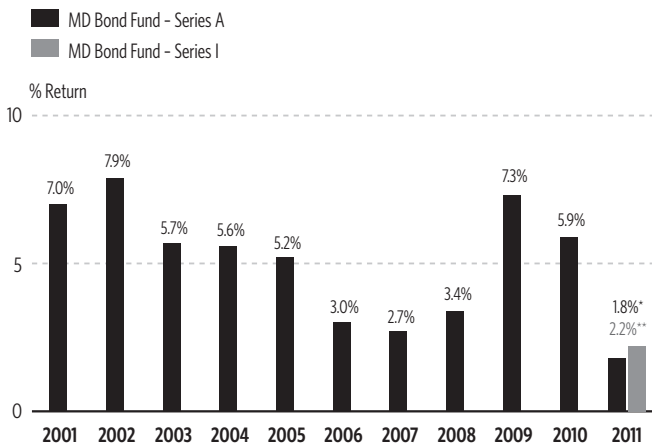
Management Report of Fund Performance (June 30, 2011)

Past Performance

The following bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each calendar year would have grown or decreased by the last day of each calendar year. Although the Fund's Series I units were created in 2009, they were not sold until 2010 and consequently for 2010 did not report a full financial year. As such the 2010 performance data is not available for the chart.

The performance information assumes that all distributions made by the Fund were reinvested in additional units of the Fund and does not take into account sales, redemptions, distributions or other optional charges that would reduce returns. How the Fund has performed in the past does not necessarily indicate how the Fund will perform in the future.

Year-By-Year Returns



*For the six-month period ended June 30, 2011.

**Returns are for the 6 month period to June 30, 2011. Series I units do not charge a management fee at the fund level, and therefore may report higher returns. Series I units are available to qualified Institutional Investors who pay a separate negotiated management fee directly to MD Physician Services Inc.

Regarding Forward-Looking Statements

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as "plan", "anticipate", "intend", "expect", "estimate", or other similar wording.

These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices; fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated. Actual results may differ materially from the results anticipated in these forward-looking statements.

MD Bond Fund

Management Report of Fund Performance (June 30, 2011)

Financial Highlights

The following tables show selected key financial information about the Fund and its financial performance for the past five years. This information is derived from the Fund's audited annual and unaudited interim financial statements.

The Fund's Net Assets per Unit¹

Series A	Six months ended June 30	Year ended December 31				
	2011	2010	2009	2008	2007	2006
Net assets—beginning of the period	\$7.55	\$7.38	\$7.14	\$7.14	\$7.28	\$7.34
Increase (decrease) from operations:						
Total revenue	\$0.15	\$0.30	\$0.34	\$0.37	\$0.34	\$0.34
Total expenses	\$(0.04)	\$(0.07)	\$(0.07)	\$(0.07)	\$(0.07)	\$(0.07)
Net realized gains (losses) for the period	\$0.06	\$0.07	\$0.13	\$(0.05)	\$(0.04)	\$—
Net unrealized gains (losses) for the period	\$(0.04)	\$0.12	\$0.12	\$(0.03)	\$(0.05)	\$(0.05)
Total increase (decrease) from operations ²	\$0.13	\$0.42	\$0.52	\$0.22	\$0.18	\$0.22
Distributions:						
From income (excluding dividends)	\$(0.11)	\$(0.23)	\$(0.21)	\$(0.21)	\$(0.32)	\$(0.27)
From dividends	\$—	\$—	\$—	\$—	\$—	\$—
From capital gains	\$—	\$(0.02)	\$(0.07)	\$(0.01)	\$—	\$—
Return of capital	\$—	\$—	\$—	\$—	\$—	\$—
Total annual distributions ³	\$(0.11)	\$(0.25)	\$(0.28)	\$(0.22)	\$(0.32)	\$(0.27)
Net assets—end of the period	\$7.57	\$7.55	\$7.38	\$7.14	\$7.14	\$7.28

Series I	Six months ended June 30	2010 ⁴
	2011	
Net assets—beginning of the period	\$7.74	\$7.43
Increase (decrease) from operations:		
Total revenue	\$0.15	\$0.30
Total expenses	\$—	\$—
Net realized gains (losses) for the period	\$0.06	\$0.09
Net unrealized gains (losses) for the period	\$(0.02)	\$0.01
Total increase (decrease) from operations ²	\$0.19	\$0.40
Distributions:		
From income (excluding dividends)	\$(0.15)	\$(0.25)
From dividends	\$—	\$—
From capital gains	\$—	\$(0.05)
Return of capital	\$—	\$—
Total annual distributions ³	\$(0.15)	\$(0.30)
Net assets—end of the period	\$7.77	\$7.74

¹ This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements. The net assets per unit presented in the financial statements differs from the net asset value per unit calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the Notes to Financial Statements. Net assets per unit are presented for 2007 through 2011, net asset values per unit are presented for 2006.

² 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 average number of units outstanding over the financial year.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

⁴ The results shown are for the period January 5 - December 31, 2010.

