

# 2011 Interim Financial Statements



PHYSICIAN  
SERVICES INC.  
A CMA COMPANY

# A Message Regarding Your Financial Statements

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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.

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## **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](http://md.cma.ca) or by visiting the SEDAR website at [sedar.com](http://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](http://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 Growth Investments Limited

## 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 (\$)
<b>Domestic Equities</b>			
<b>Information Technology (0.81%)</b>			
Celestica Inc. Sub. Voting	1,551,600	14,075	13,033
Total for Information Technology		14,075	13,033
<b>Total for Domestic Equities (0.81%)</b>		<b>14,075</b>	<b>13,033</b>
<b>Foreign Equities</b>			
<b>Australia (2.52%)</b>			
Brambles Limited	973,700	5,404	7,298
CSL Limited	299,400	10,217	10,238
Primary Health Care Ltd.	3,687,538	13,907	13,139
Woodside Petroleum Limited	230,216	5,447	9,798
Total for Australia		34,975	40,473
<b>Austria (0.62%)</b>			
Voestalpine AG	186,900	9,585	9,963
Total for Austria		9,585	9,963
<b>Belgium (1.26%)</b>			
Ageas	3,721,357	9,830	9,745
Anheuser-Busch InBev NV	161,700	9,824	9,055
Umicore	29,000	1,477	1,526
Total for Belgium		21,131	20,326
<b>Bermuda (0.42%)</b>			
Invesco Limited	300,500	5,540	6,777
Total for Bermuda		5,540	6,777
<b>Brazil (0.92%)</b>			
Petroleo Brasileiro SA ADR	395,900	13,833	11,959
Vale SA ADR	94,300	380	2,904
Total for Brazil		14,213	14,863
<b>China (0.33%)</b>			
China Shenhua Energy Company Limited Cl. H	1,153,500	5,207	5,355
Total for China		5,207	5,355
<b>Czech Republic (0.38%)</b>			
Ceske Energetické Zavody AS	124,200	5,786	6,168
Total for Czech Republic		5,786	6,168
<b>Denmark (0.67%)</b>			
Novo Nordisk A/S Cl. B	89,000	6,982	10,776
Total for Denmark		6,982	10,776
<b>France (3.25%)</b>			
Arkema	2,800	187	278
BNP Paribas	80,400	6,038	5,988
Carrefour SA	328,000	13,793	13,009
L'Oréal SA	86,600	9,171	10,862
Schneider Electric SA	60,600	8,766	9,778
Total SA	121,400	7,779	6,781
Vallourec SA	46,200	5,023	5,433
Total for France		50,757	52,129
<b>Greece (0.18%)</b>			
Intralot SA	1,384,541	5,777	2,855
Total for Greece		5,777	2,855

	Number of Shares	Average Cost (\$)	Fair Value (\$)
<b>Germany (2.12%)</b>			
Hannover Rueckversicherungs AG	427,100	22,125	21,514
Henkel AG & Co. KGaA	226,081	11,989	12,513
Total for Germany		34,114	34,027
<b>Hong Kong (2.60%)</b>			
China Mobile (Hong Kong) Limited	544,400	4,235	4,891
CLP Holdings Limited	669,000	4,098	5,727
CNOOC Limited	7,459,743	10,608	16,936
Hong Kong & China Gas Company Limited	1,159,434	1,522	2,544
The Wharf (Holdings) Limited	1,736,362	12,157	11,696
Total for Hong Kong		32,620	41,794
<b>Ireland (1.67%)</b>			
Willis Group Holdings PLC	678,312	22,469	26,862
Total for Ireland		22,469	26,862
<b>Israel (0.19%)</b>			
Teva Pharmaceutical Industries Ltd. ADR	64,000	3,230	2,975
Total for Israel		3,230	2,975
<b>Italy (0.65%)</b>			
Intesa Sanpaolo SPA	2,096,870	10,184	5,385
Mediaset SPA	1,119,900	7,461	5,085
Total for Italy		17,645	10,470
<b>Japan (12.73%)</b>			
Astellas Pharma Inc.	244,700	10,831	9,108
Canon Inc.	519,000	22,558	23,823
CHUGAI Pharmaceuticals Co., Ltd.	292,500	5,854	4,619
Denso Corp.	324,900	9,762	11,612
Fanuc Ltd.	69,800	7,568	11,204
FUJIFILM Holdings Corporation	357,900	12,877	10,738
Honda Motor Co., Ltd.	870,400	31,318	32,293
iShares MSCI Japan Index Fund	1,095,300	11,342	11,005
Keyence Corporation	78,015	19,787	21,298
Kirin Brewery Co.	943,000	12,207	12,691
Mitsubishi Estate Company, Limited	564,000	8,565	9,530
Nintendo Co., Ltd.	28,300	9,863	5,130
Nippon Telegraph and Telephone Corporation	217,200	10,375	10,166
Sega Sammy Holding Inc.	571,400	10,168	10,653
Shin-Etsu Chemical Co., Ltd.	186,300	9,640	9,619
The Dai-ichi Life Insurance Company	8,213	10,758	11,069
Total for Japan		203,473	204,558
<b>Luxembourg (0.31%)</b>			
Tenaris SA ADR	112,300	5,068	4,947
Total for Luxembourg		5,068	4,947
<b>Netherlands (2.05%)</b>			
ING Groep NV	717,800	18,265	8,551
Koninklijke (Royal) Philips Electronics NV	253,500	7,995	6,283
TNT Express NV	895,274	11,011	8,958
TNT NV	1,121,037	24,595	9,186
Total for Netherlands		61,866	32,978
<b>Singapore (1.17%)</b>			
DBS Group Holdings Limited	976,067	11,241	11,273
Keppel Corporation Limited	662,118	5,090	5,781
Singapore Press Holdings Limited	584,700	1,927	1,793
Total for Singapore		18,258	18,847

