

MD Family of Funds

2011 Annual Financial Statements



PHYSICIAN
SERVICES INC.
A CMA COMPANY

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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 annual financial statements.

The annual financial statements are produced on a fund-by-fund basis, and your report only includes information on the funds you owned as of December 31, 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.

Audited Annual Financial Statements for the Year Ended December 31, 2011

These audited Annual Financial Statements do not contain the Annual Management Report of Fund Performance ("MRFP") of the investment fund. If you have not received a copy of the Annual MRFP with this report, you may obtain a copy of the Annual 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. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MD 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 Family of Funds

Management's Responsibility for Financial Reporting

Management acknowledges responsibility for the preparation and presentation of the financial statements of MD Money Fund, MD Bond Fund, MD Bond and Mortgage Fund, MD Balanced Fund, MD Dividend Fund, MD Income & Growth Fund, MD Equity Fund, MD Select Fund, MD American Value Fund, MD American Growth Fund, MD International Value Fund, MD International Growth Fund, MD Growth Investments Limited, MD Conservative Portfolio, MD Moderate Balanced Portfolio, MD Balanced Growth Portfolio, MD Maximum Growth Portfolio, MD PIM Canadian Equity Pool and MD PIM US Equity Pool (collectively "the Funds"). These financial statements have also been approved, in its capacity as trustee, by the Board of Directors of MD Physician Services Inc., with the exception of MD Growth Investments Limited, which has been approved by its own Board of Directors.

The financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Management has, where required, made these judgments and estimates on a reasonable basis to ensure that the financial statements are presented fairly in all material respects. Management also maintains strong internal controls to provide reasonable assurance that the financial information provided is reliable and accurate, that the funds' assets are appropriately accounted for and safeguarded, and that any compliance requirements arising under corporate legislation, securities regulations and internal codes of business conduct are strictly adhered to.

The Board of Directors of MD Physician Services Inc. and MD Growth Investments Limited are responsible to ensure that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the respective financial statements as outlined above.

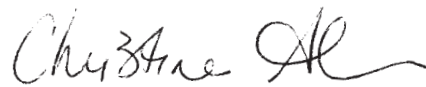
The Board of Directors for MD Physician Services Inc. and MD Growth Investments Limited (the "Boards"), meet with the external auditors periodically to discuss internal control, accounting and auditing matters and financial reporting issues in order to satisfy themselves, that each party's Board of Directors has properly discharged its statutory responsibilities with regards to financial reporting. The Boards review unaudited semiannual financial statements and audited annual financial statements including the external auditors' report thereon. The Boards consider these findings when making their ultimate approval of the financial statements for issuance. The Boards also review the appointment of the external auditors annually.

The financial statements have been audited by PricewaterhouseCoopers LLP, the external auditors, in accordance with Canadian generally accepted standards. PricewaterhouseCoopers LLP has full and free access to the MD Physician Services Inc. and MD Growth Investment Limited Boards.

Signed on behalf of MD Growth Investments Limited.



Guy Bélanger
President and Chief Executive Officer
MD Growth Investments Limited



Christine Allison
Chief Financial Officer
MD Growth Investments Limited

Signed on behalf of MD Physician Services Inc., in its capacity as trustee for MD Money Fund, MD Bond Fund, MD Bond and Mortgage Fund, MD Balanced Fund, MD Dividend Fund, MD Income & Growth Fund, MD Equity Fund, MD Select Fund, MD American Value Fund, MD American Growth Fund, MD International Value Fund, MD International Growth Fund, MD Conservative Portfolio, MD Moderate Balanced Portfolio, MD Balanced Growth Portfolio, MD Maximum Growth Portfolio, MD PIM Canadian Equity Pool and MD PIM US Equity Pool.



Brian Peters
President and Chief Executive Officer
MD Physician Services Inc.



Guy Bélanger
Chief Financial Officer
MD Physician Services Inc.



March 9, 2012

Independent Auditor's Report

To the Unitholders and Trustee of:

MD Money Fund	MD Equity Fund	MDPIM Canadian Equity Pool
MD Bond Fund	MD Select Fund	MDPIM US Equity Pool
MD Bond and Mortgage Fund	MD American Value Fund	MD Conservative Portfolio
MD Balanced Fund	MD American Growth	MD Moderate Balanced Portfolio
MD Dividend Fund	MD International Value Fund	MD Balanced Growth Portfolio
MD Income & Growth	MD International Growth Fund	MD Maximum Growth Portfolio

and

To the Shareholders of:

MD Growth Investments Limited

(collectively the "Funds")

We have audited the accompanying financial statements of each of the Funds, which comprise the statement of investment portfolio as at December 31, 2011 and the statements of net assets, operations and changes in net assets as at and for the periods indicated in note 1, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on each of our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds, the results of each of their operations and the changes in each of their net assets as at and for the periods indicated in note 1 in accordance with Canadian generally accepted accounting principles

