

MDPIM Canadian Bond Pool

Management Report of Fund Performance (December 31, 2011)

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

Investment Objectives and Strategies

The MDPIM Canadian Bond Pool (the "Pool") seeks to conserve capital and produce income, with capital appreciation as a secondary objective. The Pool's total return can include interest income and capital gains. The Pool invests in a variety of Government of Canada, provincial, municipal, corporate and asset-backed bonds with short- to mid-terms of maturity. It may also invest in foreign securities.

The Pool's Investment Advisor, Mackenzie Financial Corporation – Mackenzie Sentinel investment team, applies a top-down, active portfolio management approach. They examine the strength of the economy through a constant review of economic indicators and trends, as well as monitor the political and fiscal situation domestically and abroad. With this information in hand, the Investment Advisor then determines ideal maturities, sector weights, industry weights and credit quality for the portfolio and selects the most appropriate securities to implement the Pool's strategy.

The Pool may not invest in companies that manufacture tobacco or tobacco-related products.

Risk

During the second half of 2011 the Pool decreased its duration. This decrease in duration effectively lowered the overall interest rate risk of the Pool.

At times, a portfolio can be subject to any number of investment risks. The primary investment risk, fixed income investment risk, continues to be managed as the Investment Advisor diversifies by issuer, term-to-maturity and sector. Foreign currency risk is managed with a rolling series of forward contracts that hedge U.S. dollar exposure. Descriptions of the investment risks associated with this Pool are detailed in the Simplified Prospectus.

Results of Operations

As part of the MD Physician Services Inc. investment management discipline, we carefully select and monitor the Investment Advisor to ensure the investment performance remains consistent with the long-term objectives of the Pool.

For the year ended December 31, 2011, the Pool generated a total return of 6.0%.

The European debt crisis and expectations for slower global growth were two of the main drivers pushing fixed income yields lower in 2011 as investors moved assets into securities that were perceived to offer lower risk. The Canadian bond indices, the DEX Short-Term, DEX Mid-term and DEX Long-Term Universe Bond Indices, all had positive returns for 2011, however, the long-term bond prices received a disproportional amount of support from policy interventions such as the Federal Reserve extending the average maturity of its holdings through purchases of longer term debt. This realization was illustrated via a flattening yield curve in Canada.

In line with investors seeking safety, federal government debt issues, relative to provincial and corporate debt, were the best performing sector for the DEX Mid-Term Bond Index. Although yields for corporate debt fell during the year, credit spreads widened as they did not fall to the same magnitude as their government counterparts. This realization did not transpire in the DEX Short-Term Bond Index where investors were more willing to embrace risk, propelling provincial issues to have the highest return.

Throughout the year, the Pool maintained a shorter than benchmark duration and held a significant weight in debt issued by corporations. In September, the portfolio's duration was increased slightly to take advantage of the expectations that yields would continue to fall. At the end of the year, the Pool held 3% in Cash and Cash Equivalents, 90% in Domestic Bonds and 7% in Foreign Bonds.

As at December 31, 2011, the total net asset value of the Pool was approximately \$3.0 billion, an increase in the net asset value of 7% since 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

The Pool continues to be managed in predominantly a top-down manner, with the Pool continuing to hold an overweight position in high-quality, investment-grade corporate bonds.

During the second half of 2011 the Pool decreased its duration. This decrease in duration effectively lowered the overall interest rate risk of the Pool. The average term of the Pool may be lengthened or shortened based on the Investment Advisor's analysis of future interest rate direction.

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. keeps track of 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.

Disclosure

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can obtain a copy of the annual 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.



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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

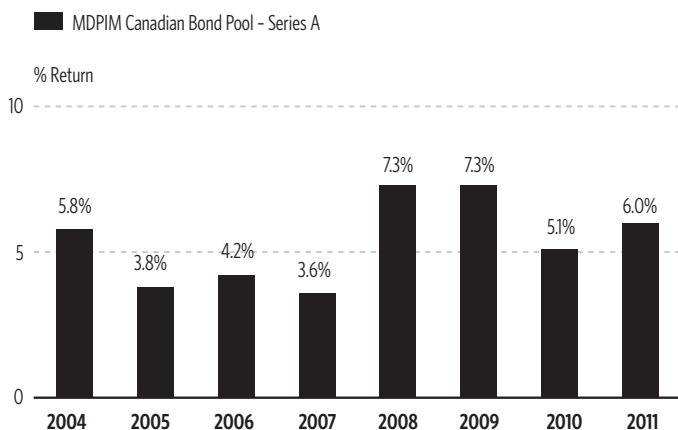
No management fee is charged in respect of units of MDPIM Canadian Bond Pool. Investors in these units have agreed to pay a managed account fee directly to MD Physician Services Inc. See the information specific to the Pool included in Part B of the Simplified Prospectus.

