

MD International Value Fund

Management Report of Fund Performance (December 31, 2011)

Series A, Series T and Series I

Investment Objectives and Strategies

The MD International Value Fund (the "Fund") seeks to achieve long-term capital growth by investing in international equity markets. The Fund may hold one or more international equity mutual funds and/or international equity securities. Where the Fund invests in individual equity securities, it may invest up to 20% of its net assets in emerging markets.

The Fund's Investment Advisors are Earnest Partners, LSV Asset Management and Mondrian Investment Partners Limited who advise on the Funds equities while CIBC Global Asset Management Inc. manages the currency and cash reserves of the Fund.

Earnest Partners uses a proprietary investment approach called Return Pattern Recognition[®], to identify the financial and market characteristics that have been in place when an individual company has produced outstanding performance. Earnest screens thousands of companies and selects for an in-depth fundamental review those exhibiting the set of characteristics that are believed to indicate future outperformance. Portfolios of stocks expected to have the best performance are combined using a statistical approach called downside deviation to measure and then constrain the likelihood of significantly underperforming the benchmark.

LSV Asset Management believes that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioural weaknesses that influence the decisions of many investors. These include: the tendency to extrapolate the past too far into the future, to wrongly equate a good company with a good investment irrespective of price, to ignore statistical evidence and to develop a "mind set" about a company. LSV uses a quantitative investment model to choose out-of-favour (undervalued) stocks in the marketplace at the time of purchase and have potential for near-term appreciation. LSV believes that these out-of-favour securities will produce superior future returns if their future growth exceeds the market's low expectations.

Mondrian Investment Partners is a value-oriented investment manager that seeks to invest in stocks where rigorous dividend discount analysis has isolated value in terms of the long-term flow of dividends. Dividend yield and future real growth play a central role in their decision making process and over time the dividend component is expected to be a meaningful portion of expected total return.

CIBC Global Asset Management Inc. (CGAM) in managing the cash reserves seeks to maintain the equity market exposure and minimize the impact of cash on the Fund's performance. CGAM seeks to manage the currency risk and add value by managing the Fund's exposure to foreign currency. CGAM employs proprietary quantitative models focusing on key valuation, cyclical and momentum factors as well as qualitative analysis based on extensive internal research and insights from external sources.

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

Risk

At times, a portfolio can be subject to any number of investment risks. The risk level of the Fund did not change significantly during the year. Descriptions of the investment risks associated with this Fund are detailed in the Simplified Prospectus.

Results of Operations

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

For the year ended December 31, 2011, the Fund's Series A units had a total return of -12.0%. The negative return was attributable to sharp global equity declines over the second and third quarters. The European sovereign debt crisis, a divisive U.S. debt ceiling debate, U.S. Government credit rating downgrade, and signs of a weakening global economy all weighed on investor confidence. Investments sold off in the market with little differentiation making it difficult for actively managed funds to perform. Positive developments in the European crisis and signs of improvement in the U.S. economy led to a strong rally in the fourth quarter which helped reverse some of the earlier losses. The MSCI EAFE Index which represents the aggregate common share returns of the non-North American developed world's largest companies returned -11.6% in local currencies or -9.6% in Canadian dollar terms. Other factors that affected the Fund's performance are summarized below.

Foreign currency exposure had a net positive impact on the Fund's performance as the Canadian dollar depreciated relative to several major international currencies throughout the year. Specifically, the Japanese yen and British pound sterling exposures benefited the fund's returns the most.

The majority of the Fund's regional allocations were to investments in Europe and Asia. Japan, the United Kingdom and France received the largest country weightings. Equities from the United Kingdom and Sweden had the largest positive contribution to the Fund's return over the year. Japanese equities had the largest negative contribution to return, however investments in France and Italy also detracted.