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 Growth Investments Limited

## 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 (\$)
<b>South Korea (2.36%)</b>			
BS Financial Group Inc.	448,200	5,947	6,139
KB Financial Group, Inc.	84,700	3,659	3,885
KB Financial Group, Inc. ADR	13,200	624	608
POSCO	17,500	7,514	7,330
Samsung Electronics Co., Ltd.	2,558	1,868	1,917
Samsung Electronics Co., Ltd. GDR	48,200	17,173	18,017
Total for South Korea		36,785	37,896
<b>Spain (1.08%)</b>			
Banco Santander SA	533,793	7,603	5,948
Industria de Diseno Textil SA	129,200	5,376	11,394
Total for Spain		12,979	17,342
<b>Sweden (0.62%)</b>			
Hennes & Mauritz AB Cl. B	299,800	7,822	9,999
Total for Sweden		7,822	9,999
<b>Switzerland (3.41%)</b>			
ACE Limited	236,900	12,917	15,031
Actelion Ltd.	359,600	18,798	17,061
Nestlé SA	166,300	6,372	9,959
Roche Holding AG	78,900	12,592	12,719
Total for Switzerland		50,679	54,770
<b>Thailand (0.89%)</b>			
BEC World Public Company Limited	6,741,100	7,834	7,246
PTT Exploration and Production Public Company Limited	1,331,100	8,701	7,122
Total for Thailand		16,535	14,368
<b>United Kingdom (7.59%)</b>			
BG Group PLC	443,400	5,356	9,715
BP PLC ADR	502,000	21,519	21,434
GlaxoSmithKline PLC	998,900	25,305	20,646
HSBC Holdings PLC	919,200	10,196	8,803
Kingfisher PLC	91	—	—
Lloyds TSB Group PLC	3,020,200	3,290	2,291
Persimmon PLC	458,333	3,124	3,425
Reckitt Benckiser Group PLC	180,100	7,119	9,600
Royal Dutch Shell PLC Cl. B	447,800	14,487	15,431
Standard Chartered PLC	361,500	9,835	9,170
Tesco PLC	1,553,200	10,591	9,684
The Sage Group PLC	1,441,600	5,790	6,453
William Morrison Supermarkets PLC	1,165,900	8,078	5,378
Total for United Kingdom		124,690	122,030
<b>United States (49.20%)</b>			
Abbott Laboratories	206,500	11,442	10,470
Adobe Systems Inc.	243,000	7,213	7,367
AGCO Corporation	174,300	7,950	8,294
American International Group, Inc.	438,641	12,401	12,397
Amphenol Corp. Cl. A	137,400	6,416	7,149
AT&T Inc.	363,600	10,472	11,005
Automatic Data Processing, Inc.	174,030	8,529	8,837
Bank of America Corporation	1,745,100	31,671	18,426
Bristol-Myers Squibb Company	140,600	3,700	3,923
C.R. Bard Inc.	96,567	8,740	10,231
Cavco Industries, Inc.	27,727	997	1,201
Chesapeake Energy Corporation	1,233,500	28,523	35,290
Cisco Systems, Inc.	299,400	8,645	4,504