Past Performance

The following bar chart shows the Pool's annual performance for each of the years shown, and illustrates how the Pool'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.

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, redemption, distribution 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



Annual Compound Returns

The following table shows MDPIM Canadian Bond Pool's historical annual compound return for the past one, three and five year periods ended on December 31 and since inception of the Pool, as compared to the return of a blended benchmark of 60% DEX Short-Term (ST) Bond Index and 40% DEX Mid-Term (MT) Bond Index.

	1 year	3 years	5 years	Since Inception*
MDPIM Canadian Bond Pool	6.0%	6.1%	5.9%	5.4%
60/40 Blended DEX ST/MT Bond Index	7.7%	6.5%	6.2%	5.9%
DEX Short-Term Bond Index	4.7%	4.3%	5.1%	
DEX Mid-Term Bond Index	10.9%	8.7%	7.3%	

*The Pool began issuance of units February 12, 2003.

Management uses the blend of the noted indices as the benchmark for this Pool because together they represent the returns of Canadian government and corporate bonds with a short to mid-term investment horizon. Although index returns are hypothetical—as they do not reflect the true cost of owning or managing the underlying bonds—they are one of several useful indicators. By comparing the Pool's performance to the movements of the benchmark, we are able to assess how the Pool is doing. For example, some short-term deviations can signal the need for change while others confirm the expectations of a longer-term strategy. If Management were to ascertain that the Pool's over or under performance was the result of excessive risk-taking or deviation from the investment mandate, we would, on behalf of all our unitholders, address these issues with the Investment Advisor and make changes if necessary.

The MDPIM Canadian Bond Pool's one year return is the result of falling yields for the fixed income securities in which it invests. As noted in the above table, the Pool underperformed its benchmark over the one year period. Although the Pool benefited from the appreciation of fixed income issues, a lack of exposure, to the outperformance of government issues deterred from the Pool's performance versus the blended index. Further, the Pool maintained a shorter than benchmark duration to protect the portfolio from the potentially detrimental effect caused by rising yields and, therefore, did not participate in the appreciation of fixed income prices to the same extent as the noted benchmark.

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 Bond Pool

Management Report of Fund Performance (December 31, 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 financial statements.

The Fund's Net Assets per Unit¹

Series A	2011	2010	2009	2008	2007
Net assets - beginning of the year	\$ 10.59	\$ 10.48	\$ 10.25	\$ 9.93	\$ 10.07
Increase (decrease) from operations:					
Total revenue	\$ 0.38	\$ 0.40	\$ 0.43	\$ 0.55	\$ 0.44
Total expenses	\$ —	\$ —	\$ —	\$ —	\$ —
Net realized gains (losses) for the year	\$ 0.08	\$ 0.08	\$ 0.23	\$ (0.09)	\$ (0.08)
Net unrealized gains (losses) for the year	\$ 0.18	\$ 0.04	\$ 0.06	\$ 0.21	\$ —
Total increase (decrease) from operations ²	\$ 0.64	\$ 0.52	\$ 0.72	\$ 0.67	\$ 0.36
Distributions:					
From income (excluding dividends)	\$ (0.37)	\$ (0.40)	\$ (0.40)	\$ (0.36)	\$ (0.50)
From dividends	\$ —	\$ —	\$ —	\$ —	\$ —
From capital gains	\$ —	\$ (0.02)	\$ (0.11)	\$ (0.02)	\$ —
Total annual distributions ³	\$ (0.37)	\$ (0.42)	\$ (0.51)	\$ (0.38)	\$ (0.50)
Net assets - end of year	\$ 10.86	\$ 10.59	\$ 10.48	\$ 10.25	\$ 9.93

¹ This information is derived from the Pool's audited annual 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.

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 Pool, or both.

