

2011 Interim Financial Statements



PHYSICIAN
SERVICES INC.
A CMA COMPANY

A Message Regarding Your Financial Statements

Dear MD Family of Funds Investor:

As part of our commitment to keeping you informed about your MD Fund investments, please find attached the 2011 interim financial statements.

The interim financial statements are produced on a fund-by-fund basis, and your report only includes information on the funds you owned as of June 30, 2011.

If you have any questions regarding these documents, please contact your MD advisor or the MD TradeCentre at **1 800 267-2332**. We thank you for your continued investment in the MD Family of Funds.

Interim Unaudited Financial Statements for the Six-Month Period Ended June 30, 2011

These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance ("MRFP") of the investment fund. If you have not received a copy of the Interim MRFP with this report, you may obtain a copy of the Interim MRFP at your request, and at no cost, by calling the toll-free number 1 800 267-2332, by writing to us at MD Physician Services Inc., 1870 Alta Vista Drive, Ottawa ON K1G 6R7, by visiting our website at md.cma.ca or by visiting the SEDAR website at sedar.com. Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above. 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.

Notice of no auditor review of the Interim Financial Statements

MD Physician Services Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice. The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

MD Physician Services Inc. either wholly owns or has a majority interest in its seven subsidiaries (the MD group of companies*), provides financial products and services, is the fund manager for the MD family of mutual funds, offers investment counselling services, and also provides practice management services (such as consulting, EMR and Health Portal solutions) and related billing services.

* For a detailed list of companies, visit md.cma.ca.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Standard performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges payable by any securityholder which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. You may obtain a copy of the prospectus before investing by calling your MD advisor or the MD TradeCentre at 1 800 267-2332.

MD International Value Fund

Statement of Investment Portfolio as at June 30, 2011 (unaudited)

(in \$'000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Foreign Equities			
Brazil (3.10%)			
Centrais Eletricas Brasileiras (Eletrobras) SA ADR	130,300	1,675	1,694
Petroleo Brasileiro SA ADR	42,800	1,269	1,267
Tele Norte Leste Participacoes SA (Preferred) ADR	72,000	1,263	1,077
Total for Brazil		4,207	4,038
Finland (1.14%)			
Nokia OYJ	238,270	4,324	1,486
Total for Finland		4,324	1,486
France (12.60%)			
Alcatel-Lucent	231,500	2,159	1,291
Carrefour SA	74,717	4,477	2,963
France Telecom SA	160,615	4,642	3,300
Natixis	180,152	1,887	873
Renault SA	8,400	819	480
Sanofi-Aventis SA	49,633	4,765	3,852
Total SA	64,860	3,561	3,623
Total for France		22,310	16,382
Germany (2.57%)			
Deutsche Telekom AG	220,300	4,426	3,337
Total for Germany		4,426	3,337
Ireland (1.54%)			
CRH PLC	93,194	1,853	2,001
Total for Ireland		1,853	2,001
Italy (8.47%)			
Compagnia Assicuratrice Unipol SPA	487,300	1,818	192
Eni SPA	195,700	4,543	4,480
Intesa Sanpaolo SPA	511,868	3,689	1,315
Telecom Italia SPA	682,000	2,265	917
Telecom Italia SPA	2,523,570	6,522	2,836
UniCredito Italiano SPA	621,937	2,029	1,270
Total for Italy		20,866	11,010
Japan (32.36%)			
Astellas Pharma Inc.	54,600	2,499	2,032
Canon Inc.	56,000	2,003	2,571
Dai Nippon Printing Co., Ltd.	100,000	1,789	1,085
Daiichi Sankyo Company, Limited	106,414	2,757	2,004
FUJIFILM Holdings Corporation	75,800	2,514	2,274
Honda Motor Co., Ltd.	39,500	966	1,466
Mitsubishi UFJ Financial Group, Inc.	424,100	5,321	1,987
Mizuho Financial Group, Inc.	968,064	5,091	1,536
MS&AD Insurance Group Holdings, Inc.	110,100	3,863	2,486
Nippon Telegraph and Telephone Corporation	84,100	4,470	3,936
Nissan Motor Co., Ltd.	91,400	758	924
NKSJ Holdings, Inc.	245,000	1,801	1,556
ONO Pharmaceutical Co., Ltd.	32,700	1,817	1,680
Rohm Company Limited	39,300	3,812	2,168
San-In Godo Bank Ltd.	40,000	384	276
Seven & I Holdings Co. Ltd.	33,900	822	878
Sony Corporation	62,069	2,324	1,581
Sumitomo Mitsui Financial Group Inc.	64,500	5,393	1,911
Sumitomo Mitsui Trust Holdings, Inc.	186,000	1,723	625
Taisho Pharmaceutical Co., Ltd.	56,000	1,223	1,215

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Takeda Pharmaceutical Company Limited	45,000	2,656	2,003
TDK Corporation	16,500	1,261	875
The 77 Bank, Ltd.	45,000	329	189
The Bank of Nagoya, Ltd.	50,000	344	147
The Kagoshima Bank, Ltd.	39,000	328	245
Tokio Marine Holdings, Inc.	83,500	3,098	2,258
Toyota Motor Corporation	53,400	2,035	2,164
Total for Japan		61,381	42,072
Mexico (1.99%)			
Cemex SA de CV ADR	192,100	1,539	1,591
Telefonos de Mexico SA de CV Series L ADR	63,100	855	1,004
Total for Mexico		2,394	2,595
Netherlands (7.10%)			
AEGON NV	265,215	4,634	1,746
Akzo Nobel NV	18,800	1,107	1,145
Koninklijke Ahold NV	200,940	1,974	2,608
SNS Reaal	35,778	828	154
STMicroelectronics NV	172,860	2,458	1,664
Unilever NV	33,800	896	1,069
Wolters Kluwer NV	39,623	787	848
Total for Netherlands		12,684	9,234
New Zealand (0.30%)			
Telecom Corporation of New Zealand Limited	199,230	761	390
Total for New Zealand		761	390
Portugal (1.09%)			
Portugal Telecom SGPS, SA	147,596	2,133	1,412
Total for Portugal		2,133	1,412
South Korea (2.12%)			
Korea Electric Power (KEPCO) Corporation ADR	2,250	38	29
Korea Electric Power Corporation	55,320	2,356	1,418
SK Telecom Co., Ltd. ADR	72,533	1,953	1,307
Total for South Korea		4,347	2,754
Spain (1.08%)			
Telefonica SA	59,539	1,272	1,406
Total for Spain		1,272	1,406
Sweden (1.68%)			
Telefonaktiebolaget LM Ericsson Cl. B	157,001	2,506	2,185
Total for Sweden		2,506	2,185
Switzerland (3.27%)			
Swiss Re Ltd.	41,800	2,364	2,262
Swisscom AG	4,500	1,851	1,987
Total for Switzerland		4,215	4,249
United Kingdom (15.56%)			
AstraZeneca PLC	58,818	3,219	2,835
Barclays PLC	365,900	2,592	1,454
BP PLC	224,880	1,905	1,600
GlaxoSmithKline PLC	174,109	5,147	3,599
ITV PLC	1,028,400	2,146	1,138
J Sainsbury PLC	368,100	2,528	1,879
Kingfisher PLC	408,300	1,723	1,690
Marks & Spencer Group PLC	286,700	2,101	1,605

Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Statement of Investment Portfolio as at June 30, 2011 (unaudited)

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Unilever PLC	74,180	1,928	2,311
William Morrison Supermarkets PLC	458,366	2,040	2,114
Total for United Kingdom		25,329	20,225
United States (4.03%)			
iShares MSCI EAFE Index Fund	55,000	3,241	3,191
TE Connectivity Limited	57,742	2,014	2,047
Total for United States		5,255	5,238
Total for Foreign Equities (100.00%)		180,263	130,014
Total for MD International Value Fund (100.00%)		\$180,263	\$130,014

Schedule of Derivative Instruments

(in \$000's)

Forward and Spot Currency Contracts

Cur-rcy	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
State Street Bank and Trust Co.						
CAD	AA-	07/5/11	1.000	456	456	—
JPY	AA-	07/5/11	1.000	(456)	(456)	—
EUR	AA-	07/5/11	1.399	47	66	—
CAD	AA-	07/5/11	1.000	(66)	(66)	—
CAD	AA-	07/5/11	1.000	129	129	—
JPY	AA-	07/5/11	1.000	(129)	(129)	—
GBP	AA-	07/5/11	1.549	50	77	—
CAD	AA-	07/5/11	1.000	(77)	(77)	—
CAD	AA-	07/5/11	1.000	259	259	—
EUR	AA-	07/5/11	0.999	(259)	(259)	—
CAD	AA-	07/5/11	1.000	133	133	—
JPY	AA-	07/5/11	1.000	(133)	(133)	—
CAD	AA-	07/5/11	1.000	130	130	—
JPY	AA-	07/5/11	1.000	(130)	(130)	—
GBP	AA-	07/5/11	1.549	319	494	—
CAD	AA-	07/5/11	1.000	(494)	(494)	—
EUR	AA-	07/5/11	1.399	585	818	—
CAD	AA-	07/5/11	1.000	(818)	(818)	—
CAD	AA-	07/5/11	1.000	385	385	—
GBP	AA-	07/5/11	1.000	(385)	(385)	—
CAD	AA-	07/5/11	1.000	129	129	—
JPY	AA-	07/5/11	1.000	(129)	(129)	—
CAD	AA-	07/5/11	1.000	129	129	—
JPY	AA-	07/5/11	1.000	(129)	(129)	—
CAD	AA-	07/5/11	1.000	255	255	—
JPY	AA-	07/5/11	1.000	(255)	(255)	—
CAD	AA-	07/5/11	1.000	386	386	—
JPY	AA-	07/5/11	1.000	(386)	(386)	—
CNY	AA-	07/6/11	0.149	7,350	1,093	2
USD	AA-	07/6/11	0.969	(1,128)	(1,093)	6
CAD	AA-	07/12/11	1.000	175	175	—
NZD	AA-	07/12/11	0.930	(188)	(175)	(13)
CAD	AA-	07/12/11	1.000	36	36	—
NZD	AA-	07/12/11	0.999	(36)	(36)	—
CAD	AA-	07/14/11	1.000	24	24	—
NOK	AA-	07/14/11	1.000	(24)	(24)	—

Cur-rcy	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Amounts Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
CAD	AA-	07/14/11	1.000	26	26	26	—
SEK	AA-	07/14/11	1.022	(25)	(26)	(25)	1
CAD	AA-	07/14/11	1.000	148	148	148	—
SEK	AA-	07/14/11	1.035	(143)	(148)	(143)	5
CAD	AA-	07/14/11	1.000	95	95	95	—
NOK	AA-	07/14/11	1.002	(95)	(95)	(95)	—
CAD	AA-	07/14/11	1.000	52	52	52	—
SEK	AA-	07/14/11	1.023	(51)	(52)	(51)	1
CAD	AA-	07/14/11	1.000	23	23	23	—
NOK	AA-	07/14/11	0.990	(23)	(23)	(23)	—
CAD	AA-	07/14/11	1.000	32	32	32	—
DKK	AA-	07/14/11	0.995	(32)	(32)	(32)	—
CAD	AA-	07/14/11	1.000	45	45	45	—
DKK	AA-	07/14/11	1.000	(45)	(45)	(45)	—
CAD	AA-	07/14/11	1.000	53	53	53	—
SEK	AA-	07/14/11	0.999	(53)	(53)	(53)	—
RUB	AA-	07/15/11	0.034	41,920	1,425	1,450	25
USD	AA-	07/15/11	0.959	(1,486)	(1,425)	(1,433)	(8)
CLP	AA-	07/18/11	0.002	351,735	715	724	9
USD	AA-	07/18/11	0.970	(737)	(715)	(711)	4
ZAR	AA-	08/16/11	0.140	5,045	709	716	7
CAD	AA-	08/16/11	1.000	(709)	(709)	(709)	—
CAD	AA-	08/16/11	1.000	7	7	7	—
ZAR	AA-	08/16/11	0.984	(7)	(7)	(7)	—
CAD	AA-	08/16/11	1.000	34	34	34	—
ZAR	AA-	08/16/11	1.016	(33)	(34)	(33)	1
GBP	AA-	08/17/11	1.573	120	189	186	(3)
CAD	AA-	08/17/11	1.000	(189)	(189)	(189)	—
CAD	AA-	08/17/11	1.000	166	166	166	—
GBP	AA-	08/17/11	1.022	(163)	(166)	(163)	3
GBP	AA-	08/17/11	1.592	345	549	535	(14)
CAD	AA-	08/17/11	1.000	(549)	(549)	(549)	—
CAD	AA-	08/17/11	1.000	363	363	363	—
GBP	AA-	08/17/11	1.040	(349)	(363)	(349)	14
CAD	AA-	08/17/11	1.000	447	447	447	—
GBP	AA-	08/17/11	1.031	(434)	(447)	(434)	13
GBP	AA-	08/17/11	1.607	180	289	279	(10)
CAD	AA-	08/17/11	1.000	(289)	(289)	(289)	—
CAD	AA-	08/17/11	1.000	56	56	56	—
GBP	AA-	08/17/11	1.030	(54)	(56)	(54)	2
CAD	AA-	08/17/11	1.000	167	167	167	—
GBP	AA-	08/17/11	1.024	(163)	(167)	(163)	4
GBP	AA-	08/17/11	1.569	210	330	326	(4)
CAD	AA-	08/17/11	1.000	(330)	(330)	(330)	—
GBP	AA-	08/17/11	1.559	200	312	310	(2)
CAD	AA-	08/17/11	1.000	(312)	(312)	(312)	—
USD	AA-	08/24/11	0.961	626	602	605	3
KRW	AA-	08/24/11	0.001	(677,870)	(602)	(611)	(9)
CAD	AA-	08/24/11	1.000	67	67	67	—
CHF	AA-	08/24/11	0.972	(69)	(67)	(69)	(2)
CHF	AA-	08/24/11	1.148	310	356	356	—
CAD	AA-	08/24/11	1.000	(356)	(356)	(356)	—
CAD	AA-	08/24/11	1.000	80	80	80	—
CHF	AA-	08/24/11	0.991	(80)	(80)	(80)	—
CAD	AA-	08/24/11	1.000	70	70	70	—
CHF	AA-	08/24/11	1.011	(69)	(70)	(69)	1
CAD	AA-	08/31/11	1.000	19,378	19,378	19,378	—
JPY	AA-	08/31/11	0.996	(19,449)	(19,378)	(19,449)	(71)

Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Statement of Investment Portfolio as at June 30, 2011 (unaudited)

(in \$'000's)

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized	Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized	
							Gain (Loss) CAD \$								Gain (Loss) CAD \$	
JPY	AA-	08/31/11	0.012	17,990	215	215	—	The Toronto-Dominion Bank								
CAD	AA-	08/31/11	1.000	(215)	(215)	(215)	—	USD	AA-	07/6/11	0.971	1,128	1,095	1,087	(8)	
CAD	AA-	08/31/11	1.000	559	559	559	—	CNY	AA-	07/6/11	0.149	(7,350)	(1,095)	(1,096)	(1)	
JPY	AA-	08/31/11	1.011	(553)	(559)	(553)	6	CAD	AA-	07/14/11	1.000	73	73	73	—	
JPY	AA-	08/31/11	0.012	32,753	396	392	(4)	SEK	AA-	07/14/11	1.007	(73)	(73)	(73)	—	
CAD	AA-	08/31/11	1.000	(396)	(396)	(396)	—	CAD	AA-	07/14/11	1.000	28	28	28	—	
JPY	AA-	08/31/11	0.012	28,155	345	337	(8)	NOK	AA-	07/14/11	1.000	(28)	(28)	(28)	—	
CAD	AA-	08/31/11	1.000	(345)	(345)	(345)	—	CAD	AA-	08/17/11	1.000	308	308	308	—	
CAD	AA-	08/31/11	1.000	75	75	75	—	GBP	AA-	08/17/11	1.019	(302)	(308)	(302)	6	
JPY	AA-	08/31/11	1.018	(74)	(75)	(74)	1	CAD	AA-	08/17/11	1.000	89	89	89	—	
CAD	AA-	08/31/11	1.000	354	354	354	—	GBP	AA-	08/17/11	1.029	(87)	(89)	(87)	2	
JPY	AA-	08/31/11	1.019	(347)	(354)	(347)	7	CAD	AA-	08/17/11	1.000	181	181	181	—	
CAD	AA-	08/31/11	1.000	28	28	28	—	GBP	AA-	08/17/11	1.013	(178)	(181)	(178)	3	
JPY	AA-	08/31/11	1.016	(27)	(28)	(28)	—	CAD	AA-	08/24/11	1.000	165	165	165	—	
CAD	AA-	08/31/11	1.000	21	21	21	—	CHF	AA-	08/24/11	1.020	(162)	(165)	(162)	3	
ILS	AA-	08/31/11	1.005	(21)	(21)	(21)	—	CAD	AA-	08/24/11	1.000	23	23	23	—	
CAD	AA-	08/31/11	1.000	406	406	406	—	CHF	AA-	08/24/11	1.023	(23)	(23)	(23)	—	
JPY	AA-	08/31/11	1.003	(405)	(406)	(406)	—	JPY	AA-	08/31/11	0.012	19,500	239	234	(5)	
CAD	AA-	09/1/11	1.000	1,343	1,343	1,343	—	CAD	AA-	08/31/11	1.000	(239)	(239)	(239)	—	
HKD	AA-	09/1/11	1.009	(1,331)	(1,343)	(1,331)	12	CAD	AA-	08/31/11	1.000	40	40	40	—	
BRL	AA-	09/2/11	0.611	160	98	98	—	JPY	AA-	08/31/11	1.020	(39)	(40)	(39)	1	
USD	AA-	09/2/11	0.988	(99)	(98)	(95)	3	CAD	AA-	09/7/11	1.000	52	52	52	—	
PHP	AA-	09/6/11	0.023	32,160	725	713	(12)	AUD	AA-	09/7/11	0.996	(52)	(52)	(52)	—	
USD	AA-	09/6/11	0.977	(742)	(725)	(717)	8	USD	AA-	09/9/11	0.982	105	103	101	(2)	
AUD	AA-	09/7/11	1.032	11,041	11,397	11,351	(46)	CAD	AA-	09/9/11	1.000	(103)	(103)	(103)	—	
CAD	AA-	09/7/11	1.000	(11,397)	(11,397)	(11,397)	—	USD	AA-	09/9/11	0.983	40	39	39	—	
CAD	AA-	09/7/11	1.000	31	31	31	—	CAD	AA-	09/9/11	1.000	(39)	(39)	(39)	—	
AUD	AA-	09/7/11	1.004	(31)	(31)	(31)	—	USD	AA-	09/9/11	0.977	605	591	584	(7)	
CAD	AA-	09/7/11	1.000	166	166	166	—	CAD	AA-	09/9/11	1.000	(591)	(591)	(591)	—	
AUD	AA-	09/7/11	1.012	(164)	(166)	(164)	2	USD	AA-	09/9/11	0.980	370	362	357	(5)	
CAD	AA-	09/7/11	1.000	88	88	88	—	CAD	AA-	09/9/11	1.000	(362)	(362)	(362)	—	
AUD	AA-	09/7/11	1.007	(87)	(88)	(87)	1	USD	AA-	09/9/11	0.982	180	177	174	(3)	
CAD	AA-	09/7/11	1.000	36	36	36	—	CAD	AA-	09/9/11	1.000	(177)	(177)	(177)	—	
AUD	AA-	09/7/11	0.994	(36)	(36)	(36)	—	USD	AA-	09/9/11	0.974	100	97	97	—	
AUD	AA-	09/7/11	1.028	160	165	164	(1)	CAD	AA-	09/9/11	1.000	(97)	(97)	(97)	—	
CAD	AA-	09/7/11	1.000	(165)	(165)	(165)	—	USD	AA-	09/9/11	0.983	505	496	488	(8)	
CAD	AA-	09/9/11	1.000	8,151	8,151	8,151	—	CAD	AA-	09/9/11	1.000	(496)	(496)	(496)	—	
USD	AA-	09/9/11	1.021	(7,986)	(8,151)	(7,986)	165	USD	AA-	09/9/11	0.988	210	207	203	(4)	
CAD	AA-	09/9/11	1.000	969	969	969	—	CAD	AA-	09/9/11	1.000	(207)	(207)	(207)	—	
USD	AA-	09/9/11	1.013	(956)	(969)	(956)	13	USD	AA-	09/9/11	0.973	25	24	24	—	
CAD	AA-	09/9/11	1.000	296	296	296	—	CAD	AA-	09/9/11	1.000	(24)	(24)	(24)	—	
USD	AA-	09/9/11	1.005	(295)	(296)	(296)	—	CAD	AA-	09/9/11	1.000	679	679	679	—	
CAD	AA-	09/9/11	1.000	665	665	665	—	USD	AA-	09/9/11	1.011	(671)	(679)	(671)	8	
USD	AA-	09/9/11	1.020	(652)	(665)	(652)	13	CAD	AA-	09/16/11	1.000	44	44	44	—	
CAD	AA-	09/9/11	1.000	337	337	337	—	SGD	AA-	09/16/11	1.008	(44)	(44)	(44)	—	
USD	AA-	09/9/11	1.010	(333)	(337)	(333)	4	Royal Bank of Canada								
CAD	AA-	09/9/11	1.000	379	379	379	—	SEK	AA-	07/14/11	0.153	24,550	3,755	3,755	—	
USD	AA-	09/9/11	1.019	(372)	(379)	(372)	7	CAD	AA-	07/14/11	1.000	(3,755)	(3,755)	(3,755)	—	
SGD	AA-	09/16/11	0.791	2,875	2,274	2,263	(11)	DKK	AA-	07/14/11	0.185	7,805	1,444	1,465	21	
CAD	AA-	09/16/11	1.000	(2,274)	(2,274)	(2,274)	—	CAD	AA-	07/14/11	1.000	(1,444)	(1,444)	(1,444)	—	
EUR	AA-	09/23/11	1.403	1,175	1,649	1,645	(4)	NOK	AA-	07/14/11	0.176	18,645	3,284	3,344	60	
CAD	AA-	09/23/11	1.000	(1,649)	(1,649)	(1,649)	—	CAD	AA-	07/14/11	1.000	(3,284)	(3,284)	(3,284)	—	
EUR	AA-	09/23/11	1.408	170	239	238	(1)	SEK	AA-	07/14/11	0.153	7,100	1,085	1,085	—	
CAD	AA-	09/23/11	1.000	(239)	(239)	(239)	—	CAD	AA-	07/14/11	1.000	(1,085)	(1,085)	(1,085)	—	
EUR	AA-	09/23/11	1.399	240	336	336	—	SEK	AA-	07/14/11	0.155	6,475	1,003	990	(13)	
CAD	AA-	09/23/11	1.000	(336)	(336)	(336)	—	CAD	AA-	07/14/11	1.000	(1,003)	(1,003)	(1,003)	—	
								CAD	AA-	07/14/11	1.000	82	82	82	—	

