MD Select Fund

Management Report of Fund Performance (December 31, 2011)

Series A, Series T and Series I

Investment Objectives and Strategies

The MD Select Fund (the "Fund") seeks to provide long-term capital growth with income production as a secondary consideration. The Fund invests in a diversified portfolio of equities, with the primary focus on Canadian companies. The Fund may also invest in non-Canadian securities.

The Fund is broadly diversified by market capitalization and primarily uses a growth-style approach to investment selection.

This is a multi-managed fund with Highstreet Asset Management (Highstreet) and Acuity Investment Management Inc. (Acuity) as Investment Advisor to the Fund. MD Private Trust company advises the Fund as it relates to cash reserves. MD Private Trust Company advises the Fund as it relates to cash reserves and utilizes the sub-advisory services of Mackenzie Financial Corporation - Mackenzie Sentinel investment team.

Highstreet follows a disciplined quantitative approach to investing. They apply a growth style investment approach with a focus on risk management at the portfolio construction level. The Advisor utilizes a proprietary model to assess securities with strong competitive positions that can maintain high earnings growth and positive risk attributes.

Acuity looks for growth-oriented companies that are primarily considered to be mid or small-cap. They employ a growth at a reasonable price (GARP) investment strategy where their criteria for stock selection include: a proven management team, a proprietary and/or strategic advantage, and financial strength. In their opinion, these companies have above-average growth potential and represent the most promising investment opportunities.

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 and integrate them in a manner to ensure the investment performance remains consistent with the long-term objectives of the Fund. At year end, the assets of the Fund were allocated 90% to Highstreet and 10% to Acuity.

For the year ended December 31, 2011 the Fund's Series A units return was -18.4%. On a relative basis Canadian equities declined in 2011 amid uncertainties surrounding the sovereign debt crisis in Europe and concerns about the possibility of a slowdown in the global economy. The third quarter was particularly challenging for the Canadian equity markets and accounts for most of the decline recorded this year.

Out of the ten industrial sectors represented in the portfolio, the Materials and Energy sectors, and to a lesser extent the Financials sector, received on average the highest portfolio weightings, while the Health Care, Utilities and Telecom Services sectors received the lowest allocation. Most sectors contributed negatively to the Fund's return. As a result of their respective weight within the Fund, the Materials, Energy and Financials sectors were the largest detractors from the Fund's performance over the period.

The Fund predominantly maintained its intended all-cap growth bias investment strategy throughout the year. The growth bias was the predominant contributor to Funds decline in 2011.

As at December 31, 2011 the total net asset value of the Fund was $398 million, a decrease of 21% from the previous year. The results from operations and net unitholder redemptions contributed to the reduction in the net asset value. Revenues were higher from Dividend income and expenses were similar to the previous year.

Recent Developments

Strategic Changes

There were no strategic changes to the Fund throughout the year. The Fund continues to be managed in a manner consistent with its investment mandate. The Investment Advisors have adhered to their investment disciplines and portfolio strategies, and they are in line to achieve the long-term 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.

MD PHYSICIAN SERVICES INC. A CMA COMPANY

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.

MD Select Fund

Management Report of Fund Performance (December 31, 2011)

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.

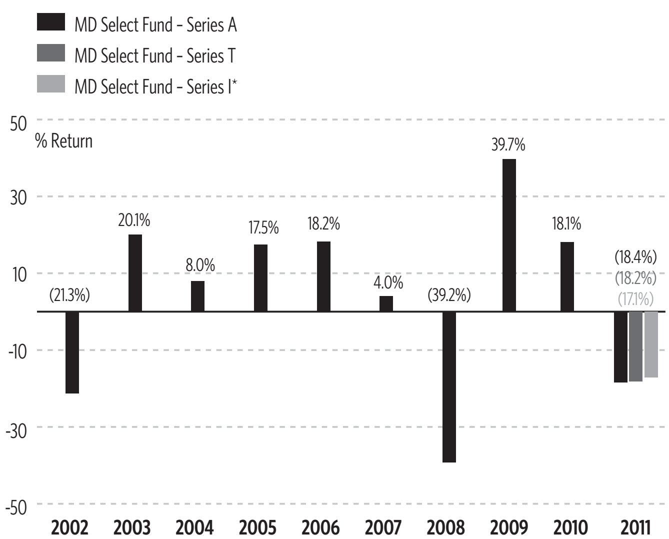
(As a percentage of management fees)	
Financial Planning Services	47.0%
Investment management, administration and other	53.0%

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.