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Citigroup Inc.	494,722	22,372	19,845
Colgate-Palmolive Company	122,200	9,398	10,296
ConocoPhillips	180,300	11,172	13,063
Dell Inc.	2,371,500	39,547	38,120
Eagle Materials Inc.	140,100	3,818	3,764
EOG Resources, Inc.	91,300	7,427	9,200
Exxon Mobil Corporation	166,700	11,850	13,070
Fastenal Company	238,000	4,011	8,259
FedEx Corp.	81,778	7,003	7,478
FLIR Systems, Inc.	180,600	5,208	5,869
Forestar Real Estate Group Inc.	150,300	2,823	2,380
GameStop Corporation	914,700	18,329	23,505
Gilead Sciences, Inc.	266,500	12,320	10,639
Goldcorp Inc.	276,400	13,015	12,862
Google Inc. Cl. A	11,500	7,140	5,612
Honeywell International Inc.	320,600	15,688	18,409
Huntington Ingalls Industries Inc.	25,200	942	838
Intel Corporation	345,300	7,644	7,372
International Business Machines Corporation	148,200	21,719	24,496
iShares MSCI Canada Index Fund	140,000	4,415	4,254
iShares MSCI EAFE Index Fund	550,000	32,693	31,910
iShares MSCI Germany Index Fund	440,200	10,594	11,329
iShares MSCI Italy Index Fund	445,100	7,786	7,335
iShares MSCI Netherlands Investable Market Index Fund	230,500	4,867	4,627
Johnson & Johnson	161,400	10,762	10,343
JPMorgan Chase & Co.	768,100	30,693	30,300
JPMorgan Chase Co., Warrants (Exp. 10/28/18)	470,903	6,493	6,098
Kraft Foods Inc. Cl. A	255,900	7,833	8,691
Lincoln National Corporation	137,400	3,384	3,771
MasterCard, Inc.	28,500	7,216	8,275
MetLife, Inc.	143,300	5,830	6,059
Microsoft Corporation	1,394,600	38,728	34,936
Moodys Corporation	350,000	9,893	12,939
MSC Industrial Direct Co., Inc.	87,900	5,142	5,620
Newmont Mining Corporation	136,700	8,391	7,111
Nike Inc. Cl. B	125,200	8,873	10,859
Northrop Grumman Corporation	149,900	9,736	10,024
Omnicom Group Inc.	190,000	8,801	8,823
Oracle Corporation	248,300	4,711	7,875
Pfizer Inc.	208,300	5,536	4,136
Precision Castparts Corp.	73,500	8,871	11,662
Schlumberger Limited	126,350	10,314	10,520
SPDR Trust Series 1	265,000	33,882	33,706
Stryker Corporation	198,200	10,329	11,213
Temple Inland Inc.	188,200	3,932	5,399
The Dun & Bradstreet Corporation	173,300	13,253	12,621
The TJX Companies Inc.	192,300	8,757	9,735
The Washington Post Company Cl. B	28,020	10,958	11,307
The Williams Companies, Inc.	758,400	17,470	22,107
UnumProvident Corporation	531,300	11,689	13,059
Viacom Inc. Cl. B	106,300	4,331	5,224
Walgreen Co.	179,000	8,048	7,327
Wal-Mart Stores, Inc.	188,800	9,867	9,669
Waste Management, Inc.	496,200	17,515	17,827
Total for United States		769,718	790,862
<b>Total for Foreign Equities (99.19%)</b>		<b>1,577,904</b>	<b>1,594,410</b>
<b>Total for MD Growth Investments Limited (100.00%)</b>		<b>1,591,979</b>	<b>1,607,443</b>

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 Growth Investments Limited

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

## Schedule of Derivative Instruments

(in \$'000's)

### Forward and Spot Currency Contracts

Curren- cy	Credit Rating	Expiry Date	Contract Rate	Amounts		Unrealized	
				Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Gain (Loss) CAD \$
<b>State Street Bank and Trust Co.</b>							
USD	AA-	07/05/11	0.966	799	772	770	(2)
CAD	AA-	07/05/11	1.000	(772)	(772)	(772)	—
CNY	AA-	07/06/11	0.149	86,590	12,881	12,917	36
USD	AA-	07/06/11	0.969	(13,286)	(12,881)	(12,812)	69
CAD	AA-	07/11/11	1.000	5,998	5,998	5,998	—
CZK	AA-	07/11/11	0.975	(6,149)	(5,998)	(6,149)	(151)
CZK	AA-	07/11/11	0.057	106,850	6,138	6,149	11
CAD	AA-	07/11/11	1.000	(6,138)	(6,138)	(6,138)	—
NZD	AA-	07/12/11	0.743	1,040	773	830	57
CAD	AA-	07/12/11	1.000	(773)	(773)	(773)	—
CAD	AA-	07/14/11	1.000	880	880	880	—
NOK	AA-	07/14/11	1.002	(879)	(880)	(879)	1
CAD	AA-	07/14/11	1.000	1,162	1,162	1,162	—
NOK	AA-	07/14/11	1.002	(1,160)	(1,162)	(1,160)	2
CAD	AA-	07/14/11	1.000	2,275	2,275	2,275	—
SEK	AA-	07/14/11	1.023	(2,225)	(2,275)	(2,225)	50
RUB	AA-	07/15/11	0.034	513,885	17,465	17,769	304
USD	AA-	07/15/11	0.959	(18,219)	(17,465)	(17,572)	(107)
CLP	AA-	07/18/11	0.002	6,749,645	13,720	13,894	174
USD	AA-	07/18/11	0.970	(14,141)	(13,720)	(13,640)	80
ZAR	AA-	08/16/11	0.140	90,630	12,729	12,869	140
CAD	AA-	08/16/11	1.000	(12,729)	(12,729)	(12,729)	—
CAD	AA-	08/16/11	1.000	507	507	507	—
ZAR	AA-	08/16/11	1.001	(507)	(507)	(507)	—
CAD	AA-	08/17/11	1.000	1,398	1,398	1,398	—
GBP	AA-	08/17/11	1.014	(1,380)	(1,398)	(1,380)	18
CAD	AA-	08/17/11	1.000	471	471	471	—
GBP	AA-	08/17/11	1.030	(457)	(471)	(457)	14
CAD	AA-	08/17/11	1.000	2,678	2,678	2,678	—
GBP	AA-	08/17/11	1.019	(2,628)	(2,678)	(2,628)	50
GBP	AA-	08/17/11	1.576	465	733	721	(12)
CAD	AA-	08/17/11	1.000	(733)	(733)	(733)	—
USD	AA-	08/24/11	0.961	11,841	11,381	11,432	51
KRW	AA-	08/24/11	0.001	(12,817,560)	(11,381)	(11,555)	(174)
KRW	AA-	08/24/11	0.001	5,330,570	4,831	4,806	(25)
USD	AA-	08/24/11	0.983	(4,916)	(4,831)	(4,746)	85
CAD	AA-	08/31/11	1.000	14,002	14,002	14,002	—
THB	AA-	08/31/11	1.022	(13,705)	(14,002)	(13,705)	297
CAD	AA-	08/31/11	1.000	81,446	81,446	81,446	—
JPY	AA-	08/31/11	0.996	(81,746)	(81,446)	(81,746)	(300)
CAD	AA-	08/31/11	1.000	285	285	285	—
ILS	AA-	08/31/11	1.014	(282)	(285)	(282)	3
JPY	AA-	08/31/11	0.012	321,631	3,921	3,852	(69)
CAD	AA-	08/31/11	1.000	(3,921)	(3,921)	(3,921)	—
CAD	AA-	08/31/11	1.000	223	223	223	—
ILS	AA-	08/31/11	1.005	(222)	(223)	(222)	1
CAD	AA-	08/31/11	1.000	350	350	350	—
JPY	AA-	08/31/11	1.016	(345)	(350)	(345)	5
CAD	AA-	09/01/11	1.000	1,412	1,412	1,412	—
HKD	AA-	09/01/11	1.005	(1,406)	(1,412)	(1,406)	6
PHP	AA-	09/06/11	0.023	818,265	18,447	18,137	(310)
USD	AA-	09/06/11	0.977	(18,888)	(18,447)	(18,241)	206