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

MD International Value Fund

Statement of Investment Portfolio as at December 31, 2011

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

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Domestic Equities			
Telecommunication Services (0.35%)			
Rogers Communications, Inc. Cl. B	9,000	328	353
Total for Telecommunication Services		328	353
Total for Domestic Equities (0.35%)		328	353
Foreign Equities			
Australia (4.59%)			
AMP Limited	72,066	310	306
Bank of Queensland Ltd.	23,000	193	175
BHP Billiton Limited ADR	10,100	750	725
Billabong International Limited	32,600	119	60
Caltex Australia Limited	7,900	109	97
Challenger Financial Services Group Limited	34,000	157	146
Harvey Norman Holdings, NPV	16,500	31	31
Macquarie Group Limited	12,000	287	298
Myer Holdings Ltd.	81,200	200	164
National Australia Bank Limited	15,000	379	365
QBE Insurance Group Limited	63,665	920	859
Sims Group Limited	11,300	158	148
St. Barbara Limited	53,600	118	108
Suncorp-Metway Limited	7,500	64	66
Telstra Corporation Limited	318,219	1,016	1,105
Total for Australia		4,811	4,653
Austria (1.98%)			
Conwert Immobilien Invest SE	28,602	386	316
Erste Group Bank AG	14,700	309	258
OMV AG	7,600	263	233
Schoeller-Bleckmann Oilfield Equipment AG	11,913	985	1,062
Voestalpine AG	5,000	149	141
Total for Austria		2,092	2,010
Belgium (0.22%)			
Delhaize Group	3,800	247	218
Total for Belgium		247	218
Bermuda (1.88%)			
Everest Re Group, Ltd.	6,500	549	556
First Pacific Company Limited	146,000	150	155
Johnson Electric Holdings Limited	287,000	158	161
Kerry Properties Limited	40,000	149	134
Orient Overseas International Ltd.	103,000	444	608
SmarTone Telecommunication Holdings Ltd.	68,500	127	120
Yue Yuen Industrial (Holdings) Limited	55,000	154	176
Total for Bermuda		1,731	1,910
Brazil (1.18%)			
Banco Bradesco SA ADR	28,400	478	482
Itau Unibanco Holding SA ADR	23,300	421	439
Petroleo Brasileiro SA ADR	10,700	253	270
Total for Brazil		1,152	1,191
China (2.83%)			
Anhui Conch Cement Company Limited Cl. H	145,500	425	438
China Merchants Bank Co., Ltd. Cl. H	173,000	297	355

	Number of Shares	Average Cost (\$)	Fair Value (\$)
China Oilfield Services Limited Cl. H	340,000	514	541
China Shipping Container Lines Co. Ltd.	612,000	116	141
Industrial and Commercial Bank of China Cl. H	494,000	264	298
Mindray Medical International Limited ADR Cl. A	15,900	405	414
Weichai Power Co., Ltd.	137,000	594	684
Total for China		2,615	2,871
Colombia (0.54%)			
Bancolombia SA Preferred ADR	9,100	551	551
Total for Colombia		551	551
Denmark (0.25%)			
A.P. Moller - Maersk A/S	23	150	154
Bryggerigruppen A/S	1,700	93	97
Total for Denmark		243	251
Finland (0.18%)			
OKO Bank (OKO Osuuspankkien Keskuspankki OY) Series A 18,700		209	185
Total for Finland		209	185
France (8.63%)			
Arkema	1,600	99	115
AXA SA	12,400	175	164
BNP Paribas	2,600	109	104
Carrefour SA	45,352	1,726	1,052
Compagnie de Saint-Gobain SA	27,280	1,198	1,064
Compagnie Generale des Etablissements Michelin Cl. B	1,900	129	114
France Telecom SA	82,443	2,268	1,319
Sanofi-Aventis SA	25,533	2,234	1,911
Societe Generale	29,441	852	667
Total SA	33,411	1,808	1,738
Valeo SA	3,200	150	130
Vivendi Universal SA	16,400	357	366
Total for France		11,105	8,744
Germany (3.78%)			
BASF SE	5,700	391	404
Bayer AG	5,300	319	344
Daimler AG	2,500	114	112
Deutsche Bank AG	4,700	171	182
Deutsche Post AG	17,200	255	270
Freenet AG NPV	14,400	183	190
Leoni AG	2,900	116	98
Merck KGaA	2,600	219	263
Muenchener Rueckversicherungs-Gesellschaft AG	1,100	146	137
Pheintmetall AG	2,000	105	90
RWE AG	38,780	1,604	1,381
Volkswagen AG	1,900	266	259
Wincor Nixdorf AG	2,100	109	95
Total for Germany		3,998	3,825
Hong Kong (0.10%)			
China Shinewa Pharmaceutical Group Limited	68,000	87	98
Total for Hong Kong		87	98
India (0.24%)			
ICICI Bank Limited ADR	9,200	328	247
Total for India		328	247

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

MD International Value Fund

Statement of Investment Portfolio as at December 31, 2011

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

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Ireland (0.55%)			
Dragon Oil PLC	20,200	160	145
ICON PLC ADR	24,000	381	418
Total for Ireland		541	563
Israel (1.11%)			
Ceragon Networks, Ltd.	14,800	145	116
Teva Pharmaceutical Industries Ltd.	7,900	316	323
Teva Pharmaceutical Industries Ltd. ADR	16,600	650	681
Total for Israel		1,111	1,120
Italy (2.33%)			
Enel SPA	63,000	298	257
Eni SPA	65,538	1,499	1,370
Intesa Sanpaolo SPA	284,100	2,048	482
Telecom Italia SPA	228,100	274	247
Total for Italy		4,119	2,356
Japan (16.15%)			
ADEKA CORPORATION	13,200	137	132
Aisin Seiki Co., Ltd.	4,600	153	133
Aozora Bank, Ltd.	73,000	186	204
Asahi Holdings, Inc.	5,900	119	119
Asahi Kasei Corporation	51,000	314	311
Canon Inc.	28,400	1,051	1,275
cocokara fine HOLDINGS Inc.	4,000	105	105
Denso Corp.	19,900	623	557
DOUTOR NICHIRETS Holdings Co., Ltd	8,300	104	111
Gigas Ks Denki Corporation	3,000	118	120
Heiwa Corporation	5,800	106	102
Hitachi, Ltd.	92,000	488	490
Itochu Corporation	19,900	197	206
J-OIL MILLS, INC.	26,000	79	75
Kao Corporation	46,500	1,327	1,288
KDDI Corporation	58	426	379
Matsumotokiyoshi Holdings Co., Ltd. NPV	6,000	118	123
Megmilk Snow Brand Co., Ltd.	6,700	136	130
Mitsubishi Chemical Holdings Corp.	32,000	208	178
Mitsubishi Gas & Chemical Company, Limited	35,000	230	196
Mitsubishi UFJ Financial Group, Inc.	76,400	342	328
Mitsui & Co.	20,900	303	330
Mitsui Mining & Smelting Company, Limited	41,000	110	108
Mizuho Financial Group, Inc.	84,400	124	115
Morinaga Milk Industry Co. Ltd.	40,000	181	157
Nichias Corp.	22,000	117	124
Nippon Electric Glass Co., Ltd.	14,000	135	141
Nippon Flour Mills Co., Ltd.	17,000	83	76
Nippon Steel Corporation	162,000	458	409
Nippon Telegraph and Telephone Corporation	7,300	369	378
Nissan Motor Co., Ltd.	32,500	301	296
NTT DoCoMo, Inc.	121	220	226
OILES CORPORATION	6,200	118	119
Roybi Limited	24,000	106	88
Secom Co., Ltd.	14,300	712	669
Seino Transportation Company Ltd.	13,000	103	103
Seven & I Holdings Co. Ltd.	43,600	1,127	1,233
Shin-Etsu Chemical Co., Ltd.	4,800	252	240
Sumitomo Corp.	24,300	305	333
Sumitomo Heavy Industries Limited	38,000	207	225
Sumitomo Mitsui Financial Group Inc.	13,000	371	368