The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Financial Statements

Statement of Net Assets (unaudited)

(in \$'000's except for units outstanding and per unit amounts)

	June 30, 2011	December 31, 2010
Assets		
Investments, at fair value	\$130,014	\$150,993
Cash and short-term investments	3,378	2,026
Dividends and interest receivable	769	1,172
Net unrealized gain on derivatives	310	479
Net margin due from broker on future contracts	110	120
Receivable for investment transactions	2,739	
Subscriptions receivable	6	16
	<u>137,326</u>	<u>154,806</u>
Liabilities		
Payable for investment transactions	1,637	553
Distributions payable	1	1
Redemptions payable	63	157
	<u>1,701</u>	<u>711</u>
Net assets and unitholders' equity	<u>\$135,625</u>	<u>\$154,095</u>
Net Assets per Series		
Series A	\$125,742	\$147,669
Series I	\$9,773	\$6,426
Series T	\$110	\$—
Number of units outstanding (see Schedule of Fund Unit Transactions)		
Series A	15,782,115	18,512,115
Series I	1,188,748	786,123
Series T	11,155	3
Net assets per unit (see Schedule of Net Assets per Unit and Net Asset Value per Unit)		
Series A	\$7.97	\$7.98
Series I	\$8.22	\$8.17
Series T	\$9.86	\$9.88
Investments, at cost	<u>\$180,263</u>	<u>\$210,308</u>

Statement of Operations (unaudited)

(in \$'000's except for per unit amounts)

Six months ended	June 30, 2011	June 30, 2010
Revenue		
Dividends	\$3,496	\$5,628
Interest	21	6
Gain (loss) on foreign exchange	(39)	(38)
Securities lending	57	83
Deduct: Withholding tax on foreign income	(377)	(425)
	<u>3,158</u>	<u>5,254</u>
Expenses		
Management fees (Note 3)	1,368	1,670
Administration fees	152	186
	<u>1,520</u>	<u>1,856</u>
Net investment income (loss)	<u>\$1,638</u>	<u>\$3,398</u>
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain (loss) on sale of investments	\$(10,774)	(8,697)
Net realized gain (loss) on sale of derivative instruments	2,015	—
Change in unrealized appreciation (depreciation) of investments and derivatives	8,922	(15,567)
Transaction costs	(47)	(18)
Net gain (loss) on investments	<u>\$116</u>	<u>\$(24,282)</u>
Increase (decrease) in net assets from operations	<u>\$1,754</u>	<u>\$(20,884)</u>
Increase (decrease) in net assets from operations per Series		
Series A	\$1,628	\$(20,621)
Series I	\$126	\$(263)
Series T	\$—	\$—
Increase (decrease) in net assets from operations per unit, for the period		
Series A	\$0.10	\$(0.90)
Series I	\$0.13	\$(0.94)
Series T	\$(0.02)	\$—

The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Financial Statements

Statement of Changes in Net Assets (unaudited)

(in \$000's)

Six months ended	June 30, 2011	June 30, 2010
SERIES A		
Net assets—beginning of period	\$147,669	\$199,040
Add (deduct) changes during the period:		
Operations		
Increase (decrease) in net assets from operations	1,628	(20,621)
Unitholders		
Proceeds from issue of units	7,472	14,487
Consideration paid for redemption of units	(30,995)	(38,049)
Securities issued on reinvestment of distributions	1,212	1,657
	(22,311)	(21,905)
Distributions to unitholders		
From net investment income	(1,244)	(1,677)
Net assets—end of the period	\$125,742	\$154,837

SERIES I		
Net assets—beginning of period	\$6,426	\$—
Add (deduct) changes during the period:		
Operations		
Increase (decrease) in net assets from operations	126	(263)
Unitholders		
Proceeds from issue of units	3,469	4,040
Consideration paid for redemption of units	(248)	(106)
Securities issued on reinvestment of distributions	132	26
	3,353	3,960
Distributions to unitholders		
From net investment income	(132)	(26)
Net assets—end of the period	\$9,773	\$3,671

Six months ended	June 30, 2011	June 30, 2010
SERIES T		
Net assets—beginning of period	\$—	\$—
Add (deduct) changes during the period:		
Operations		
Increase (decrease) in net assets from operations	—	—
Unitholders		
Proceeds from issue of units	111	—
Distributions to unitholders		
Return of capital	(1)	—
Net assets—end of the period	\$110	\$—

TOTAL FUND		
Net assets—beginning of period	\$154,095	\$199,040
Add (deduct) changes during the period:		
Operations		
Increase (decrease) in net assets from operations	1,754	(20,884)
Unitholders		
Proceeds from issue of units	11,052	18,527
Consideration paid for redemption of units	(31,243)	(38,155)
Securities issued on reinvestment of distributions	1,344	1,683
	(18,847)	(17,945)
Distributions to unitholders		
From net investment income	(1,376)	(1,703)
Return of capital	(1)	—
	(1,377)	(1,703)
Net assets—end of the period	\$135,625	\$158,508

The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Financial Statements – Supplementary Schedules (unaudited)

Schedule of Fund Unit Transactions

As at June 30

	2011	2010
SERIES A		
Outstanding, beginning of period	18,512,115	24,418,230
Issued	1,074,530	2,085,339
Redeemed	(3,804,530)	(4,882,301)
Outstanding, end of period	15,782,115	21,621,268
SERIES I		
Outstanding, beginning of period	786,123	—
Issued	432,103	517,250
Redeemed	(29,478)	(13,551)
Outstanding, end of period	1,188,748	503,699
SERIES T		
Outstanding, beginning of period	3	—
Issued	11,152	—
Redeemed	—	—
Outstanding, end of period	11,155	—