Curren- cy	Credit Rating	Expiry Date	Contract Rate	Amounts		Unrealized	
				Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Gain (Loss) CAD \$
AUD	AA-	09/07/11	1.032	21,072	21,751	21,664	(87)
CAD	AA-	09/07/11	1.000	(21,751)	(21,751)	(21,751)	—
CAD	AA-	09/07/11	1.000	385	385	385	—
AUD	AA-	09/07/11	0.998	(386)	(385)	(385)	—
CAD	AA-	09/07/11	1.000	639	639	639	—
AUD	AA-	09/07/11	0.994	(643)	(639)	(643)	(4)
AUD	AA-	09/07/11	1.022	925	946	951	5
CAD	AA-	09/07/11	1.000	(946)	(946)	(946)	—
CAD	AA-	09/09/11	1.000	98,609	98,609	98,609	—
USD	AA-	09/09/11	1.021	(96,623)	(98,609)	(96,623)	1,986
USD	AA-	09/09/11	0.985	5,090	5,015	4,916	(99)
CAD	AA-	09/09/11	1.000	(5,015)	(5,015)	(5,015)	—
CAD	AA-	09/09/11	1.000	15,461	15,461	15,461	—
USD	AA-	09/09/11	1.010	(15,308)	(15,461)	(15,308)	153
USD	AA-	09/09/11	0.988	955	944	922	(22)
CAD	AA-	09/09/11	1.000	(944)	(944)	(944)	—
USD	AA-	09/09/11	0.984	560	551	541	(10)
CAD	AA-	09/09/11	1.000	(551)	(551)	(551)	—
CAD	AA-	09/16/11	1.000	6,159	6,159	6,159	—
SGD	AA-	09/16/11	1.005	(6,127)	(6,159)	(6,127)	32
CAD	AA-	09/16/11	1.000	83	83	83	—
SGD	AA-	09/16/11	1.006	(83)	(83)	(83)	—
EUR	AA-	09/23/11	1.403	13,825	19,399	19,355	(44)
CAD	AA-	09/23/11	1.000	(19,399)	(19,399)	(19,399)	—
EUR	AA-	09/23/11	1.408	690	971	967	(4)
CAD	AA-	09/23/11	1.000	(971)	(971)	(971)	—
CAD	AA-	09/23/11	1.000	754	754	754	—
EUR	AA-	09/23/11	1.007	(749)	(754)	(749)	5
CAD	AA-	10/11/11	1.000	6,148	6,148	6,148	—
CZK	AA-	10/11/11	0.998	(6,160)	(6,148)	(6,160)	(12)
<b>Royal Bank of Canada</b>							
ILS	AA-	08/31/11	0.280	19,585	5,480	5,542	62
CAD	AA-	08/31/11	1.000	(5,480)	(5,480)	(5,480)	—
CAD	AA-	08/31/11	1.000	1,302	1,302	1,302	—
JPY	AA-	08/31/11	1.026	(1,268)	(1,302)	(1,268)	34
SEK	AA-	07/14/11	0.153	156,335	23,913	23,912	(1)
CAD	AA-	07/14/11	1.000	(23,913)	(23,913)	(23,913)	—
NOK	AA-	07/14/11	0.176	215,680	37,987	38,678	691
CAD	AA-	07/14/11	1.000	(37,987)	(37,987)	(37,987)	—
SEK	AA-	07/14/11	0.153	81,620	12,478	12,484	6
CAD	AA-	07/14/11	1.000	(12,478)	(12,478)	(12,478)	—
SEK	AA-	07/14/11	0.155	56,735	8,784	8,678	(106)
CAD	AA-	07/14/11	1.000	(8,784)	(8,784)	(8,784)	—
CAD	AA-	07/14/11	1.000	4,383	4,383	4,383	—
DKK	AA-	07/14/11	0.985	(4,448)	(4,383)	(4,448)	(65)
CAD	AA-	07/14/11	1.000	253	253	253	—
SEK	AA-	07/14/11	0.999	(253)	(253)	(253)	—
CAD	AA-	07/14/11	1.000	475	475	475	—
NOK	AA-	07/14/11	0.979	(485)	(475)	(485)	(10)
CAD	AA-	07/14/11	1.000	729	729	729	—
SEK	AA-	07/14/11	1.006	(724)	(729)	(724)	5
CAD	AA-	07/14/11	1.000	656	656	656	—