Out of the ten industrial sectors represented in the portfolio, the Financials and Telecommunication Services sectors received on average the highest portfolio weightings, while the Industrials and Utilities sectors received the lowest allocation. The defensive Health Care sector was the only sector in the portfolio to provide a material positive contribution to return. The Energy and Telecommunications Services sectors also held up relatively well during the year. In contrast, the cyclical Financials and Materials sectors had the most significant negative contributions to return.

The Fund's investment style, large-cap with a value bias, was maintained throughout most of 2011; however, in the fourth quarter changes were instituted to the Fund to diversify the Fund's investment approaches and incorporate smaller-cap companies into the portfolio, as described in Recent Developments, Strategic Changes below.

As at December 31, 2011, the total net asset value of the Fund was \$106 million, a decrease of 31% from the previous year. The results from operations and net unitholder redemptions contributed to the reduction in the net asset value.

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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Recent Developments

Strategic Changes

On September 16, 2011, the Board of Directors of MD Physician Services Inc. announced the replacement Investment Advisors for the Fund, namely; Earnest Partners, LSV Asset Management and Mondrian Investment Partners.

It is management's expectation that this strategic change to the portfolio will provide greater potential for the Fund to achieve higher returns and to reach the long-term investment objectives of the Fund.

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 Fund 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 Fund's units.

As Registrar, MD Physician Services Inc. keeps track of the owners of units of the MD Fund, 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 Fund 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.

Independent Review Committee (IRC) Reliance

During the period, the Manager relied on the approval and standing instruction provided by the MDPSI Fund's IRC to enable the MDPSI Fund to allow for the fees associated with the Advisor search to be incorporated with the brokerage fees associated with the Transition of assets. In addition, the Manager relied on the approval and standing instruction provided by the MDPSI Fund's IRC to enable the Fund to cross trade like securities between MDPSI Funds to facilitate the transition of the Fund Advisor portfolios and reduce brokerage trading costs to the benefit of the unitholder.

In accordance with the IRC's approval and standing instruction, in making a decision to cause the Fund to make a Related Party Transaction, the Manager and Funds' Investment Advisor are required to comply with the Manager's written policy and procedure governing the Related-Party Transaction and report periodically to the IRC, describing each instance that the Manager and/or Investment Advisor relied on the approval and standing instruction, and their compliance or non-compliance with the governing policy and procedure. The governing policy and procedure is designed to ensure the Related Party Transaction (i) is made free from any influences to their affiliation, (ii) represents the business judgment of the Investment Advisor, uninfluenced by considerations other than the best interests of the MD Fund, and (iii) achieves a fair and reasonable result for the MDPSI Fund.

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.

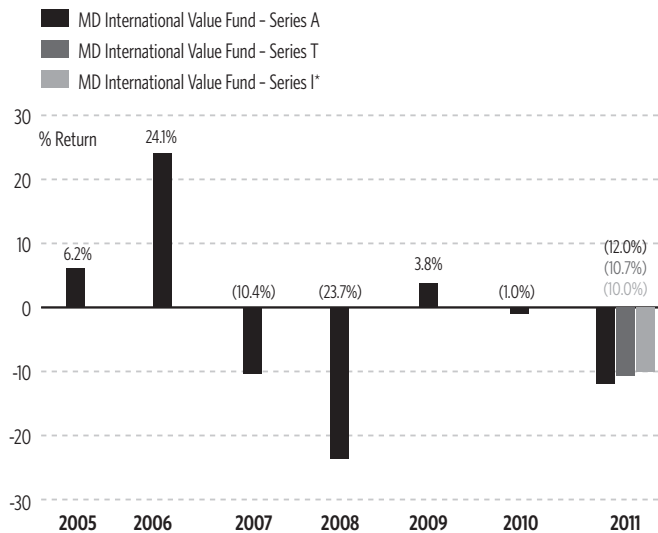
| | |
|---|-------|
| (as a percentage of management fees) | |
| Financial Planning Services | 29.5% |
| Investment management, administration and other | 70.5% |

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.