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Takeda Pharmaceutical Company Limited	27,800	1,641	1,237
Toagosei Co. Ltd.	37,000	176	153
Tokai Rubber Industries, Ltd.	13,700	188	154
Tokio Marine Holdings, Inc.	47,100	1,685	1,058
Toyota Motor Corporation	31,100	1,185	1,051
Toyota Tsusho Corporation	7,700	131	138
Tsuruha Holdings, Inc.	2,200	119	125
Yamatake Corporation	6,200	133	137
Total for Japan		17,527	16,353
Jersey (1.09%)			
Shire PLC	31,100	1,005	1,100
Total for Jersey		1,005	1,100
Mexico (0.54%)			
Grupo Elektra, S.A. de C.V.	5,400	391	547
Total for Mexico		391	547
Netherlands (4.26%)			
AEGON NV	26,100	117	107
Core Laboratories NV	9,800	969	1,134
CSM NV	12,400	194	196
ING Groep NV	22,900	198	168
Koninklijke (Royal) KPN NV	46,300	632	564
Koninklijke Ahold NV	93,929	923	1,285
Koninklijke DSM NV	3,000	152	142
Reed Elsevier NV	60,683	724	717
Total for Netherlands		3,909	4,313
New Zealand (0.25%)			
Chorus Limited	24,160	56	60
Telecom Corporation of New Zealand Limited	120,800	250	194
Total for New Zealand		306	254
Norway (2.02%)			
Cermaq ASA	10,700	120	128
DnB Holding ASA	85,600	945	851
Fred. Olsen Energy ASA	4,300	141	147
StatoilHydro ASA	12,900	321	337
StatoilHydro ASA ADR	22,300	559	580
Total for Norway		2,086	2,043
Singapore (1.87%)			
DBS Group Holdings Limited	27,000	255	244
SembCorp Industries Limited	50,000	158	159
Singapore Telecommunications Limited	217,000	548	527
United Overseas Bank Ltd.	80,000	1,096	959
Total for Singapore		2,057	1,889
Spain (3.74%)			
Banco Santander SA	89,481	761	692
Distribuidora Internacional de Alimentacion	28,900	130	133
Iberdrola SA	145,454	1,071	927
Mapfre SA	225,800	759	731
Telefonica SA	73,923	1,562	1,305
Total for Spain		4,283	3,788

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

MD International Value Fund

Statement of Investment Portfolio as at December 31, 2011

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

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Sweden (1.47%)			
Billerud	14,100	101	122
Boliden AB	14,700	185	218
Gefinge AB	25,300	622	650
Swedbank AB Series A	10,800	134	142
Telefonaktiebolaget LM Ericsson Cl. B	19,900	208	206
Trelleborg AB	16,800	124	148
Total for Sweden		1,374	1,486

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Switzerland (6.64%)			
Baloise Holding Ltd.	1,900	147	133
Credit Suisse Group	5,500	143	132
Credit Suisse Group ADR	15,900	424	380
Georg Fischer AG	300	117	104
Novartis AG	32,739	1,940	1,907
Novartis AG ADR	7,900	468	459
Roche Holding AG	6,100	990	1,053
SGS Societe Generale de Surveillance Holding SA	145	241	244
Swiss Life Holding	1,400	162	131
Swiss Re Ltd.	3,000	154	156
Transocean Ltd.	8,400	455	328
UBS AG	12,500	150	151
Valora Holding AG	600	152	127
Zurich Financial Services AG	6,171	1,362	1,422
Total for Switzerland		6,905	6,727

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Taiwan (1.87%)			
Advanced Semiconductor Engineering Inc. ADR	139,100	588	614
Taiwan Semiconductor Manufacturing Company Limited ADR	97,500	1,179	1,277
Total for Taiwan		1,767	1,891

	Number of Shares	Average Cost (\$)	Fair Value (\$)
United Kingdom (18.23%)			
ARM Holdings PLC ADR	45,200	1,238	1,272
AstraZeneca PLC	11,500	549	539
BAE Systems PLC	41,300	180	186
Barclays PLC	66,200	183	184
Bodycote PLC	26,800	114	111
BP PLC	275,138	2,140	1,998
BT Group PLC	117,200	336	353
Cable & Wireless Communications PLC	240,500	136	144
Centrica PLC	33,800	162	154
Cookson Group PLC	18,500	137	149
Debenhams PLC	103,900	113	96
Diageo PLC	31,800	674	707
Eurasian Natural Resources Corporation	26,300	268	262
FirstGroup PLC	23,400	121	125
GKN	46,500	136	134
GlaxoSmithKline PLC	58,938	1,742	1,370
HSBC Holdings PLC	44,800	369	348
J Sainsbury PLC	55,900	269	267
Marks & Spencer Group PLC	41,300	221	202
Micro Focus International PLC	20,300	109	124
Mondi PLC	22,900	165	165
Old Mutual PLC	124,300	211	266
Rexam PLC	20,900	109	116
Rio Tinto PLC ADR	14,600	715	726
Royal & Sun Alliance Insurance Group PLC	74,300	132	123
Royal Dutch Shell PLC Cl. A	51,607	1,773	1,916
Royal Dutch Shell PLC Cl. B	29,400	1,081	1,140