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

# MD Growth Investments Limited

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

(in \$000's)

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts		Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
				Bought (Sold)	Bought (Sold) CAD \$		
NOK	AA-	07/14/11	1.001	(655)	(656)	(655)	1
CAD	AA-	07/14/11	1.000	156	156	156	—
SEK	AA-	07/14/11	0.992	(157)	(156)	(157)	(1)
USD	AA-	07/18/11	0.985	1,684	1,658	1,624	(34)
CLP	AA-	07/18/11	0.002	(798,859)	(1,658)	(1,644)	14
GBP	AA-	08/17/11	1.576	26,480	41,738	41,049	(689)
CAD	AA-	08/17/11	1.000	(41,738)	(41,738)	(41,738)	—
CHF	AA-	08/24/11	1.087	3,243	3,525	3,722	197
CAD	AA-	08/24/11	1.000	(3,525)	(3,525)	(3,525)	—
CAD	AA-	08/24/11	1.000	1,724	1,724	1,724	—
CHF	AA-	08/24/11	0.950	(1,814)	(1,724)	(1,814)	(90)
CAD	AA-	08/24/11	1.000	8,140	8,140	8,140	—
CHF	AA-	08/24/11	0.959	(8,488)	(8,140)	(8,488)	(348)
CAD	AA-	08/24/11	1.000	573	573	573	—
CHF	AA-	08/24/11	1.029	(557)	(573)	(557)	16
CAD	AA-	09/01/11	1.000	21,971	21,971	21,971	—
HKD	AA-	09/01/11	1.018	(21,584)	(21,971)	(21,584)	387
CAD	AA-	09/01/11	1.000	3,732	3,732	3,732	—
HKD	AA-	09/01/11	1.011	(3,690)	(3,732)	(3,690)	42
USD	AA-	09/09/11	0.983	3,920	3,854	3,786	(68)
CAD	AA-	09/09/11	1.000	(3,854)	(3,854)	(3,854)	—
USD	AA-	09/09/11	0.988	6,315	6,239	6,099	(140)
CAD	AA-	09/09/11	1.000	(6,239)	(6,239)	(6,239)	—
MXN	AA-	09/23/11	0.082	158,533	12,966	12,978	12
CAD	AA-	09/23/11	1.000	(12,966)	(12,966)	(12,966)	—
EUR	AA-	09/23/11	1.402	19,191	26,896	26,868	(28)
CAD	AA-	09/23/11	1.000	(26,896)	(26,896)	(26,896)	—
CAD	AA-	09/23/11	1.000	3,674	3,674	3,674	—
EUR	AA-	09/23/11	0.998	(3,682)	(3,674)	(3,682)	(8)
CAD	AA-	09/23/11	1.000	778	778	778	—
MXN	AA-	09/23/11	1.007	(772)	(778)	(772)	6
<b>The Toronto-Dominion Bank</b>							
USD	AA-	07/06/11	0.971	13,285	12,905	12,810	(95)
CNY	AA-	07/06/11	0.149	(86,590)	(12,905)	(12,917)	(12)
CAD	AA-	07/14/11	1.000	822	822	822	—
SEK	AA-	07/14/11	1.002	(821)	(822)	(821)	1
CAD	AA-	07/14/11	1.000	217	217	217	—
NOK	AA-	07/14/11	0.981	(221)	(217)	(221)	(4)
GBP	AA-	08/17/11	1.570	1,140	1,790	1,767	(23)
CAD	AA-	08/17/11	1.000	(1,790)	(1,790)	(1,790)	—
CHF	AA-	08/24/11	1.174	2,330	2,735	2,674	(61)
CAD	AA-	08/24/11	1.000	(2,735)	(2,735)	(2,735)	—
USD	AA-	09/09/11	0.983	1,655	1,626	1,598	(28)
CAD	AA-	09/09/11	1.000	(1,626)	(1,626)	(1,626)	—
USD	AA-	09/09/11	0.977	1,405	1,373	1,357	(16)
CAD	AA-	09/09/11	1.000	(1,373)	(1,373)	(1,373)	—
USD	AA-	09/09/11	0.970	4,445	4,314	4,293	(21)
CAD	AA-	09/09/11	1.000	(4,314)	(4,314)	(4,314)	—
USD	AA-	09/09/11	0.973	3,845	3,739	3,714	(25)
CAD	AA-	09/09/11	1.000	(3,739)	(3,739)	(3,739)	—
CAD	AA-	09/09/11	1.000	2,262	2,262	2,262	—
USD	AA-	09/09/11	1.018	(2,221)	(2,262)	(2,221)	41
EUR	AA-	09/23/11	1.391	1,760	2,448	2,464	16
CAD	AA-	09/23/11	1.000	(2,448)	(2,448)	(2,448)	—
<b>Net unrealized gain (loss) on spot and forward currency contracts</b>							<b>2,067</b>

### Futures Contracts

Counter party	Credit Rating	Description	USD	Notional Amount	Unrealized
					Gain (Loss) CAD \$
Newedge Canada Inc.	N/A	S&P 500 E-Mini Index Futures	USD	1,838	47
Newedge Canada Inc.	N/A	MSCI EAFE E-Mini Index Futures	USD	1,734	37
<b>Net unrealized gain (loss) futures contracts</b>					<b>84</b>
<b>Total for Schedule of Derivative Instruments</b>					<b>\$2,151</b>