Ratios and Supplemental Data

Series A	2011	2010	2009	2008	2007
Total net asset value, end of the year ¹	\$ 2,979,803,416	\$ 2,781,500,777	\$ 2,397,685,530	\$ 2,028,387,040	\$ 1,464,886,995
Number of units outstanding	274,039,861	262,237,469	228,425,942	197,751,692	147,459,202
Management expense ratio ²	—	—	—	—	—
Management expense ratio before waivers or absorptions	—	0.03%	0.06%	0.08%	0.05%
Trading expense ratio ³	—	—	—	—	—
Portfolio turnover rate ⁴	65.58%	38.85%	91.22%	148.95%	178.86%
Net asset value per unit	\$ 10.87	\$ 10.61	\$ 10.50	\$ 10.26	\$ 9.93

¹ This information is provided as at December 31 of the year 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 Pool and results in a higher MER than in previous years.

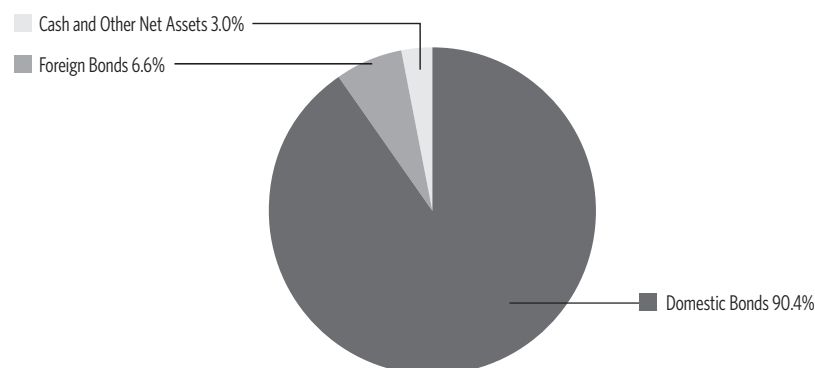
³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

⁴ The 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.

MDPIM Canadian Bond Pool

Summary of Investment Portfolio (December 31, 2011)

Net Asset Value: \$2,979.8 million



Portfolio Allocation

Domestic Bonds	
Asset Backed Securities	9.0%
Collateralized Mortgage Obligations	0.7%
Corporate Bonds	38.4%
Government of Canada Bonds	28.2%
Municipal Bonds	3.1%
Provincial Bonds	11.0%
Total Domestic Bonds	90.4%

Foreign Bonds	
Australia	3.2%
India	1.5%
Netherlands	0.3%
Norway	0.4%
South Korea	0.2%
United States	1.0%
Total Foreign Bonds	6.6%

Cash & Cash Equivalents 1.7%

Other Net Assets 1.3%

Total Net Assets **100.0%**

Top 25 Holdings (Percentage of Net Asset Value)

Canada Housing Trust No 1	1.33%	Jan 15/16	8.8%
Canada Housing Trust No 1	2.75%	Jan 15/16	6.5%
Government of Canada	3.50%	Feb 01/20	5.3%
Province of Ontario	4.20%	Jan 08/18	3.1%
Province of Quebec	4.50%	Feb 01/20	2.8%
Government of Canada	2.00%	Jan 01/16	2.6%
Canada Housing Trust	1.41%	Jan 15/15	2.0%
Government of Canada	1.50%	Jan 01/17	1.9%
Cash and Cash Equivalents			1.7%
Bank of Montreal	3.98%	Feb 08/21	1.4%
NHA Mortgage Backed Securities	2.50%	Jan 01/15	1.2%
National Bank of Canada	4.03%	Jan 26/15	1.2%
Province of Ontario	4.20%	Feb 02/20	1.2%
Teranet Holdings LP	3.53%	Jan 16/15	1.1%
HSBC Bank Canada	3.56%	Jan 04/17	1.0%
CDP Financial Inc.	4.40%	Jan 25/19	1.0%
NHA Mortgage Backed Securities	1.95%	Jan 01/15	1.0%
Canadian Credit Card Trust	3.44%	Jan 24/15	0.9%
Province of Quebec	4.50%	Jan 01/18	0.9%
Financement Quebec	1.26%	Jan 16/13	0.9%
Manulife Financial Corporation	5.16%	Jan 26/15	0.9%
Financement Quebec	1.55%	Jan 02/16	0.9%
Hydro One Inc.	3.13%	Jan 19/14	0.9%
NAV Canada	1.68%	Jan 29/13	0.8%
Financement Quebec	3.25%	Jan 01/14	0.8%

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 following tables are based on the trading net asset value as at December 31, 2011.

