

# MDPIM Canadian Long Term Bond Pool

Management Report of Fund Performance (June 30, 2011)

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Units of this Pool are offered for sale to discretionary, managed account clients only.

## Results of Operations

For the six-month period ending June 30, 2011, the MDPIM Canadian Long Term Bond Pool ("the Pool") generated a total return of 2.5%. 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 1.0% throughout the first half of 2011 and Government of Canada 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.

At the end of 2010, the Pool had a significant weight in cash, due in part to the substantial flows it received since its inception. During the first six months of the year, the cash position was reallocated to better align the Pool with its benchmark, the DEX Long-Term Bond Index. As at June 30, 2011, the Pool held a shorter than benchmark duration and was positioned for an increase in bond yields.

The Pool maintained an overweight holding, relative to the DEX Long-Term Bond Index, in corporate bonds for the first six months of the year. Despite credit spreads widening in June 2011, the six-month return for the DEX Corporate Long-Term Bond Index outperformed the DEX Government Long-Term Bond Index by 0.85% 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 Pool was \$812 million, an increase of 37% from the beginning of the year. The increase in the net asset value was a result of both positive contributions from the operations of the Pool as well as positive net contributions from unitholder transactions.

## Recent Developments

### Strategic Changes

There were no strategic changes to the Pool during the first half of the year. The Pool continues to be managed in predominantly a top-down manner. Overall, the Investment Advisor has adhered to their investment discipline and portfolio strategies and the Pool is inline to achieve its long-term objectives.

## Related Party Transactions

MD Physician Services Inc. is the Manager, Registrar and Trustee of the Pools. As Manager, MD Physician Services Inc. manages the overall business of the MDPIM Pools 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 Pool's units.

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

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

The principal distributor is MD Management Limited. As principal distributor, units of the MDPIM Pools are only available through MD Management Limited to clients of MD Private Trust Company or discretionary account clients of MD Physician Services Inc.

MD Management Limited and MD Private Trust Company are owned by the Pool's Manager, MD Physician Services Inc., which is owned by CMA Holdings (2009) Inc.

## Management Fees

MD Physician Services Inc. provides the Pool with management and administrative services. No management fee is charged in respect of the units of the Pool. Investors in this Pool have agreed to pay a managed account fee directly to MD Private Investment Counsel, a division of MD Physician Services Inc. See the information specific to the Pool included in Part B of the MDPIM Pools' Simplified Prospectus.

### 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](http://md.cma.ca) or SEDAR at [sedar.com](http://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.



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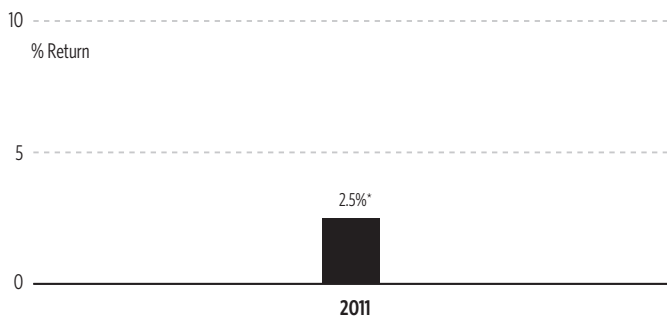
### Past Performance

The following bar chart shows, in percentage terms, the Fund's performance for the six-months ending June 30, 2011. The chart illustrates how much an investment made, on the first day of the calendar year, would have grown or decreased at the end of the noted period. As the Fund did not report a full financial year, 2010 performance data is not available.

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

### Year-By-Year Returns

■ MDPIM Canadian Long Term Bond Pool - Series A



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

### 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 Pool may not be those anticipated. Actual results may differ materially from the results anticipated in these forward-looking statements.

# MDPIM Canadian Long Term Bond Pool

## Management Report of Fund Performance (June 30, 2011)

### Financial Highlights

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

#### The Pool's Net Assets per Unit<sup>1</sup>

Series A	Six months ended June 30 2011	Year ended December 31 2010 <sup>4</sup>
Net assets—beginning of the period	\$10.27	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.20	\$0.20
Total expenses	\$—	\$—
Net realized gains (losses) for the period	\$0.02	\$0.03
Net unrealized gains (losses) for the period	\$0.07	\$0.05
Total increase (decrease) from operations <sup>2</sup>	\$0.29	\$0.28
Distributions:		
From income (excluding dividends)	\$(0.20)	\$(0.13)
From dividends	\$—	\$—
From capital gains	\$—	\$(0.03)
Return of capital	\$—	\$—
Total annual distributions <sup>3</sup>	\$(0.20)	\$(0.16)
Net assets—end of the period	\$10.32	\$10.27

<sup>1</sup> This information is derived from the Pool'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.

<sup>2</sup> 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.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Pool, or both.