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, redemption, distribution 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



* 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.

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Annual Compound Returns

The following table shows MD International Value Fund's historical annual compound return for the one, three and five year periods ended on December 31 and since inception of the Fund and series, as compared to the return of the MSCI EAFE Index.

| | 1 year | 3 years | 5 years | Since Inception* |
|--|--------|---------|---------|------------------|
| MD International Value Fund - Series A | -12.0% | -3.3% | -9.2% | -1.9% |
| MD International Value Fund - Series T | -10.7% | — | — | -11.4% |
| MD International Value Fund - Series I | -10.0% | — | — | -5.6% |
| MSCI EAFE Index | -9.6% | 1.4% | -6.8% | 1.3% |

*The Fund established series A units on January 5, 2004, series T units on November 22, 2010 and series I units on January 5, 2010. The series I units are available to institutional investors and pay a separate negotiated management fee and administration fee directly to MD Physician Services Inc.

Management uses the MSCI EAFE Index as the benchmark for this Fund because it represents the aggregate returns of securities listed on exchanges in European, Australasian and Far Eastern markets. Although index returns are hypothetical— as they do not reflect the true cost of owning or managing the underlying stocks— they are one of several useful indicators. By comparing the Fund's performance to the movements of the benchmark, we are able to assess how the Fund 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 a Fund'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.

As the above table indicates, the Fund underperformed the MSCI EAFE Index over all stated compound periods. The underperformance in 2011 was primarily the result of value style investing. Longer term underperformance was largely due to the Fund's value style which has been a detractor for the past several years. Historically, value investing has proven to be a successful strategy and in time it is expected to add value. Recent changes to the Funds investment approach to diversify the fund's investment strategies and incorporate securities of select smaller companies is expected to improve performance prospectively.

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.

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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 | \$ 7.98 | \$ 8.15 | \$ 7.96 | \$ 10.62 | \$ 12.61 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | \$ 0.28 | \$ 0.33 | \$ 0.25 | \$ 0.34 | \$ 0.29 |
| Total expenses | \$ (0.17) | \$ (0.17) | \$ (0.17) | \$ (0.19) | \$ (0.26) |
| Net realized gains (losses) for the year | \$ (4.06) | \$ (0.58) | \$ (0.32) | \$ 0.02 | \$ 0.71 |
| Net unrealized gains (losses) for the year | \$ 3.05 | \$ 0.27 | \$ 0.52 | \$ (2.59) | \$ (2.26) |
| Total increase (decrease) from operations ² | \$ (0.90) | \$ (0.15) | \$ 0.28 | \$ (2.42) | \$ (1.52) |
| Distributions: | | | | | |
| From income (excluding dividends) | \$ (0.17) | \$ (0.10) | \$ (0.11) | \$ (0.15) | \$ (0.12) |
| From dividends | \$ — | \$ — | \$ — | \$ — | \$ — |
| From capital gains | \$ — | \$ — | \$ — | \$ — | \$ (0.56) |
| Return of capital | \$ — | \$ — | \$ — | \$ — | \$ — |
| Total annual distributions ³ | \$ (0.17) | \$ (0.10) | \$ (0.11) | \$ (0.15) | \$ (0.68) |
| Net assets - end of the year | \$ 6.85 | \$ 7.98 | \$ 8.15 | \$ 7.96 | \$ 10.62 |

| Series I | 2011 | 2010 ⁴ |
|--|-----------|-------------------|
| Net assets - beginning of the year | \$ 8.17 | \$ 8.31 |
| Increase (decrease) from operations: | | |
| Total revenue | \$ 0.23 | \$ 0.28 |
| Total expenses | \$ — | \$ — |
| Net realized gains (losses) for the year | \$ (4.91) | \$ (0.60) |
| Net unrealized gains (losses) for the year | \$ 3.79 | \$ 0.86 |
| Total increase (decrease) from operations ² | \$ (0.89) | \$ 0.54 |
| Distributions: | | |
| From income (excluding dividends) | \$ (0.23) | \$ (0.11) |
| From dividends | \$ — | \$ — |
| From capital gains | \$ — | \$ — |
| Return of capital | \$ — | \$ — |
| Total annual distributions ³ | \$ (0.23) | \$ (0.11) |
| Net assets - end of the year | \$ 7.12 | \$ 8.17 |