Annual Compound Returns

The following table shows MD Select Fund's historical annual compound return for the past one, three, five and ten year periods ended on December 31 and since inception of the series, as compared to the return of the S&P/TSX Composite Index.

	1 year	3 years	5 years	10 years	Since Inception*
MD Select Fund – Series A	-18.4%	10.4%	-3.2%	1.9%	
MD Select Fund – Series T	-18.2%	—	—	—	-17.0%
MD Select Fund – Series I	-17.1%	—	—	—	-1.4%
S&P/TSX Capped Composite Index	-8.7%	13.2%	1.3%	7.0%	

*The Fund established series I units on January 5, 2010 and series T units on November 22, 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 S&P/TSX Composite Index as the benchmark for this Fund because it represents the aggregate common share returns of Canada's largest companies. 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, or that changes were required to maintain the ability of the Fund to meet its objectives, we would, on behalf of all our unitholders, address these issues with the Investment Advisors and make changes if necessary.

The above table indicates that the Fund underperformed the benchmark in all compound periods. A significant part of the underperformance was the result of a sharp increase in market volatility, particularly in the third quarter of 2011, which has impacted longer term compound returns. The high market volatility created significant head winds during the year as Canadian growth stocks substantially underperformed Canadian value stocks. With no value component to offset its strong growth bias, the Fund was therefore directly impacted.

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 Select Fund

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 Unit[1]

Series A		2011		2010		2009		2008		2007
Net assets - beginning of the year	$	20.32	$	17.17	$	12.37	$	20.57	$	22.01
Increase (decrease) from operations:										
Total revenue	$	0.41	$	0.37	$	0.38	$	0.46	$	0.45
Total expenses	$	(0.29)	$	(0.27)	$	(0.30)	$	(0.31)	$	(0.38)
Net realized gains (losses) for the year	$	(0.41)	$	1.73	$	(2.17)	$	(1.30)	$	3.06
Net unrealized gains (losses) for the year	$	(3.43)	$	1.29	$	6.98	$	(6.84)	$	(2.21)
Total increase (decrease) from operations[2]	$	(3.72)	$	3.12	$	4.89	$	(7.99)	$	0.92
Distributions:										
From income (excluding dividends)	$	—	$	—	$	—	$	—	$	—
From dividends	$	—	$	(0.04)	$	(0.13)	$	(0.11)	$	—
From capital gains	$	—	$	—	$	—	$	—	$	(2.24)
Return of capital	$	—	$	—	$	—	$	—	$	—
Total annual distributions[3]	$	—	$	(0.04)	$	(0.13)	$	(0.11)	$	(2.24)
Net assets - end of the year	$	16.56	$	20.32	$	17.17	$	12.37	$	20.57

Series I		2011		2010[4]
Net assets - beginning of the year	$	20.54	$	17.59
Increase (decrease) from operations:				
Total revenue	$	0.42	$	0.38
Total expenses	$	—	$	—
Net realized gains (losses) for the year	$	(1.06)	$	1.47
Net unrealized gains (losses) for the year	$	(2.93)	$	2.89
Total increase (decrease) from operations[2]	$	(3.57)	$	4.74
Distributions:				
From income (excluding dividends)	$	—	$	—
From dividends	$	(0.17)	$	(0.02)
From capital gains	$	—	$	—
Return of capital	$	—	$	—
Total annual distributions[3]	$	(0.17)	$	(0.02)
Net assets - end of the year	$	16.83	$	20.54

Series T		2011		2010[5]
Net assets - beginning of the year	$	10.08	$	10.00
Increase (decrease) from operations:				
Total revenue	$	0.20	$	0.02
Total expenses	$	(0.14)	$	—
Net realized gains (losses) for the year	$	(0.90)	$	0.01
Net unrealized gains (losses) for the year	$	(0.93)	$	0.05
Total increase (decrease) from operations[2]	$	(1.77)	$	0.08
Distributions:				
From income (excluding dividends)	$	—	$	—
From dividends	$	—	$	—
From capital gains	$	—	$	—
Return of capital	$	(0.50)	$	—
Total annual distributions[3]	$	(0.50)	$	—
Net assets - end of the year	$	7.80	$	10.08

[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.