Schedule of Securities on Loan

As at June 30, 2011 and December 31, 2010 (in \$000's)

	2011	2010
Loaned	\$2,794	\$5,104
Collateral (non-cash)	\$2,874	\$5,241

Schedule of Net Assets per Unit and Net Asset Value per Unit

As at June 30, 2011 and December 31, 2010

	2011	2010
SERIES A		
Net asset value per unit	\$7.97	\$7.98
Bid price adjustment	—	—
Net assets per unit	\$7.97	\$7.98
SERIES I		
Net asset value per unit	\$8.22	\$8.18
Bid price adjustment	—	(0.01)
Net assets per unit	\$8.22	\$8.17
SERIES T		
Net asset value per unit	\$9.86	\$9.89
Bid price adjustment	—	—
Net assets per unit	\$9.86	\$9.89

Schedule of Fees

As at June 30

	2011
Maximum annualized management fee	
Series A	1.80%
Series I	0.00%
Series T	1.80%
Annual fixed administration fee rate	0.20%

Schedule of Tax Loss Carry Forwards

As at December 31 (in \$000's)

	2011
Capital loss carried forward	\$21,056
Non-capital losses expiring:	
2011	\$—
2012	—
in 2013 and thereafter	—
Total	\$—

The Fund qualifies as a mutual fund trust under the provisions of the *Income Tax Act* (Canada) and, accordingly, is subject to tax on its income for the year, including net realized capital gains which is not paid or payable to its unitholders as at the end of the year. It is the intention of management that all annual net investment income and sufficient net realized taxable capital gains will be distributed to unitholders annually by December 31, such that there are no Canadian income taxes payable by the Funds, or that these are otherwise minimized.

As of the taxation year ended December 2010, the Fund has accumulated net realized capital losses and non-capital losses available for utilization against net realized gains or net income for tax purposes in future years. Capital losses have no expiry. Non-capital losses realized before 2004 can be carried forward for up to seven years. Non-capital losses realized in 2004 and 2005 can be carried forward for up to ten years. Non-capital losses realized in 2006 and after can be carried forward for up to twenty years. No benefit has been recorded by the Funds in their financial statements in respect of their unused losses as at December 31, 2010.

The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Financial Instruments Risks

Financial Instruments

MD International Value Fund (the "Fund") invests in a diversified portfolio of global equity securities, with up to 20% invested in emerging markets, as shown in the Statement of Investment Portfolio. The Fund invests excess cash, if any, in high grade short-term notes with maturities of less than 1 year. These investments expose the Fund to risks associated with financial instruments. The Fund's exposure and sensitivity to these risks are presented below. A description of the risks and how the Fund manages these risks is discussed in Note 5 of the Notes to the Financial Statements.

Credit Risk

The Fund's credit risk is concentrated in investments in short-term debt instruments. The Fund's maximum exposure to credit risk is the cash equivalents presented on the Statement of Net Assets.

As at June 30, 2011 and December 31, 2010, the Fund does not have investments in debt instruments and therefore, does not have exposure to credit risk.

Currency Risk

Exposures to foreign currencies as at June 30, 2011 and December 31, 2010 are presented in the tables below.

	Cash and other Net Assets (\$000s)	Investments at Fair Value (\$000s)	Derivative Exposure (\$000s)	Net Currency Exposure (\$000s)	Percentage of Net Assets %
June 30, 2011					
U.S. Dollar	1,365	13,207	(10,883)	3,689	2.72%
European Euro	(507)	46,268	(3,442)	42,319	31.20%
Australian Dollar	—	—	10,985	10,985	8.10%
Brazilian Real	—	—	98	98	0.07%
British Pound	(21)	20,225	5,161	25,365	18.70%
Chilean peso	—	—	658	658	0.48%
Danish Krone	—	—	1,346	1,346	0.99%
Hong Kong Dollar	—	—	806	806	0.59%
Israeli Shekel	—	—	914	914	0.67%
Japanese Yen	2,282	42,072	(21,873)	22,481	16.58%
Mexican Peso	—	—	865	865	0.64%
New Russian Ruble	—	—	1,450	1,450	1.07%
New Zealand Dollar	—	390	(224)	166	0.12%
Norwegian Krone	—	—	3,173	3,173	2.34%
Philippine Peso	—	—	656	656	0.48%
Singapore Dollar	—	—	2,175	2,175	1.60%
South African Rand	—	—	655	655	0.48%
South Korean Won	—	1,418	(611)	807	0.60%
Swedish Krona	—	2,185	5,154	7,339	5.41%
Swiss Franc	71	4,249	4,224	8,544	6.30%
Total	3,190	130,014	1,287	134,491	99.14%

December 31, 2010

U.S. Dollar	1,190	17,291	(9,942)	8,539	5.54%
European Euro	180	47,387	(6,603)	40,964	26.58%
Australian Dollar	—	—	12,900	12,900	8.37%
British Pound	115	22,296	7,396	29,807	19.34%
Danish Krone	—	—	1,391	1,391	0.90%
Hong Kong Dollar	—	—	1,118	1,118	0.73%
Indian Rupee	—	—	745	745	0.48%
Indonesian Rupiah	—	—	1,091	1,091	0.71%
Israeli Shekel	—	—	1,148	1,148	0.74%
Japanese Yen	61	54,731	(24,355)	30,437	19.75%
New Russian Ruble	—	—	754	754	0.49%
New Turkish Lira	—	—	1,432	1,432	0.93%
New Zealand Dollar	—	335	(181)	154	0.10%
Norwegian Krone	—	—	2,006	2,006	1.30%
Singapore Dollar	—	—	2,469	2,469	1.60%
South Korean Won	—	1,462	(593)	869	0.56%
Swedish Krona	—	3,064	2,975	6,039	3.92%
Swiss Franc	55	4,427	7,305	11,787	7.65%
Yuan Renminbi	—	—	1,111	1,111	0.72%
Total	1,601	150,993	2,167	154,761	100.41%

If the Canadian Dollar had strengthened against all other currencies by 10% then the Net Assets of the Fund could have decreased by approximately \$13,449 (December 31, 2010 - \$15,476). Conversely, had the Canadian Dollar weakened against all other currencies by 10% then the Net Assets of the Fund could have increased by approximately \$13,449 (December 31, 2010 - \$15,476). These sensitivities are estimates. Actual results may vary and the variance may be significant.

Interest Rate Risk

As at June 30, 2011 and December 31, 2010, the Fund does not have any investments in debt instrument or interest bearing assets. Therefore, the Fund is not exposed to interest rate risk.

Other Price Risk

As at June 30, 2011, 95.9% (December 31, 2010 - 98.0%) of the Fund's Net Assets were invested in equity financial instruments traded in active markets. If prices of securities traded on these markets decrease by 10%, with all other factors remaining constant, Net Assets could fall by approximately \$13,001 (December 31, 2010 - \$15,099). Conversely, if prices increase by 10%, Net Assets could rise by approximately \$13,001 (December 31, 2010 - \$15,099). These sensitivities are estimates. Actual results may vary, and the variance may be significant.