MD Bond Fund

Management Report of Fund Performance (June 30, 2011)

Ratios and Supplemental Data

Series A	Six months ended June 30	Year ended December 31				
	2011	2010	2009	2008	2007	2006
Total net asset value, end of the period ¹	\$1,525,221,924	\$1,617,789,737	\$1,597,933,519	\$1,511,696,608	\$1,451,617,685	\$1,359,432,124
Number of units outstanding	201,297,068	213,988,119	216,176,088	211,528,882	203,181,256	186,623,519
Management expense ratio ²	1.02%	0.99%	0.97%	0.93%	0.94%	0.94%
Management expense ratio before waivers or absorptions	1.02%	0.99%	0.98%	0.98%	0.97%	1.00%
Trading expense ratio ³	—	—	—	—	—	—
Portfolio turnover rate ⁴	50.04%	48.67%	61.01%	150.62%	148.72%	79.82%
Net asset value per unit	\$7.58	\$7.56	\$7.39	\$7.15	\$7.14	\$7.28

Series I	Six months ended June 30	2010 ⁵
	2011	
Total net asset value, end of the period ¹	\$168,317,973	\$117,084,350
Number of units outstanding	21,638,743	15,094,707
Management expense ratio ²	—	—
Management expense ratio before waivers or absorptions	—	—
Trading expense ratio ³	—	—
Portfolio turnover rate ⁴	50.04%	48.67%
Net asset value per unit	\$7.78	\$7.76

¹ This information is provided as at June 30 or December 31 of the period shown.

² Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Effective July 1, 2010, goods and services tax ("GST") was replaced by the harmonized sales tax ("HST") in certain provinces and is applicable at higher rates than the GST. HST is being paid by the Fund and results in a higher MER than in previous years.

³ 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.

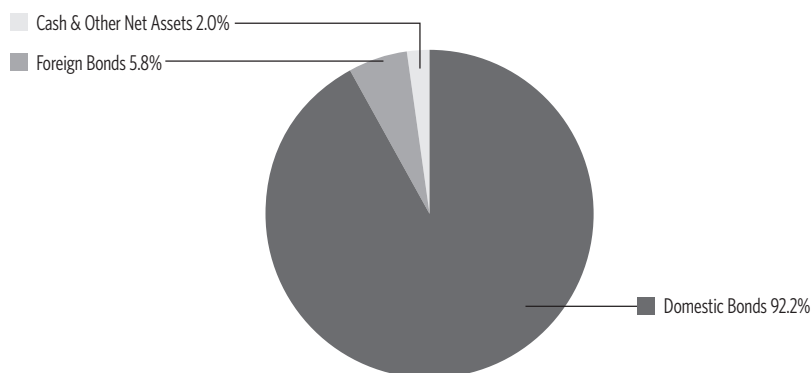
⁴ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁵ The results shown are for the period January 5 - December 31, 2010

MD Bond Fund

Summary of Investment Portfolio (June 30, 2011)

Net Asset Value: \$1,693.5 million



Portfolio Allocation

Domestic Bonds

Asset Backed Securities	4.7%
Collateralized Mortgage Obligations	1.2%
Corporate Bonds	43.6%
Government of Canada Bonds	24.0%
Municipal Bonds	4.1%
Provincial Bonds	14.6%
Total	92.2%

Foreign Bonds

Australia	3.0%
Netherlands	0.5%
Norway	0.4%
South Korea	0.3%
United Kingdom	0.8%
United States	0.8%
Total	5.8%

Top 25 Holdings (Percentage of Net Asset Value)

Canada Housing Trust No 1	1.34%	Sep 15/16	4.8%
Province of Quebec	4.50%	Dec 01/20	4.0%
Province of Ontario	4.65%	Jun 02/41	3.9%
Government of Canada	3.50%	Jun 01/20	3.9%
Province of Ontario	6.50%	Mar 08/29	3.6%
Government of Canada	3.75%	Jun 01/12	3.0%
Canada Housing Trust No 1	2.75%	Jun 15/16	2.6%
Government of Canada	1.00%	Sep 01/11	1.8%
Canada Housing Trust	1.42%	Sep 15/15	1.8%
Government of Canada	2.00%	Dec 01/41	1.4%
Hydro One Inc.	5.36%	May 20/36	1.4%
Cash and Cash Equivalents			1.3%
Bank of Montreal	3.98%	Jul 08/16	1.3%
National Bank of Canada	4.03%	May 26/15	1.2%
Teranet Holdings LP	3.53%	Dec 16/15	1.2%
Royal Office Finance LP	5.21%	Nov 12/32	1.1%
EnCana Corporation	5.80%	Jan 18/18	1.1%
Bank of Montreal	6.17%	Mar 28/23	1.1%
Manulife Financial Corporation	4.90%	Jun 02/14	1.1%
City of Toronto	5.05%	Jul 18/17	1.1%
Province of Quebec	4.50%	Dec 01/18	1.0%
Government of Canada	2.00%	Dec 01/14	1.0%
Canadian Imperial Bank of Commerce	3.40%	Jan 14/16	1.0%
Canadian Credit Card Trust	3.44%	Jul 24/15	0.9%
Sun Life Financial Inc.	5.70%	Jul 02/19	0.9%

Cash and Cash Equivalents 1.3%

Other Net Assets 0.7%

Total **100.0%**

Note: Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available.

The Net Asset Value, Portfolio Allocation and Top 25 Holdings in the tables are based on the trading net asset value as at June 30, 2011.



This page intentionally left blank.