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Tesco PLC	242,010	1,559	1,542
The Go-Ahead Group PLC	6,494	148	142
Unilever PLC	43,182	1,144	1,475
Vodafone Group PLC	458,215	1,268	1,295
William Morrison Supermarkets PLC	78,700	382	405
WS Atkins PLC	14,500	117	142
Xstrata PLC	18,600	268	287
Total for United Kingdom		18,269	18,465

	Number of Shares	Average Cost (\$)	Fair Value (\$)
United States (11.13%)			
Carnival Corporation	13,500	467	448
iShares MSCI EAFE Index Fund	155,800	8,014	7,831
iShares MSCI Emerging Markets Index Fund	67,200	2,819	2,591
iShares MSCI United Kingdom Index Fund	25,300	418	403
Total for United States		11,718	11,273
Total for Foreign Equities (99.65%)		106,537	100,922
Total for MD International Value Fund (100.00%)		\$106,865	\$101,275

Schedule of Derivative Instruments

(in \$'000's)

Forward Currency Contracts

Currency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought Sold	Amounts Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
Counterparty: Brown Brothers Harriman & Co.							
HKD	A+	01/03/12	1.053	19	20	20	—
USD	A+	01/03/12	1.053	(19)	(20)	(20)	1

Counterparty: Royal Bank of Canada

Currency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought Sold	Amounts Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
Counterparty: Royal Bank of Canada							
CAD	AA-	01/12/12	1.000	271	271	271	—
NZD	AA-	01/12/12	1.004	(270)	(271)	(270)	1
SEK	AA-	01/17/12	0.152	19,895	3,015	2,941	(74)
CAD	AA-	01/17/12	1.000	(3,015)	(3,015)	(3,015)	—
DKK	AA-	01/17/12	0.187	5,455	1,018	968	(50)
CAD	AA-	01/17/12	1.000	(1,018)	(1,018)	(1,018)	—
NOK	AA-	01/17/12	0.177	8,281	1,467	1,410	(57)
CAD	AA-	01/17/12	1.000	(1,467)	(1,467)	(1,467)	—
SEK	AA-	01/17/12	0.153	215	33	33	—
CAD	AA-	01/17/12	1.000	(33)	(33)	(33)	—
SEK	AA-	01/17/12	0.153	935	143	138	(5)
CAD	AA-	01/17/12	1.000	(143)	(143)	(143)	—
TRY	AA-	01/17/12	0.543	81	44	44	—
CAD	AA-	01/17/12	1.000	(44)	(44)	(44)	—
SEK	AA-	01/17/12	0.153	1,440	220	213	(7)
CAD	AA-	01/17/12	1.000	(220)	(220)	(220)	—
NOK	AA-	01/17/12	0.182	187	34	32	(2)
CAD	AA-	01/17/12	1.000	(34)	(34)	(34)	—
TRY	AA-	01/17/12	0.542	155	84	84	—
CAD	AA-	01/17/12	1.000	(84)	(84)	(84)	—
SEK	AA-	01/17/12	0.153	2,570	393	380	(13)
CAD	AA-	01/17/12	1.000	(393)	(393)	(393)	—
NOK	AA-	01/17/12	0.181	1,075	195	183	(12)
CAD	AA-	01/17/12	1.000	(195)	(195)	(195)	—
SEK	AA-	01/17/12	0.150	1,250	187	186	(1)