The accompanying notes are an integral part of these financial statements.

MD International Value Fund

Financial Instruments Risks

Fair Value Hierarchy

The following is a summary of MD International Value Fund's use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2), and internal models without observable market information (Level 3) in the valuation of the Fund's securities. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total*
June 30, 2011			
Foreign Equities	\$15,468	\$114,546	\$130,014
Cash and Short-Term Investments	3,378	—	3,378
Derivative Instruments	14	296	310
Total	\$18,860	\$114,842	\$133,702
December 31, 2010			
Foreign Equities	\$150,993	\$—	\$150,993
Cash and Short-Term Investments	2,026	—	2,026
Derivative Instruments	12	467	479
Total	\$153,031	\$467	\$153,498

*MD International Value Fund does not hold any Level 3 investments.

For the period from January 1, 2011 to June 30, 2011, equity investments of approximately \$114,546 were transferred from Level 1 to Level 2. For the period from January 1, 2010 to December 31, 2010, equity investments of approximately \$2,730 were transferred from Level 2 to Level 1.

Effective April 30, 2010, the Fund subscribes to the services of a third-party valuation service provider to provide fair value adjustments, where applicable, to the prices of foreign securities due to changes in the value of securities in North American markets following the closure of the foreign markets. The parameters used to apply the fair value adjustments are based on observable market data, and as such, the foreign securities are considered Level 2 priced securities.

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

For the periods ended June 30, 2011 and 2010

1. Name and formation of the Funds

Establishment of the Funds

The MD Family of Mutual Funds (individually a “Fund” and collectively the “Funds”) are unincorporated mutual fund trusts formed under the laws of the Province of Ontario pursuant to the Declarations of Trust dated as follows:

	Series A Units	Series S Units	Series I Units	Series T Units	Private Trust Series
MD Money Fund	July 12, 1983				
MD Bond Fund	April 6, 1988	June 27, 2007	October 30, 2009		
MD Bond and Mortgage Fund	September 19, 1995	June 27, 2007	October 30, 2009		
MD Balanced Fund	September 9, 1992	June 27, 2007		October 25, 2010	
MD Dividend Fund	September 9, 1992	June 27, 2007	October 30, 2009	October 25, 2010	
MD Income & Growth Fund	January 4, 2007	June 27, 2007	October 30, 2009	October 25, 2010	
MD Equity Fund	March 1, 1966	June 27, 2007	October 30, 2009	October 25, 2010	
MD Select Fund	October 29, 1993	June 27, 2007	October 30, 2009	October 25, 2010	
MD American Value Fund	August 9, 2000	June 27, 2007	October 30, 2009	October 25, 2010	
MD American Growth Fund	September 9, 1992	June 27, 2007	October 30, 2009	October 25, 2010	
MD International Value Fund	January 5, 2004	June 27, 2007	October 30, 2009	October 25, 2010	
MD International Growth Fund	August 9, 2000	June 27, 2007	October 30, 2009	October 25, 2010	
MDPIM Canadian Equity Pool	June 16, 1999			October 25, 2010	August 9, 2000
MDPIM US Equity Pool	August 6, 1999			October 25, 2010	August 9, 2000
MD Conservative Portfolio	January 5, 2010				
MD Moderate Balanced Portfolio	January 5, 2010				
MD Balanced Growth Portfolio	January 5, 2010				
MD Maximum Growth Portfolio	January 5, 2010				

MD Growth Investments Limited is a mutual fund corporation incorporated under the laws of Ontario pursuant to the Letters Patent dated as follows:

	Series A	Series S	Series I
MD Growth Investments Limited	July 18, 1969	June 27, 2007	October 30, 2009

Notes to Financial Statements

For the periods ended June 30, 2011 and 2010

MD Physician Services Inc. ("MDPSI") is the Manager of the Funds. Prior to June 2, 2010, MD Private Trust was the Manager and Trustee for the MDPIM Canadian Equity Pool and the MDPIM US Equity Pool.

On January 5, 2010, MDPSI launched four new funds, the MD Conservative Portfolio, the MD Moderate Balanced Portfolio, the MD Balanced Growth Portfolio and the MD Maximum Growth Portfolio.

The Statement of Investment Portfolio, Schedule of Tax Loss Carry Forwards and Schedule of Fees for each of the Funds are as at June 30, 2011. The Statement of Net Assets, Schedule of Net Assets per Unit and Net Asset Value per Unit and Schedule of Securities on Loan are as at June 30, 2011 and December 31, 2010. The Statements of Operations, Statement of Changes in Net Assets, Schedule of Fund Unit Transactions and Schedule of Soft Dollar Commissions are for the periods ended June 30, 2011 and June 30, 2010, except for the Funds established during either period, in which case the information provided relates to the period from inception to June 30, 2011 or to June 30, 2010. The Financial instrument risks for each of the Funds are as at June 30, 2011 and December 31, 2010.

Throughout these Notes to the Financial Statements, the shares of MD Growth Investments Limited have been referred to as "units" to simplify the presentation.

Series of units

The MDPIM Canadian Equity Pool and MDPIM US Equity Pool Funds offer "Private Trust Series" and "Series T" units which may be purchased by either MD Private Investment Counsel or MD Private Trust Company clients who have appointed MD Private Investment Counsel (an operating division of MD Physician Services Inc.) to provide discretionary portfolio management services and advice to them or MD Private Trust Company to provide trust services. These funds also offer "Series A" units which are available to all qualified eligible investors. "Series A" units are closed to new subscribers. Investors holding "Series A" units of these Funds are allowed to hold their units, as well as subscribe for additional "Series A" units of the Funds.

Each of the MD Funds offers "Series A" units which are available to all MD Management Ltd. clients who are qualified eligible investors.

On January 5, 2010, "Series I" units were established to support the MD Conservative Portfolio, the MD Moderate Balanced Portfolio, the MD Balanced Growth Portfolio and the MD Maximum Growth Portfolio. These units are only available to the four Funds listed above, and are not charged management fees.

On November 22, 2010, "Series T" units were established in order to support a new tax-efficient investment solution for clients. The series T units will generate steady tax-efficient cash flow that does not increase taxable income or impact certain benefits such as Old Age Security.

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Significant accounting policies followed by the Funds are as follows:

Accounting estimates

The preparation of financial statements in accordance with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ from those estimates.

Investments - valuation

CICA Handbook - Accounting Section 3855, "Financial Instruments - Recognition and Measurement" ("Section 3855"), requires the fair value of financial instruments traded in active markets to be measured based on a security's bid price. The net asset value calculated in accordance with Section 3855 is referred to as "Net Assets" going forward.

In accordance with Section 3855, investments are categorized as held for trading and are recorded at fair value. In the case of securities traded in an active market, fair value is the latest bid price provided by independent pricing services. In the case of investments not traded in an active market, or for those securities for which the Manager feels the latest market prices are not reliable, fair value is estimated based on valuation techniques established by the Manager. Valuation techniques established by the Manager are based on observable market data except in situations where there is no relevant or reliable market data. The value of securities estimated using valuation techniques not based on observable market data, if any, is disclosed in the Statement of Investment Portfolio.