| Series T | 2011 | 2010 ⁵ |
|--|-----------|-------------------|
| Net assets - beginning of the year | \$ 9.88 | \$ 10 |
| Increase (decrease) from operations: | | |
| Total revenue | \$ 0.29 | \$ 0.03 |
| Total expenses | \$ (0.20) | \$ — |
| Net realized gains (losses) for the year | \$ (6.73) | \$ — |
| Net unrealized gains (losses) for the year | \$ 5.17 | \$ (0.15) |
| Total increase (decrease) from operations ² | \$ (1.47) | \$ (0.12) |
| Distributions: | | |
| From income (excluding dividends) | \$ (0.05) | \$ — |
| From dividends | \$ — | \$ — |
| From capital gains | \$ — | \$ — |
| Return of capital | \$ (0.49) | \$ — |
| Total annual distributions ³ | \$ (0.54) | \$ — |
| Net assets - end of the year | \$ 8.32 | \$ 9.88 |

¹ This information is derived from the Fund'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 Fund, or both.

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

⁵ The results shown are for the period November 22 - December 31, 2010.

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Financial Highlights (continued)

Ratios and Supplemental Data

| Series A | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|---------------|----------------|----------------|----------------|----------------|
| Total net asset value, end of the year ¹ | \$ 93,944,400 | \$ 147,728,675 | \$ 199,418,226 | \$ 208,374,680 | \$ 229,775,249 |
| Number of units outstanding | 13,684,708 | 18,512,115 | 24,418,230 | 26,107,468 | 21,591,635 |
| Management expense ratio ² | 2.21% | 2.14% | 2.07% | 1.94% | 1.96% |
| Management expense ratio before tax | 2.00% | 2.00% | 1.97% | 1.84% | 1.84% |
| Management expense ratio before waivers or absorptions | 2.21% | 2.14% | 2.08% | 2.06% | 2.05% |
| Trading expense ratio ³ | 0.12% | 0.04% | 0.02% | 0.09% | 0.16% |
| Portfolio turnover rate ⁴ | 113.84% | 22.96% | 7.14% | 17.33% | 19.47% |
| Net asset value per unit | \$ 6.86 | \$ 7.98 | \$ 8.17 | \$ 7.98 | \$ 10.64 |

| Series I | 2011 | 2010 ⁵ |
|--|---------------|-------------------|
| Total net asset value, end of the year ¹ | \$ 11,861,099 | \$ 6,428,769 |
| Number of units outstanding | 1,662,000 | 786,123 |
| Management expense ratio ² | — | — |
| Management expense ratio before waivers or absorptions | — | — |
| Trading expense ratio ³ | 0.12% | 0.04% |
| Portfolio turnover rate ⁴ | 113.84% | 22.96% |
| Net asset value per unit | \$ 7.14 | \$ 8.18 |

| Series T | 2011 | 2010 ⁶ |
|--|------------|-------------------|
| Total net asset value, end of the year ¹ | \$ 113,101 | \$ 25 |
| Number of units outstanding | 13,570 | 3 |
| Management expense ratio ² | 2.25% | — |
| Management expense ratio before tax | 1.99% | — |
| Management expense ratio before waivers or absorptions | 2.25% | — |
| Trading expense ratio ³ | 0.12% | 0.04% |
| Portfolio turnover rate ⁴ | 113.84% | 22.96% |
| Net asset value per unit | \$ 8.33 | \$ 9.89 |

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 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.