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

MD International Value Fund

Statement of Investment Portfolio as at December 31, 2011

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

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts		Current Amount CAD \$	Unrealized Gain (Loss) CAD \$	Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts		Current Amount CAD \$	Unrealized Gain (Loss) CAD \$
				Bought (Sold) CAD \$	Bought (Sold) CAD \$							Bought (Sold) CAD \$	Bought (Sold) CAD \$		
CAD	AA-	01/17/12	1.000	(187)	(187)	(187)	—	CAD	AA-	03/23/12	1.000	499	499	499	—
CAD	AA-	01/17/12	1.000	10	10	10	—	MXN	AA-	03/23/12	1.025	(487)	(499)	(487)	12
TRY	AA-	01/17/12	1.000	(10)	(10)	(10)	—	Counterparty: State Street Bank and Trust Co.							
CAD	AA-	01/17/12	1.000	1,342	1,342	1,342	—	NZD	AA-	01/12/12	0.811	185	150	148	(2)
SEK	AA-	01/17/12	1.035	(1,297)	(1,342)	(1,297)	45	CAD	AA-	01/12/12	1.000	(150)	(150)	(150)	—
CAD	AA-	01/17/12	1.000	45	45	45	—	NZD	AA-	01/12/12	0.787	155	121	123	2
SEK	AA-	01/17/12	1.023	(44)	(45)	(44)	1	CAD	AA-	01/12/12	1.000	(122)	(122)	(122)	—
CAD	AA-	01/17/12	1.000	96	96	96	—	RUB	AA-	01/17/12	1.049	1,059	1,111	1,077	(34)
SEK	AA-	01/17/12	1.011	(95)	(96)	(95)	1	USD	AA-	01/17/12	1.049	(1,059)	(1,111)	(1,078)	33
CAD	AA-	01/17/12	1.000	63	63	63	—	TRY	AA-	01/17/12	0.553	1,475	815	792	(23)
TRY	AA-	01/17/12	1.016	(62)	(63)	(62)	1	CAD	AA-	01/17/12	1.000	(815)	(815)	(815)	—
CAD	AA-	01/17/12	1.000	25	25	25	—	USD	AA-	01/17/12	0.032	650	21	21	—
SEK	AA-	01/17/12	1.000	(25)	(25)	(25)	—	RUB	AA-	01/17/12	0.032	(650)	(21)	(21)	—
CLP	AA-	01/18/12	1.027	552	567	555	(12)	CAD	AA-	01/17/12	1.000	1,700	1,700	1,700	—
USD	AA-	01/18/12	1.027	(552)	(567)	(561)	6	NOK	AA-	01/17/12	1.064	(1,598)	(1,700)	(1,598)	102
GBP	AA-	02/17/12	1.627	4,095	6,661	6,473	(188)	CAD	AA-	01/17/12	1.000	796	796	796	—
CAD	AA-	02/17/12	1.000	(6,661)	(6,661)	(6,661)	—	SEK	AA-	01/17/12	1.038	(767)	(796)	(767)	29
GBP	AA-	02/17/12	1.628	540	879	854	(25)	CAD	AA-	01/17/12	1.000	57	57	57	—
CAD	AA-	02/17/12	1.000	(879)	(879)	(879)	—	TRY	AA-	01/17/12	1.018	(56)	(57)	(56)	1
GBP	AA-	02/17/12	1.612	255	411	403	(8)	USD	AA-	01/17/12	0.032	2,820	91	91	—
CAD	AA-	02/17/12	1.000	(411)	(411)	(411)	—	RUB	AA-	01/17/12	0.032	(2,820)	(91)	(89)	2
GBP	AA-	02/17/12	1.596	275	439	435	(4)	CAD	AA-	01/17/12	1.000	333	333	333	—
CAD	AA-	02/17/12	1.000	(439)	(439)	(439)	—	DKK	AA-	01/17/12	1.064	(313)	(333)	(313)	20
GBP	AA-	02/17/12	1.614	140	226	221	(5)	CAD	AA-	01/17/12	1.000	88	88	88	—
CAD	AA-	02/17/12	1.000	(226)	(226)	(226)	—	NOK	AA-	01/17/12	1.060	(83)	(88)	(83)	5
CAD	AA-	02/17/12	1.000	162	162	162	—	CAD	AA-	01/17/12	1.000	55	55	55	—
GBP	AA-	02/17/12	1.025	(158)	(162)	(158)	4	SEK	AA-	01/17/12	1.038	(53)	(55)	(53)	2
CAD	AA-	02/17/12	1.000	162	162	162	—	CAD	AA-	01/17/12	1.000	62	62	62	—
GBP	AA-	02/17/12	1.025	(158)	(162)	(158)	4	TRY	AA-	01/17/12	1.051	(59)	(62)	(59)	3
CAD	AA-	02/17/12	1.000	80	80	80	—	RUB	AA-	01/17/12	1.007	148	149	141	(8)
GBP	AA-	02/17/12	0.988	(81)	(80)	(81)	(1)	USD	AA-	01/17/12	1.007	(148)	(149)	(151)	(2)
CHF	AA-	02/27/12	1.100	100	110	110	—	DKK	AA-	01/17/12	0.190	305	58	54	(4)
CAD	AA-	02/27/12	1.000	(110)	(110)	(110)	—	CAD	AA-	01/17/12	1.000	(58)	(58)	(58)	—
ILS	AA-	02/29/12	0.279	1,356	378	361	(17)	SEK	AA-	01/17/12	0.156	1,285	200	190	(10)
CAD	AA-	02/29/12	1.000	(378)	(378)	(378)	—	CAD	AA-	01/17/12	1.000	(200)	(200)	(200)	—
CAD	AA-	02/29/12	1.000	41	41	41	—	TRY	AA-	01/17/12	0.567	60	34	32	(2)
ILS	AA-	02/29/12	1.025	(40)	(41)	(40)	1	CAD	AA-	01/17/12	1.000	(34)	(34)	(34)	—
CAD	AA-	02/29/12	1.000	195	195	195	—	CAD	AA-	01/17/12	1.000	144	144	144	—
JPY	AA-	02/29/12	0.990	(197)	(195)	(197)	(2)	SEK	AA-	01/17/12	1.043	(138)	(144)	(138)	6
CAD	AA-	02/29/12	1.000	399	399	399	—	CAD	AA-	01/17/12	1.000	34	34	34	—
JPY	AA-	02/29/12	0.985	(405)	(399)	(405)	(6)	TRY	AA-	01/17/12	1.063	(32)	(34)	(32)	2
HKD	AA-	03/01/12	0.135	1,725	233	226	(7)	USD	AA-	01/17/12	0.032	3,480	112	112	—
CAD	AA-	03/01/12	1.000	(233)	(233)	(233)	—	RUB	AA-	01/17/12	0.032	(3,480)	(112)	(110)	2
HKD	AA-	03/01/12	0.132	985	130	129	(1)	CAD	AA-	01/17/12	1.000	153	153	153	—
CAD	AA-	03/01/12	1.000	(130)	(130)	(130)	—	SEK	AA-	01/17/12	1.000	(153)	(153)	(153)	—
CAD	AA-	03/01/12	1.000	324	324	324	—	SEK	AA-	01/17/12	0.148	695	103	103	—
HKD	AA-	03/01/12	0.997	(325)	(324)	(325)	(1)	CAD	AA-	01/17/12	1.000	(103)	(103)	(103)	—
CAD	AA-	03/01/12	1.000	87	87	87	—	USD	AA-	01/18/12	0.002	11,065	22	22	—
HKD	AA-	03/01/12	1.000	(87)	(87)	(87)	—	CLP	AA-	01/18/12	0.002	(11,065)	(22)	(22)	—
AUD	AA-	03/07/12	1.030	135	139	140	1	CAD	AA-	02/17/12	1.000	284	284	284	—
CAD	AA-	03/07/12	1.000	(139)	(139)	(139)	—	GBP	AA-	02/17/12	1.025	(277)	(284)	(277)	7
CAD	AA-	03/09/12	1.000	252	252	252	—	GBP	AA-	02/17/12	1.621	240	389	379	(10)
USD	AA-	03/09/12	1.012	(249)	(252)	(249)	3	CAD	AA-	02/17/12	1.000	(389)	(389)	(389)	—
CAD	AA-	03/09/12	1.000	404	404	404	—	CAD	AA-	02/17/12	1.000	373	373	373	—
USD	AA-	03/09/12	1.005	(402)	(404)	(402)	2	GBP	AA-	02/17/12	1.025	(364)	(373)	(364)	9
EUR	AA-	03/23/12	1.324	148	196	196	—	CAD	AA-	02/17/12	1.000	144	144	144	—
CAD	AA-	03/23/12	1.000	(196)	(196)	(196)	—	GBP	AA-	02/17/12	1.014	(142)	(144)	(142)	2
CAD	AA-	03/23/12	1.000	1,847	1,847	1,847	—	GBP	AA-	02/17/12	1.578	275	434	435	1
EUR	AA-	03/23/12	1.023	(1,806)	(1,847)	(1,806)	41								