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

# MD Growth Investments Limited

## Financial Statements

### Statement of Net Assets (unaudited)

(in \$'000's except for shares outstanding and per share amounts)

	June 30, 2011	December 31, 2010
<b>Assets</b>		
Investments, at fair value	\$1,607,443	\$1,778,653
Cash and short-term investments	65,622	46,219
Dividends and interest receivable	3,643	2,550
Net unrealized gain on derivatives	2,151	4,232
Net margin due from broker on future contracts	374	1,116
Receivable for investment transactions	3,309	11
Income taxes recoverable	—	3,687
Refundable income taxes	544	523
Subscriptions receivable	98	570
	<u>1,683,184</u>	<u>1,837,561</u>
<b>Liabilities</b>		
Payable for investment transactions	2,653	3,193
Distributions payable	239	239
Future income taxes	2,991	825
Redemptions payable	1,057	1,507
Capital tax payable	—	47
	<u>6,940</u>	<u>5,811</u>
<b>Net assets and shareholders' equity</b>	<u>\$1,676,244</u>	<u>\$1,831,750</u>
<b>Net Assets per Series</b>		
Series A	\$1,647,388	\$1,812,082
Series I	\$28,856	\$19,668
<b>Number of shares outstanding (see Schedule of Fund Share Transactions)</b>		
Series A	188,300,084	209,556,002
Series I	3,215,450	2,235,399
<b>Net assets per share (see Schedule of Net Assets per Share and Net Asset Value per Share)</b>		
Series A	\$8.75	\$8.65
Series I	\$8.97	\$8.80
<b>Investments, at cost</b>	<u>\$1,591,979</u>	<u>\$1,768,734</u>

### Statement of Operations (unaudited)

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

Six months ended	June 30, 2011	June 30, 2010
<b>Revenue</b>		
Dividends	\$35,295	\$31,578
Interest	197	2,814
Gain (loss) on foreign exchange	(1,215)	(1,098)
Securities lending	389	364
Deduct: Withholding tax on foreign income	(2,390)	(3,393)
	<u>32,276</u>	<u>30,265</u>
<b>Expenses</b>		
Management fees (Note 3)	12,016	13,011
Administration fees	1,923	2,082
Interest expense	5	—
Capital Tax	12	111
	<u>13,956</u>	<u>15,204</u>
Income before provision for income taxes	18,320	15,061
Provision for income taxes		
Current	8,808	7,539
Future	866	(1,296)
	<u>9,674</u>	<u>6,243</u>
<b>Net investment income (loss)</b>	<u>\$8,646</u>	<u>\$8,818</u>
<b>Realized and unrealized gain (loss) on investments and transaction costs</b>		
Net realized gain (loss) on sale of investments	(3,455)	(53,080)
Net realized gain (loss) on sale of derivative instruments	15,196	—
Change in unrealized appreciation (depreciation) of investments and derivatives	3,790	(144,963)
Transaction costs	(746)	(666)
<b>Net gain (loss) on investments</b>	<u>\$14,785</u>	<u>\$(198,709)</u>
<b>Increase (decrease) in net assets from operations</b>	<u>\$23,431</u>	<u>\$(189,891)</u>
<b>Increase (decrease) in net assets from operations per Series</b>		
Series A	\$23,079	\$(189,106)
Series I	\$352	\$(785)
<b>Increase (decrease) in net assets from operations per share, for the period</b>		
Series A	\$0.12	\$(0.76)
Series I	\$0.13	\$(1.02)

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

# MD Growth Investments Limited

## Financial Statements

### Statement of Changes in Net Assets (unaudited)

(in \$'000's)

Six months ended	June 30, 2011	June 30, 2010
<b>SERIES A</b>		
<b>Net assets—beginning of period</b>	\$1,812,082	\$2,173,694
Add (deduct) changes during the period:		
<b>Operations</b>		
Increase (decrease) in net assets from operations	23,079	(189,106)
<b>Shareholders</b>		
Proceeds from issue of shares	57,440	77,584
Consideration paid for redemption of shares	(245,213)	(307,684)
	(187,773)	(230,100)
<b>Distributions to shareholders</b>		
From net investment income	—	(15)
<b>Net assets—end of the period</b>	<b>\$1,647,388</b>	<b>\$1,754,473</b>
<b>SERIES I</b>		
<b>Net assets—beginning of period</b>	\$19,668	\$—
Add (deduct) changes during the period:		
<b>Operations</b>		
Increase (decrease) in net assets from operations	352	(785)
<b>Shareholders</b>		
Proceeds from issue of shares	9,117	11,608
Consideration paid for redemption of shares	(281)	(7)
	8,836	11,601
<b>Net assets—end of the period</b>	<b>\$28,856</b>	<b>\$10,816</b>

Six months ended	June 30, 2011	June 30, 2010
<b>TOTAL FUND</b>		
<b>Net assets—beginning of period</b>	\$1,831,750	\$2,173,694
Add (deduct) changes during the period:		
<b>Operations</b>		
Increase (decrease) in net assets from operations	23,431	(189,891)
<b>Shareholders</b>		
Proceeds from issue of shares	66,557	89,192
Consideration paid for redemption of shares	(245,494)	(307,690)
	(178,937)	(218,498)
<b>Distributions to shareholders</b>		
From net investment income	—	(15)
<b>Net assets—end of the period</b>	<b>\$1,676,244</b>	<b>\$1,765,289</b>

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

# MD Growth Investments Limited

## Financial Statements – Supplementary Schedules (unaudited)

### Share Capital

MD Growth Investments Limited's authorized share capital comprises an unlimited number of non-voting mutual fund shares (Series A and I) and 2,656 common shares. The common shares participate equally in the income, distribution and net asset valuations of the Fund.