MD Select Fund

Management Report of Fund Performance (December 31, 2011)

Financial Highlights (continued)

Ratios and Supplemental Data

Series A	2011	2010	2009	2008	2007
Total net asset value, end of the year[1]	$ 309,032,642	$ 444,344,785	$ 372,737,207	$ 255,879,000	$ 462,966,057
Number of units outstanding	18,613,034	21,832,148	21,639,516	20,565,861	22,432,060
Management expense ratio[2]	1.55%	1.51%	1.47%	1.42%	1.41%
Management expense ratio before tax	1.40%	1.40%	1.40%	1.35%	1.33%
Management expense ratio before waivers or absorptions	1.55%	1.51%	1.48%	1.43%	1.42%
Trading expense ratio[3]	0.40%	0.53%	0.64%	0.31%	0.23%
Portfolio turnover rate[4]	146.09%	189.92%	174.47%	58.35%	46.00%
Net asset value per unit	$ 16.60	$ 20.35	$ 17.22	$ 12.44	$ 20.64

Series I	2011	2010[5]
Total net asset value, end of the year[1]	$ 89,103,668	$ 57,113,600
Number of units outstanding	5,279,318	2,775,879
Management expense ratio[2]	—	—
Management expense ratio before waivers or absorptions	—	—
Trading expense ratio[3]	0.40%	0.53%
Portfolio turnover rate[4]	146.09%	189.92%
Net asset value per unit	$ 16.88	$ 20.57

Series T	2011	2010[6]
Total net asset value, end of the year[1]	$ 206,991	$ 25
Number of units outstanding	26,468	3
Management expense ratio[2]	1.57%	—
Management expense ratio before tax	1.40%	—
Management expense ratio before waivers or absorptions	1.57%	—
Trading expense ratio[3]	0.40%	0.53%
Portfolio turnover rate[4]	146.09%	189.92%
Net asset value per unit	$ 7.82	$ 10.10

[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.

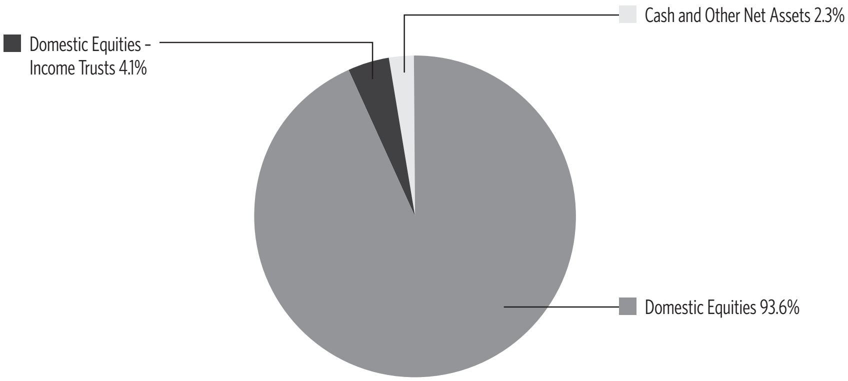
[5] The results shown are for the period January 5 – December 31, 2010.

[6] The results shown are for the period November 22 – December 31, 2010.

MD Select Fund

Summary of Investment Portfolio (December 31, 2011)

Net Asset Value: $398.3 million



Top 25 Holdings (Percentage of Net Asset Value)

Goldcorp Inc.	4.3%
Suncor Energy, Inc.	3.9%
Potash Corporation of Saskatchewan Inc.	3.8%
Enbridge Inc.	3.5%
Canadian Natural Resources Limited	3.5%
BCE Inc.	3.2%
Cenovus Energy Inc.	2.9%
Intact Financial Corporation	2.2%
SXC Health Solutions Corporation	2.2%
Valeant Pharmaceuticals International, Inc.	2.1%
Inter Pipeline Fund L.P., Cl. A	2.1%
Baytex Energy Corporation	2.0%
Imperial Oil Limited	2.0%
Keyera Corp.	2.0%
Franco-Nevada Corporation	1.9%
Cash and Cash Equivalents	1.8%
Dollarama Inc.	1.8%
Vermilion Energy, Inc.	1.7%
Silver Wheaton Corp.	1.7%
Pembina Pipeline Corporation	1.6%
Shaw Communications Inc. Cl. B Non-Voting	1.6%
IAMGOLD Corporation	1.5%
Open Text Corporation	1.5%
Eldorado Gold Corporation	1.5%
George Weston Limited	1.5%

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.

Portfolio Allocation

Domestic Equities	
Consumer Discretionary	6.4%
Consumer Staples	1.6%
Energy	33.3%
Financials	5.2%
Health Care	4.7%
Industrials	4.0%
Information Technology	3.2%
Materials	28.1%
Telecommunication Services	3.2%
Utilities	3.9%
	93.6%
Domestic Equities – Income Trusts	
Energy	2.1%
Real Estate	0.8%
Materials	1.2%
	4.1%
Cash & Cash Equivalents	1.8%
Other Net Assets	0.5%
Total Net Assets	**100.0%**

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