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

MD International Value Fund

Statement of Investment Portfolio as at December 31, 2011

(in \$'000's)

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized
							Gain (Loss) CAD \$
CAD	AA-	02/17/12	1.000	(434)	(434)	(434)	—
CAD	AA-	02/17/12	1.000	1,224	1,224	1,224	—
GBP	AA-	02/17/12	1.012	(1,209)	(1,224)	(1,209)	15
CAD	AA-	02/17/12	1.000	255	255	255	—
GBP	AA-	02/17/12	1.008	(253)	(255)	(253)	2
CAD	AA-	02/17/12	1.000	352	352	352	—
GBP	AA-	02/17/12	1.011	(348)	(352)	(348)	4
CAD	AA-	02/17/12	1.000	216	216	216	—
GBP	AA-	02/17/12	1.014	(213)	(216)	(213)	3
GBP	AA-	02/17/12	1.622	45	73	71	(2)
CAD	AA-	02/17/12	1.000	(73)	(73)	(73)	—
CAD	AA-	02/17/12	1.000	118	118	118	—
GBP	AA-	02/17/12	1.009	(117)	(118)	(117)	1
GBP	AA-	02/17/12	1.596	146	233	231	(2)
CAD	AA-	02/17/12	1.000	(233)	(233)	(233)	—
GBP	AA-	02/17/12	1.573	110	173	174	1
CAD	AA-	02/17/12	1.000	(173)	(173)	(173)	—
CHF	AA-	02/27/12	1.123	2,546	2,859	2,767	(92)
CAD	AA-	02/27/12	1.000	(2,859)	(2,859)	(2,859)	—
CHF	AA-	02/27/12	1.097	195	214	212	(2)
CAD	AA-	02/27/12	1.000	(214)	(214)	(214)	—
CAD	AA-	02/27/12	1.000	232	232	232	—
CHF	AA-	02/27/12	1.018	(228)	(232)	(228)	4
KRW	AA-	02/28/12	1.049	536	562	544	(18)
USD	AA-	02/28/12	1.049	(536)	(562)	(546)	16
JPY	AA-	02/29/12	0.014	304,085	4,127	4,025	(102)
CAD	AA-	02/29/12	1.000	(4,127)	(4,127)	(4,127)	—
JPY	AA-	02/29/12	0.013	19,150	251	253	2
CAD	AA-	02/29/12	1.000	(251)	(251)	(251)	—
JPY	AA-	02/29/12	0.013	18,521	242	245	3
CAD	AA-	02/29/12	1.000	(242)	(242)	(242)	—
JPY	AA-	02/29/12	0.013	17,710	235	234	(1)
CAD	AA-	02/29/12	1.000	(235)	(235)	(235)	—
JPY	AA-	02/29/12	0.013	14,160	189	187	(2)
CAD	AA-	02/29/12	1.000	(189)	(189)	(189)	—
CAD	AA-	02/29/12	1.000	255	255	255	—
JPY	AA-	02/29/12	1.004	(254)	(255)	(254)	1
JPY	AA-	02/29/12	0.013	7,905	103	105	2
CAD	AA-	02/29/12	1.000	(103)	(103)	(103)	—
HKD	AA-	03/01/12	0.131	350	46	46	—
CAD	AA-	03/01/12	1.000	(46)	(46)	(46)	—
CAD	AA-	03/01/12	1.000	133	133	133	—
HKD	AA-	03/01/12	1.008	(132)	(133)	(132)	1
AUD	AA-	03/07/12	1.034	4,363	4,511	4,522	11
CAD	AA-	03/07/12	1.000	(4,511)	(4,511)	(4,511)	—
AUD	AA-	03/07/12	1.032	95	98	98	—
CAD	AA-	03/07/12	1.000	(98)	(98)	(98)	—
CAD	AA-	03/07/12	1.000	82	82	82	—
AUD	AA-	03/07/12	0.988	(83)	(82)	(83)	(1)
CAD	AA-	03/07/12	1.000	237	237	237	—
AUD	AA-	03/07/12	0.996	(238)	(237)	(238)	(1)
AUD	AA-	03/07/12	1.030	165	170	171	1
CAD	AA-	03/07/12	1.000	(170)	(170)	(170)	—
CAD	AA-	03/09/12	1.000	887	887	887	—
USD	AA-	03/09/12	0.996	(891)	(887)	(891)	(4)
USD	AA-	03/09/12	1.023	2,520	2,578	2,566	(12)
CAD	AA-	03/09/12	1.000	(2,578)	(2,578)	(2,578)	—
USD	AA-	03/09/12	1.021	585	597	596	(1)
CAD	AA-	03/09/12	1.000	(597)	(597)	(597)	—