For the periods ended June 30

	2011	2010
<b>SERIES A</b>		
Outstanding, beginning of year	209,556,002	263,371,136
Issued	6,496,076	9,586,790
Redeemed	(27,751,994)	(38,128,668)
<b>Outstanding, end of period</b>	<b>188,300,084</b>	<b>234,829,258</b>
<b>SERIES I</b>		
Outstanding, beginning of year	2,235,399	—
Issued	1,010,615	1,435,219
Redeemed	(30,564)	(880)
<b>Outstanding, end of period</b>	<b>3,215,450</b>	<b>1,434,339</b>

### Schedule of Securities on Loan

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

	2011	2010
Loaned	\$54,325	\$23,223
Collateral (non-cash)	\$55,796	\$23,862

### Schedule of Net Assets per Share and Net Asset Value per Share

As at June 30, 2011 and December 31, 2010

	2011	2010
<b>SERIES A</b>		
Net asset value per share	\$8.75	\$8.65
Bid price adjustment	—	—
<b>Net assets per share</b>	<b>\$8.75</b>	<b>\$8.65</b>
<b>SERIES I</b>		
Net asset value per share	\$8.98	\$8.81
Bid price adjustment	(0.01)	(0.01)
<b>Net assets per share</b>	<b>\$8.97</b>	<b>\$8.80</b>

### Schedule of Fees

As at June 30

	2011
<b>Maximum annualized management fee</b>	
Series A	1.25%
Series I	0.00%
<b>Annual fixed administration fee rate</b>	
	0.20%

### Taxes

MD Growth Investments Limited is a mutual fund corporation for federal income tax purposes and, accordingly, it is subject to tax at normal corporate rates applicable to mutual fund corporations on foreign dividends received and interest income, net of expenses. The Fund is subject to a tax on taxable dividends received from taxable Canadian corporations. This tax is recorded as refundable income taxes on the Statement of Net Assets because it is refundable at a rate determined by a formula when taxable dividends are paid. The Fund is subject to a tax on capital gains. However, this tax is refundable if sufficient capital gains are distributed to unitholders either as capital gains dividends or through the redemption of units. The provision for income taxes in the Statement of Operations is stated after deducting applicable refundable taxes.

"Income taxes are calculated using the liability method of tax accounting. Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of each Fund's investment portfolio and its adjusted cost base ("ACB") for income tax purposes. To the extent that the fair value of a Fund's portfolio exceeds its ACB, a future tax liability arises. Since capital gains taxes payable by the Fund are refundable under the relevant provisions of the *Income Tax Act* (Canada), the future tax liability is fully offset by these future refundable taxes. Conversely, when the ACB exceeds the fair value of the portfolio, a future tax asset is generated. In such cases, a full valuation allowance is taken to offset this asset given the uncertainty that such future tax assets will ultimately be realized. Future income tax liabilities or assets are calculated using substantively enacted tax rates expected to apply in the period that the temporary differences are expected to reverse.

As at June 30, 2011, MD Growth Investments Limited has accumulated net realized capital losses available for utilization against net realized gains in future years. Capital losses have no expiry. No benefit has been recorded by the Fund in the financial statements in respect of the unused losses as at June 30, 2011.

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

# MD Growth Investments Limited

## Financial Statements - Supplementary Schedules (unaudited)

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### Schedule of Tax Loss Carry Forwards

As at June 30 (in \$000's)

	2011
<b>Net capital loss carried forward</b>	\$467,122
<b>Non-capital losses expiring:</b>	
2011	\$—
2012	—
in 2013 and thereafter	—
<b>Total</b>	<b>\$—</b>

### Income Tax Rate Reconciliation

(% of income before provision for income taxes)

	June 30, 2011	December 31 2010
Statutory income tax rate	39.75	40.99
Foreign exchange loss (gain)	—	(7.40)
Foreign tax deduction	(1.88)	(18.77)
Other	11.49	(9.86)
Ontario transitional tax	—	(4.38)
<b>Effective income tax rate</b>	<b>49.37</b>	<b>0.58</b>

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

# MD Growth Investments Limited

## Financial Instruments Risks

### Financial Instruments

MD Growth Investments Limited invests in a diversified portfolio of global equity securities, with up to 15% of invested in emerging markets, as shown in the Statement of Investment Portfolio. The Fund invests excess cash 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 cash equivalents presented on the Statement of Net Assets.

As at June 30, 2011 and December 31, 2010, the Fund invested in debt instruments with the following credit ratings:

Credit Rating	% of Net Assets June 30, 2011	% of Net Assets December 31, 2010
<b>Debt Instruments</b>		
AAA / R-1 (High)	1.3%	0.8%

All credit ratings are from external credit rating agencies such as Dominion Bond Rating Service, Standard & Poor's and Moody's.