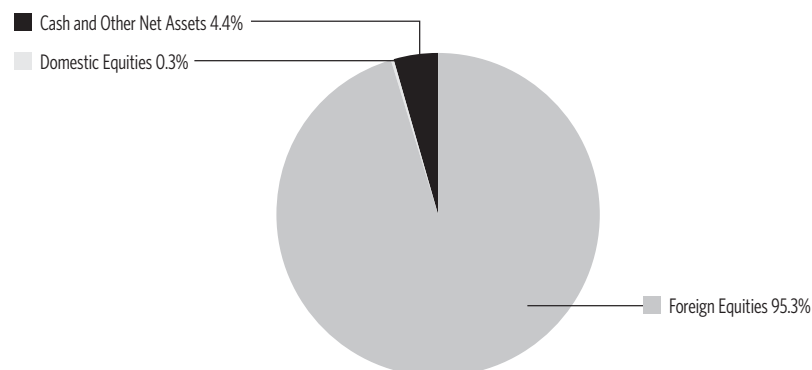
⁵ The results shown are for the period January 5 - December 31, 2010.

⁶ The results shown are for the period November 22 - December 31, 2010.

MD International Value Fund

Summary of Investment Portfolio (December 31, 2011)

Net Asset Value: \$105.9 million



Portfolio Allocation

Domestic Equities

| | |
|----------------------------|------|
| Telecommunication Services | 0.3% |
| | 0.3% |

Foreign Equities

| | |
|----------------|-------|
| Australia | 4.4% |
| Austria | 1.9% |
| Belgium | 0.2% |
| Bermuda | 1.8% |
| Brazil | 1.1% |
| China | 2.7% |
| Colombia | 0.5% |
| Denmark | 0.2% |
| Finland | 0.2% |
| France | 8.3% |
| Germany | 3.6% |
| Hong Kong | 0.1% |
| India | 0.2% |
| Ireland | 0.5% |
| Israel | 1.1% |
| Italy | 2.2% |
| Japan | 15.5% |
| Jersey | 1.0% |
| Mexico | 0.5% |
| Netherlands | 4.1% |
| New Zealand | 0.2% |
| Norway | 1.9% |
| Singapore | 1.8% |
| Spain | 3.6% |
| Sweden | 1.4% |
| Switzerland | 6.4% |
| Taiwan | 1.8% |
| United Kingdom | 17.4% |
| United States | 10.7% |
| | 95.3% |

Top 25 Holdings (Percentage of Net Asset Value)

| | |
|--|------|
| iShares MSCI EAFE Index Fund | 7.4% |
| Cash and Cash Equivalents | 3.6% |
| Royal Dutch Shell PLC Cl. A | 2.9% |
| iShares MSCI Emerging Markets Index Fund | 2.4% |
| Novartis AG | 2.2% |
| BP PLC | 1.9% |
| Sanofi-Aventis SA | 1.8% |
| Total SA | 1.6% |
| Tesco PLC | 1.5% |
| Unilever PLC | 1.4% |
| Zurich Financial Services AG | 1.3% |
| RWE AG | 1.3% |
| Eni SPA | 1.3% |
| GlaxoSmithKline PLC | 1.3% |
| France Telecom SA | 1.2% |
| Telefonica SA | 1.2% |
| Vodafone Group PLC | 1.2% |
| Kao Corporation | 1.2% |
| Koninklijke Ahold NV | 1.2% |
| Taiwan Semiconductor Manufacturing Company Limited ADR | 1.2% |
| Canon Inc. | 1.2% |
| ARM Holdings PLC ADR | 1.2% |
| Takeda Pharmaceutical Company Limited | 1.2% |
| Seven & I Holdings Co. Ltd. | 1.2% |
| Core Laboratories NV | 1.1% |

Cash and Cash Equivalents 3.6%

Other Net Assets 0.8%

Total Net Assets 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 December 31, 2011.