Cash and short-term investments

Cash is comprised of cash on deposit and short-term investments are comprised of short-term debt instruments with terms to maturity of less than one year at acquisition. These are measured at fair value upon initial recognition, and are held at amortized cost, which approximates fair value. Cash and short-term investments include foreign cash and foreign short-term investments.

Investment transactions, income recognition and transaction costs

Investment transactions are recorded on the trade date. Income from investments is recognized on an accrual basis. Interest income and estimated expenses are accrued daily. Dividend income and distributions to unitholders are recorded on the ex-dividend date. Realized gains or losses from investment transactions and the unrealized appreciation or depreciation of investments are computed on an average cost basis, which exclude brokerage commissions and other trading expenses. Brokerage commissions and other trading expenses are charged to income as incurred.

Notes to Financial Statements

For the periods ended June 30, 2011 and 2010

All income, realized and unrealized gains (losses) and transaction costs are attributable to investments and derivatives, which are categorized as held for trading.

Other assets and liabilities

Other assets such as accrued interest and dividends receivable, accounts receivable for investment transactions, subscriptions receivable, and amounts receivable for securities lending transactions are categorized as loans and receivables and are recorded at cost. Other liabilities such as accrued expenses, income taxes payable, distributions payable, accounts payable for investment transactions and redemptions payable are categorized as financial liabilities and are measured at cost, which closely approximates their fair value.

Foreign exchange

Investments and other assets and liabilities denominated in foreign currencies are translated into Canadian Dollars at the rate of exchange prevailing on each valuation date. Transactions during the year in currencies other than Canadian Dollars are translated into Canadian Dollars at the rate of exchange prevailing on the trade date of the transaction. The difference in the foreign exchange rate between trade date and settlement date of a transaction is recognized in income on the Statement of Operations. The Funds do not separately report the effects of changes in foreign exchange rates from changes in the valuation of securities held. Such changes are included in net gain (loss) on investments.

Forward currency contracts

The Funds may enter into forward currency contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities. Investments in forward currency contracts are entered into with approved counterparties and are recorded at fair value.

On a daily basis, the value of these contracts is the gain or loss that would be realized if the positions were to be closed out and is recorded in "Change in unrealized appreciation (depreciation) of investments". Upon closing of the contracts, the accumulated gains or losses are reported in "Net realized gain (loss) on sale of derivative instruments." Unrealized gains (losses) on forward currency contracts are categorized as financial assets (liabilities) held for trading.

The contractual amounts of open contracts are disclosed in the Statement of Investment Portfolio as the Schedule of Derivative Instruments.

Futures contracts

Futures contracts are valued on each valuation day using the bid/ask price posted on the related public exchange. All gains or losses arising from futures contracts are recorded as part of "Change in unrealized appreciation (depreciation) of investments and derivatives" in the Statements of Operations until the contracts are closed out or expire, at which time the gains

(losses) are realized and reported as "Realized gain (loss) on investments" in the Statements of Operations

Unit valuation

The Funds' units are offered for sale on any business day and may be redeemed or issued at the Net Asset Value per unit for the respective series on that business day. A business day refers to any day the Toronto Stock Exchange is open for business. The Net Asset Value per unit for each series is computed by calculating the value of that series' proportionate share of net assets and liabilities of the Fund common to all series less liabilities attributable to that series. Expenses directly attributable to a series are charged to that series. Assets, common liabilities, revenues and other expenses are allocated proportionately to each series based upon the relative Net Asset Values of each series.

Section 14.2 of National Instrument 81-106, "Investment Fund Continuous Disclosure" ("NI81-106") issued by the Canadian Securities Administration ("CSA") requires an investment fund to calculate the daily net asset value for the purchase and redemption of units based on the fair value of the investment fund's assets and liabilities ("Net Asset Value").

Net Asset Value is calculated in accordance with Section 14.2 of NI81-106. This differs from Net Assets calculated in accordance with Section 3855 presented on the financial statements. A comparison between the Net Asset Value per unit and the Net Assets per unit is disclosed in the Schedule of Net Assets per Unit and Net Asset Value per Unit.

Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit in the Statement of Operations represents the net increase or decrease in net assets from operations attributable to the series of units for the period, divided by the average units outstanding in that series during the period.

Securities lending transactions

A Fund may lend portfolio securities to earn additional income through a securities lending agreement with its custodian. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund receives collateral in the form of cash and/or securities deemed acceptable under National Instrument 81-102 ("NI81-102") of at least 102% of the fair value of securities on loan.

Income from securities lending is recorded as "Securities lending" on a monthly basis when it is receivable.

Future Accounting Changes

The Canadian Accounting Standards Board ("AcSB") confirmed the plan to adopt International Financial Reporting Standards ("IFRS") in 2011. MD Physician Services Inc., in their capacity as Trustee and Manager of the MD Family of mutual funds has developed a changeover plan to meet the timetable published by the AcSB for the Funds' changeover to IFRS. The key elements of the changeover plan include an assessment of significant IFRS

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and Canadian GAAP differences, analysis and conclusion on accounting policy choices, identification of additional disclosure requirements under IFRS, and preparation of financial statements in accordance with IFRS with comparatives.

Based on MD Physician Services Inc.'s current evaluation of the differences between Canadian GAAP and IFRS, Net Assets or Net Asset Value are not expected to be impacted by the changeover to IFRS. MD Physician Services Inc. expects that the IFRS implementation on the MD Family of mutual funds' financial statements will result in additional disclosure and potentially different presentation of unitholder interests and certain other items.

On January 12, 2011, the AcSB announced an IFRS deferral option for most investment funds until fiscal years beginning on or after January 1, 2013. Accordingly, the MD Family of Funds will adopt IFRS for the fiscal period beginning January 1, 2013, and will issue their initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2013.

3. Management fees and other fees and expenses

The management fees are unique to each Fund and are unique to each series of units, and are disclosed on the schedule of fees.

MDPSI provides the Funds with investment management and administrative services. In return, MDPSI receives a management fee based on the Net Asset Value of the Funds calculated on a daily basis and paid weekly.

Prior to June 2, 2010, MD Private Trust Company provided the Series A units of MDPIIM Canadian Equity Pool and MDPIIM US Equity Pool with investment management and administrative services. In return, MD Private Trust Company received a management fee based on the Net Asset Value of the Funds calculated on a daily basis and paid weekly. Since June 2, 2010, these services are received from and fees paid to MDPSI.

No management fee or operating expenses are charged in respect of Series I units. These units are only available to be held by other MD Funds.

No management fee or operating expenses are charged in respect of units of the Private Trust Series units of MDPIIM Canadian Equity Pool and MDPIIM US Equity Pool. Investors in these units and series of units have agreed to pay a managed account fee directly to MD Private Investment Counsel (an operating division of MD Physician Services Inc.). These managed account fees are charged directly to each unitholder to a maximum rate of 1.00% per annum plus custodial fees.

MDPSI bears all of the operating expenses of the Funds (other than certain taxes and borrowing costs) in return for fixed annual rate administration fees ("Administration Fees"). Administration Fees are calculated as fixed annual percentage of the Funds' assets under management.

Short-term trading/early redemption fee

Effective August 8, 2009, subject to the exceptions described below, clients who redeem or switch units or shares of an MD Fund are charged an early redemption fee equal to 2.00% of the amount redeemed or switched if the redemption or switch occurs within sixty (60) days of the date that the units or shares were purchased or switched.