Cur- rency	Credit Rating	Expiry Date	Contract Rate	Amounts Bought (Sold)	Bought (Sold) CAD \$	Current Amount CAD \$	Unrealized
							Gain (Loss) CAD \$
USD	AA-	03/09/12	1.035	315	326	321	(5)
CAD	AA-	03/09/12	1.000	(326)	(326)	(326)	—
USD	AA-	03/09/12	1.036	195	202	199	(3)
CAD	AA-	03/09/12	1.000	(202)	(202)	(202)	—
CAD	AA-	03/09/12	1.000	406	406	406	—
USD	AA-	03/09/12	1.023	(397)	(406)	(397)	9
USD	AA-	03/09/12	1.031	225	232	229	(3)
CAD	AA-	03/09/12	1.000	(232)	(232)	(232)	—
USD	AA-	03/09/12	1.022	186	190	190	—
CAD	AA-	03/09/12	1.000	(190)	(190)	(190)	—
CAD	AA-	03/09/12	1.000	117	117	117	—
USD	AA-	03/09/12	1.000	(117)	(117)	(117)	—
CAD	AA-	03/16/12	1.000	246	246	246	—
SGD	AA-	03/16/12	1.008	(244)	(246)	(244)	2
CAD	AA-	03/16/12	1.000	59	59	59	—
SGD	AA-	03/16/12	1.000	(59)	(59)	(59)	—
CAD	AA-	03/23/12	1.000	127	127	127	—
EUR	AA-	03/23/12	1.008	(126)	(127)	(126)	1
CAD	AA-	03/23/12	1.000	184	184	184	—
EUR	AA-	03/23/12	1.011	(182)	(184)	(182)	2
CAD	AA-	04/12/12	1.000	122	122	122	—
NZD	AA-	04/12/12	1.000	(122)	(122)	(122)	—

Counterparty: The Toronto-Dominion Bank

DKK	AA-	01/17/12	0.189	435	82	77	(5)
CAD	AA-	01/17/12	1.000	(82)	(82)	(82)	—
CAD	AA-	01/17/12	1.000	103	103	103	—
SEK	AA-	01/17/12	1.030	(100)	(103)	(100)	3
GBP	AA-	02/17/12	1.605	195	313	308	(5)
CAD	AA-	02/17/12	1.000	(313)	(313)	(313)	—
GBP	AA-	02/17/12	1.613	80	129	126	(3)
CAD	AA-	02/17/12	1.000	(129)	(129)	(129)	—
CAD	AA-	02/17/12	1.000	300	300	300	—
GBP	AA-	02/17/12	1.027	(292)	(300)	(292)	8
CAD	AA-	02/29/12	1.000	246	246	246	—
JPY	AA-	02/29/12	1.008	(244)	(246)	(244)	2
CAD	AA-	03/01/12	1.000	2,691	2,691	2,691	—
HKD	AA-	03/01/12	1.025	(2,625)	(2,691)	(2,625)	66
CAD	AA-	03/07/12	1.000	123	123	123	—
AUD	AA-	03/07/12	0.992	(124)	(123)	(124)	(1)
CAD	AA-	03/09/12	1.000	17,014	17,014	17,014	—
USD	AA-	03/09/12	0.997	(17,060)	(17,014)	(17,060)	(46)
CAD	AA-	03/09/12	1.000	170	170	170	—
USD	AA-	03/09/12	1.012	(168)	(170)	(168)	2

Net unrealized gain (loss) on forward currency contracts (390)

Futures Contracts

Counter party	Credit Rating	Description	Notional Amount	Unrealized
				Gain (Loss) CAD \$
Newedge Canada Inc.	N/A	MSCI EAFE E-Mini Index Futures	USD 485	1

Net unrealized gain (loss) futures contracts 1

Total for Schedule of Derivative Instruments \$(389)

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

MD International Value Fund

Financial Statements

Statement of Net Assets

as at December 31

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

	2011	2010
Assets		
Investments, at fair value	\$ 101,275	\$ 150,993
Cash and short-term investments	3,774	2,026
Dividends and interest receivable	861	1,172
Net unrealized gain on derivatives	—	479
Net margin due from broker on future contracts	46	120
Receivable for investment transactions	178	—
Subscriptions receivable	—	16
	106,134	154,806
Liabilities		
Payable for investment transactions	30	553
Distributions payable	—	1
Redemptions payable	22	157
Unrealized loss on derivative instruments	389	—
	441	711
Net assets and unitholders' equity	\$ 105,693	\$ 154,095
Net Assets per Series		
Series A	\$ 93,744	\$ 147,669
Series I	\$ 11,836	\$ 6,426
Series T	\$ 113	\$ —
Number of units outstanding (see Schedule of Fund Unit Transactions)		
Series A	13,684,708	18,512,115
Series I	1,662,000	786,123
Series T	13,570	3
Net assets per unit (see Schedule of Net Assets per Unit and Net Asset Value per Unit)		
Series A	\$ 6.85	\$ 7.98
Series I	\$ 7.12	\$ 8.17
Series T	\$ 8.32	\$ 9.88

Approved by the Board of Directors of MD Physician Services Inc., Trustee



Director (signed by Guy Bélanger)



Director (signed by Brian Peters)

Statement of Operations

for the years ended December 31

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

	2011	2010
Income		
Dividends	\$ 5,558	\$ 7,346
Interest	39	34
Gain (loss) on foreign exchange	(465)	223
Early redemption fee	—	6
Securities lending	146	139
Deduct: Withholding tax on foreign income	(540)	(583)
	4,738	7,165
Expenses		
Management fees (Note 3)	2,412	3,234
Administration fees	267	359
Interest expense	1	2
	2,680	3,595
Net investment income (loss)	\$ 2,058	\$ 3,570
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain (loss) on sale of investments	\$ (70,733)	\$ (12,253)
Net realized gain (loss) on sale of derivative instruments	763	1
Change in unrealized appreciation (depreciation) of investments and derivatives	52,892	5,851
Transaction costs	(233)	(64)
Net gain (loss) on investments	\$ (17,311)	\$ (6,465)
Increase (decrease) in net assets from operations	\$ (15,253)	\$ (2,895)
Increase (decrease) in net assets from operations per Series		
Series A	\$ (14,203)	\$ (3,147)
Series I	\$ (1,037)	\$ 252
Series T	\$ (13)	\$ —
Increase (decrease) in net assets from operations per unit, for the period		
Series A	\$ (0.90)	\$ (0.15)
Series I	\$ (0.89)	\$ 0.54
Series T	\$ (1.47)	\$ (0.12)