<sup>4</sup> The results shown are for the period March 24 - December 31, 2010.

### Ratios and Supplemental Data

Series A	Six months ended June 30 2011	2010 <sup>5</sup>
Total net asset value, end of the period <sup>1</sup>	\$812,435,726	\$593,349,916
Number of units outstanding	78,625,298	57,744,711
Management expense ratio <sup>2</sup>	—	—
Management expense ratio before waivers or absorptions	—	0.09%
Trading expense ratio <sup>3</sup>	—	—
Portfolio turnover rate <sup>4</sup>	54.67%	64.20%
Net asset value per unit	\$10.33	\$10.28

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

<sup>2</sup> 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 Pool and results in a higher MER than in previous years.

<sup>3</sup> 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.

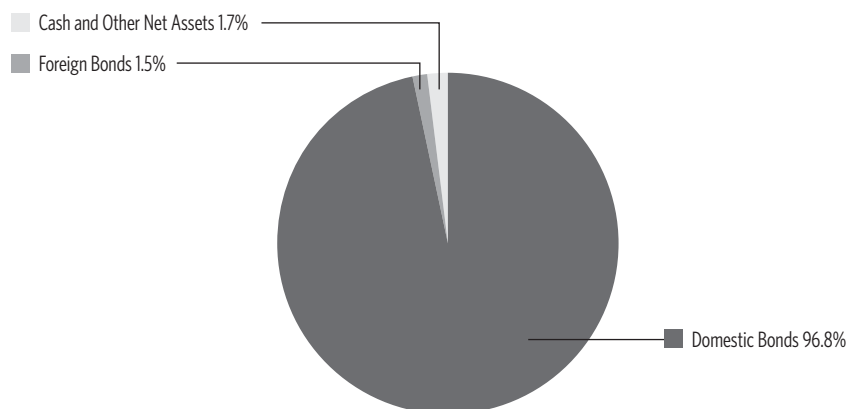
<sup>4</sup> The Pool's portfolio turnover rate indicates how actively the Pool's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Pool buying and selling all of the securities in its portfolio once in the course of the year. The higher a Pool's portfolio turnover rate in a year, the greater the trading costs payable by the Pool 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 Pool.

<sup>5</sup> The results shown are for the period March 24 - December 31, 2010.

# MDPIM Canadian Long Term Bond Pool

Summary of Investment Portfolio, June 30, 2011

Net Asset Value: \$812.4 million



Cash & Portfolio Allocation

## Domestic Bonds

Asset Backed Securities	1.6%
Corporate Bonds	25.4%
Government Of Canada Bonds	24.1%
Municipal Bonds	1.1%
Provincial Bonds	44.6%
<b>Total</b>	<b>96.8%</b>

## Foreign Bonds -

Australia	0.8%
Norway	0.4%
South Korea	0.3%
<b>Total</b>	<b>1.5%</b>

**Cash & Cash Equivalents** 1.1%

**Other Net Assets** 0.6%

**Total** 100.0%

## Top 25 Holdings (Percentage of Net Asset Value)

Province of Ontario 4.65% Jun 02/41	15.7%
Province of Quebec 5.00% Dec 01/41	14.6%
Government of Canada 3.50% Jun 01/20	12.3%
Province of Quebec 4.50% Dec 01/20	11.8%
Government of Canada 4.00% Jun 01/41	3.1%
Government of Canada 5.00% Jun 01/37	2.9%
Union Gas Limited 8.65% Nov 10/25	1.7%
Canada Housing Trust No 1 2.75% Jun 15/16	1.6%
Canada Housing Trust No 1 1.34% Sep 15/16	1.4%
Plenary Properties LTAP LP 6.29% Jan 31/44	1.3%
Greater Toronto Airports Authority 5.30% Feb 25/41	1.3%
Royal Office Finance LP 5.21% Nov 12/32	1.3%
Health Montreal Collective LP 6.72% Sep 30/49	1.3%
Enbridge Gas Distribution Inc. 4.95% Nov 22/50	1.2%
Rogers Communications, Inc. 6.56% Mar 22/41	1.2%
Bell Canada 4.95% May 19/21	1.2%
Teranet Holdings LP 5.75% Dec 17/40	1.2%
Cash and Cash Equivalents	1.1%
Regional Municipality of York 5.00% Apr 29/19	1.1%
CI Financial Corporation 3.94% Dec 14/16	0.9%
Province of Ontario 6.50% Mar 08/29	0.9%
Province of Quebec 4.50% Dec 01/18	0.8%
Financement-Quebec 1.57% Jun 02/16	0.8%
Shaw Communications Inc. 6.75% Nov 09/39	0.7%
Teranet Holdings LP 6.10% Jun 17/41	0.7%

Note: Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment pool. 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.