The early redemption fee does not apply to redemptions or switches:

- ▶ of units of MD Money Fund;
- ▶ made in connection with any systematic and scheduled withdrawal program;
- ▶ where the amount of the redemption or switch is less than \$10,000;
- ▶ made as a result of the recommendation of your MD advisor related to a financial plan.

MDPSI may waive the early redemption fee at its discretion at any time.

4. Capital units

With the exception of MD Growth Investments Limited, the Funds' capital is represented by an unlimited number of authorized units without nominal or par value. All series of units are redeemable on demand by unitholders at the respective Net Asset Value of that series. Each unit entitles the unitholder to one vote at unitholder meetings and participates equally, with respect to other units of the same series, in any dividends or distributions, liquidation or other rights of that series.

The relevant movements in capital for the period have been presented in the Statements of Changes in Net Assets. The Funds invest capital from subscriptions in financial instruments in accordance with the policies and risk management practices of the Funds, while maintaining sufficient liquidity to meet unitholder redemptions. The Funds' investment policies are set out in the prospectus and the risk management and liquidity management practices are disclosed in Note 5.

MD Growth Investments Limited is an incorporated company as opposed to a mutual fund trust and, as such, has issued share capital.

5. Financial instrument risk

The Funds use financial instruments in order to achieve their respective investment objectives. The Funds' investments are presented in the respective Statement of Investment Portfolio, which groups securities by asset type, geographic region and/or market segment.

The use of financial instruments subjects the Funds to a variety of financial instrument risks. The Funds' risk management practices include setting investment policies to limit exposures to financial instrument risks and employing experienced and professional investment advisors to invest the Funds' capital in

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securities within the constraints of investment policies. The Manager regularly monitors the Fund advisors' performance and compliance with the investment policies.

The significant financial instrument risks, to which the Funds are exposed, along with the specific risk management practices related to those risks, are presented below. Fund specific disclosures are presented in the "Financial Instruments Risks" section of the financial statements.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will not honour its obligation under the terms of the instrument, resulting in a loss of capital. The Funds are exposed to credit risk through domestic and foreign bonds, derivative contracts, short-term debt investments, amounts due from brokers, dividends and interest receivable and other receivables. A Fund may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in the Canadian Securities Legislation. Collateral held is in the form of highly rated fixed income instruments. All securities under lending agreements are fully collateralized. In addition, the Funds' custodian has indemnified the funds from borrower default.

Credit risks arising from fixed income securities, including bonds and preferred shares, are generally limited to the fair value of the investments as shown in the Statement of Investment Portfolio. The Funds limit exposure to individual issuers/sectors and credit quality levels. The credit worthiness of issuers in which the Funds invest are reviewed regularly, and the portfolios are adjusted as required to match the minimum requirement as set forth in each Fund's prospectus. Each individual Fund's exposure to credit risk, if any, is presented in the Financial Risk Supplement attached to the Statement of Investment Portfolio.

Credit risks arising from short-term debt investments are limited to the carrying value of cash equivalents as shown on the Statement of Net Assets, except in the case of MD Money Fund, where the credit risk is limited to the fair value of investments as shown on the Statement of Investment Portfolio. The Funds manage credit risk on short-term debt by investing in high grade short-term notes with credit ratings of R-1 (low) or higher as well as limiting exposure to any single issuer.

Derivative contracts are subject to netting arrangements whereby if one party to a derivative contract defaults, all amounts with the counterparty are terminated and settled on a net basis. As such, the maximum credit loss on derivative contracts is the unrealized gain shown in the Schedule of Derivative Instruments, or nil if the contract is in a loss position. Each Fund manages credit risk on derivatives by only entering into agreements with counterparties that have an approved credit rating as defined in NI81-102. The total unrealized gain (loss) of the derivative contract cannot exceed 10% of the Fund's Net Asset Value. Credit risk on amounts due from brokers is minimal since transactions are settled through clearinghouses where securities are only delivered for payment when cash is received.

Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In addition, the Funds' units are redeemable on demand. In accordance with NI81-102, the Funds must provide payment for redeemed units within three business days of receipt of a redemption order. To manage this liquidity requirement, the Funds invest primarily in liquid securities that can readily be sold in active markets and each Fund may borrow up to 5% of its Net Asset Value. During the period, no Fund borrowed against its respective line of credit.

Currency risk

Currency risk is the risk that the values of financial assets and liabilities denominated in foreign currencies fluctuate due to changes in foreign exchange rates. To the extent the Funds hold assets and liabilities denominated in foreign currencies, the Funds are exposed to currency risk. The Fund may also use forward contracts at the discretion of the Manager. Each individual Fund's exposure to currency risk, if any, is presented in the Financial Instruments Risks section of the financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value (measured as the present value) of cash flows associated with interest bearing financial instruments will fluctuate due to changes in the prevailing market rates of interest. In general, as interest rates rise, the fair value of interest bearing financial instruments will fall. Financial instruments with a longer term to maturity will generally have a higher interest rate risk.

The Funds' interest bearing financial instruments that subject the Funds to interest rate risk include domestic and foreign bonds, asset backed securities and collateralized mortgage obligations. Short-term money market instruments are also interest bearing and therefore subject to interest rate risk. However, due to the short-term nature of the securities, the interest rate risk is generally not significant.

Interest rate risk management practices employed by the Funds include setting target durations based on the appropriate benchmark indices and monitoring the Funds' durations relative to the benchmarks. If interest rates are anticipated to rise, the Funds' durations can be shortened to limit potential losses. Conversely, if interest rates are anticipated to fall, the durations can be lengthened to increase potential gains. Each individual Fund's exposure to interest rate risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

Other Price risk

Price risk is the risk that the fair value of financial instruments may decline because of changes in market prices of the financial instruments, other than declines due to interest rate risk and currency risk. Other price risk stems from financial instruments' sensitivity to changes in the overall market (market risk) as well as factors specific to the individual financial instrument. The

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price risk attributable to individual investments is managed through effective diversification of the portfolio, careful security selection and adjustments to fair value when there is significant volatility in international markets after markets are closed. Price risk attributable to the general market is systematic and cannot be diversified away.

The maximum loss due to other price risk is limited to the fair value of the equity investments presented on the Statement of Investment Portfolio. Each individual Fund's exposure to price risk, if any, is presented in the Financial Risk

Supplement attached to the Statement of Investment Portfolio.

Details of each Fund's exposure to financial instruments risks including fair value hierarchy classification are available in the "Financial Instruments Risks" section of the financial statements of each Fund.

6. Fair value measurement

The Funds are subject to the revised provisions of Section 3862, which sets out requirements for fiscal years ending after September 30, 2009. Section 3862 establishes a fair value hierarchy to categorize the inputs to Funds' valuation techniques used in measuring fair value. Under these provisions, an entity is required to classify each financial instrument into one of three fair value levels as follows:

- Level 1 – for unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 – for inputs that are based on unobservable market data.

The classification of a financial instrument is based on the lowest level of input that is significant to the determination of fair value.

The extent of Funds' use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2), and internal models without observable market information (Level 3) in the valuation of securities is summarized in each Fund's "Financial Instruments Risks" section of the financial statements.

7. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current period's presentation.

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