### 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 %
<b>June 30, 2011</b>					
U.S. Dollar	16,300	913,380	(127,217)	802,463	47.87%
European Euro	7,034	180,090	45,222	232,346	13.86%
Australian Dollar	—	40,473	21,587	62,060	3.70%
British Pound	582	100,596	39,073	140,251	8.37%
Czech Koruna	304	6,167	(6,160)	311	0.02%
Danish Krone	1	10,776	(4,448)	6,329	0.38%
Hong Kong Dollar	—	47,149	(26,680)	20,469	1.22%
Israeli Shekel	—	—	5,038	5,038	0.30%
Japanese Yen	1,202	193,553	(79,507)	115,248	6.88%
Mexican Peso	—	—	12,206	12,206	0.73%
New Russian Ruble	—	—	17,769	17,769	1.06%
New Zealand Dollar	—	—	830	830	0.05%
Norwegian Krone	—	—	35,277	35,277	2.10%
Philippine Peso	—	—	18,137	18,137	1.08%
Singapore Dollar	—	18,847	(6,210)	12,637	0.75%
South African Rand	—	—	12,362	12,362	0.74%
South Korean Won	—	19,271	(6,750)	12,521	0.75%
Swedish Krona	—	9,999	40,894	50,893	3.04%
Swiss Franc	624	39,739	(4,462)	35,901	2.14%
Thailand Baht	—	14,368	(13,705)	663	0.04%
<b>Total</b>	<b>26,047</b>	<b>1,594,408</b>	<b>(26,744)</b>	<b>1,593,711</b>	<b>95.08%</b>

### December 31, 2010

U.S. Dollar	31,166	1,072,767	(209,820)	894,113	48.81%
European Euro	357	185,466	18,905	204,728	11.18%
Australian Dollar	(3,139)	45,892	29,668	72,421	3.95%
British Pound	471	110,730	30,548	141,749	7.74%
Danish Krone	—	11,309	(2,811)	8,498	0.46%
Hong Kong Dollar	136	38,467	(16,136)	22,467	1.23%
Indian Rupee	—	—	13,601	13,601	0.74%
Indonesian Rupiah	—	—	22,329	22,329	1.22%
Israeli Shekel	—	—	6,130	6,130	0.33%
Japanese Yen	540	179,606	(27,389)	152,757	8.34%
New Russian Ruble	—	13,839	13,839	27,678	1.51%
New Turkish Lira	—	—	25,257	25,257	1.38%
New Zealand Dollar	—	—	801	801	0.04%
Norwegian Krone	—	—	19,747	19,747	1.08%
Singapore Dollar	95	18,067	(4,561)	13,601	0.74%
South Korean Won	—	36,327	(19,980)	16,347	0.89%
Swedish Krona	—	9,931	25,075	35,006	1.91%
Swiss Franc	390	39,757	24,344	64,491	3.52%
Thailand Baht	—	15,258	(15,274)	(16)	0.00%
Yuan Renminbi	—	—	13,094	13,094	0.71%
<b>Total</b>	<b>30,016</b>	<b>1,777,416</b>	<b>(52,633)</b>	<b>1,754,799</b>	<b>95.78%</b>

If the Canadian Dollar had strengthened against all other currencies by 10% then the Net Assets of the Fund could have decreased by approximately \$159,371 (December 31, 2010 - \$175,480). Conversely, had the Canadian Dollar weakened against all other currencies by 10% then the Net Assets of the Fund could have increased by approximately \$159,371 (December 31, 2010 - \$175,480). These sensitivities are estimates. Actual results may vary and the variance may be significant.

### Interest Rate Risk

The majority of the Fund's financial assets are non-interest bearing. The maturity dates of the interest bearing assets held by the Fund are less than 1 year. Therefore, the Fund's exposure to interest rate risk is not significant.

### Other Price Risk

As at June 30, 2011, 95.9% (December 31, 2010 - 97.1%) 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 \$160,744 (December 31, 2010 - \$177,865). Conversely, If prices increase by 10%, Net Assets could rise by approximately \$160,744 (December 31, 2010 - \$177,865). 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 Growth Investments Limited

## Financial Instruments Risks

### Fair Value Hierarchy

The following is a summary of MD Growth Investments 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*
<b>June 30, 2011</b>			
Domestic Equities	\$13,033	\$—	\$13,033
Foreign Equities	918,690	675,720	1,594,410
	931,723	—	1,607,443
Cash and Short-Term Investments	44,108	21,514	65,622
Derivative Instruments	84	2,067	2,151
<b>Total</b>	<b>\$975,915</b>	<b>\$23,581</b>	<b>\$1,675,216</b>
<b>December 31, 2010</b>			
Domestic Equities	\$15,076	\$—	\$15,076
Foreign Equities	1,763,577	—	1,763,577
	1,778,653	—	1,778,653
Cash and Short-Term Investments	30,799	15,420	46,219
Derivative Instruments	10	4,222	4,232
<b>Total</b>	<b>\$1,809,462</b>	<b>\$19,642</b>	<b>\$1,829,104</b>

\*MD Growth Investments Fund does not hold any Level 3 investments.

For the period from January 1, 2011 to June 30, 2011, equity investments of approximately \$598,571 were transferred from Level 1 to Level 2. There were no significant transfers between Level 1 and Level 2 for the period from January 1, 2010 to December 31, 2010.

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.

# 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

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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

# Notes to Financial Statements

For the periods ended June 30, 2011 and 2010

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

# Notes to Financial Statements

For the periods ended June 30, 2011 and 2010

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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

# Notes to Financial Statements

For the periods ended June 30, 2011 and 2010

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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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