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

MD International Value Fund

Financial Statements

Statement of Changes in Net Assets

for the years ended December 31 (in \$000's)

	2011	2010
SERIES A		
Net assets - beginning of year	\$ 147,669	\$ 199,040
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(14,203)	(3,147)
Unitholders		
Proceeds from issue of units	12,033	22,409
Consideration paid for redemption of units	(51,697)	(70,576)
Securities issued on reinvestment of distributions	2,466	2,047
	(37,198)	(46,120)
Distributions to unitholders		
From net investment income	(2,524)	(2,104)
Net assets - end of the year	\$ 93,744	\$ 147,669

SERIES I		
Net assets - beginning of year	\$ 6,426	\$ —
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(1,037)	252
Unitholders		
Proceeds from issue of units	6,833	6,329
Consideration paid for redemption of units	(386)	(155)
Securities issued on reinvestment of distributions	303	63
	6,750	6,237
Distributions to unitholders		
From net investment income	(303)	(63)
Net assets - end of the year	\$ 11,836	\$ 6,426

	2011	2010
SERIES T		
Net assets - beginning of year	\$ —	\$ —
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(13)	—
Unitholders		
Proceeds from issue of units	131	—
	131	—
Distributions to unitholders		
From net investment income	(1)	—
Return of capital	(4)	—
	(5)	—
Net assets - end of the year	\$ 113	\$ —

TOTAL FUND		
Net assets - beginning of year	\$ 154,095	\$ 199,040
Add (deduct) changes during the year:		
Operations		
Increase (decrease) in net assets from operations	(15,253)	(2,895)
Unitholders		
Proceeds from issue of units	18,997	28,738
Consideration paid for redemption of units	(52,083)	(70,731)
Securities issued on reinvestment of distributions	2,769	2,110
	(30,317)	(39,883)
Distributions to unitholders		
From net investment income	(2,828)	(2,167)
Return of capital	(4)	—
	(2,832)	(2,167)
Net assets - end of the year	\$ 105,693	\$ 154,095

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

MD International Value Fund

Financial Statements - Supplementary Schedules

Schedule of Fund Unit Transactions

For the years ended December 31

	2011	2010
SERIES A		
Outstanding, beginning of year	18,512,115	24,418,230
Issued	1,903,379	3,144,135
Redeemed	(6,730,786)	(9,050,250)
Outstanding, end of year	13,684,708	18,512,115
SERIES I		
Outstanding, beginning of year	786,123	—
Issued	923,120	805,896
Redeemed	(47,243)	(19,773)
Outstanding, end of year	1,662,000	786,123
SERIES T		
Outstanding, beginning of year	3	—
Issued	13,567	3
Redeemed	—	—
Outstanding, end of year	13,570	3

Schedule of Securities on Loan

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

	2011	2010
Loaned	— \$	5,104
Collateral (non-cash)	— \$	5,241

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

As at December 31

	2011	2010
SERIES A		
Net asset value per unit	\$ 6.86	\$ 7.98
Bid price adjustment	(0.01)	—
Net assets per unit	\$ 6.85	\$ 7.98
SERIES I		
Net asset value per unit	\$ 7.14	\$ 8.18
Bid price adjustment	(0.02)	(0.01)
Net assets per unit	\$ 7.12	\$ 8.17
SERIES T		
Net asset value per unit	\$ 8.33	\$ 9.89
Bid price adjustment	(0.01)	(0.01)
Net assets per unit	\$ 8.32	\$ 9.88

Schedule of Fees

As at December 31

	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
Net capital loss carried forward	\$ 90,441
Non-capital losses expiring:	
2012	\$ —
2013	—
in 2014 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 2011, 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, 2011.

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

MD International Value Fund

Financial Instruments Risks

(in \$000's)

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 December 31, 2011 and 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 December 31, 2011 and December 31, 2010 are presented in the tables below.

Currency	Cash and Other Net Assets (\$000s)	Investments at Fair Value (\$000s)	Derivative Exposure (\$000s)	Net Currency Exposure (\$000s)	Percentage of Net Assets (%)
December 31, 2011					
U.S. Dollar	3,640	23,294	(17,293)	9,641	9.14%
European Euro	70	26,367	(1,919)	24,518	23.20%
Australian Dollar	176	3,927	4,485	8,588	8.13%
British Pound	122	15,651	6,498	22,271	21.07%
Chilean peso	—	—	534	534	0.50%
Danish Krone	—	252	786	1,038	0.98%
Hong Kong Dollar	(13)	3,909	(2,749)	1,147	1.08%
Israeli Shekel	1	323	322	646	0.61%
Japanese Yen	29	16,353	3,950	20,332	19.23%
Mexican Peso	—	547	(487)	60	0.06%
New Russian Ruble	—	—	998	998	0.94%
New Turkish Lira	—	—	732	732	0.69%
New Zealand Dollar	—	255	(122)	133	0.12%
Norwegian Krone	—	1,462	(56)	1,406	1.33%
Singapore Dollar	42	1,889	(303)	1,628	1.54%
South Korean Won	—	—	544	544	0.51%
Swedish Krona	—	1,486	1,510	2,996	2.83%
Swiss Franc	92	5,560	2,860	8,512	8.05%
Total	4,159	101,275	290	105,724	100.01%

Currency	Cash and Other Net Assets (\$000s)	Investments at Fair Value (\$000s)	Derivative Exposure (\$000s)	Net Currency Exposure (\$000s)	Percentage of Net Assets (%)
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 \$10,572 (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 \$10,572 (December 31, 2010—\$15,476). These sensitivities are estimates. Actual results may vary and the variance may be significant.

Interest Rate Risk

As at December 31, 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 December 31, 2011, 95.8% (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 \$10,128 (December 31, 2010—\$15,099). Conversely, If prices increase by 10%, Net Assets could rise by approximately \$10,128 (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

(in \$000's)

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*
December 31, 2011			
Domestic Equities	\$ 353	\$ —	\$ 353
Foreign Equities	100,922	—	100,922
	101,275	—	101,275
Cash and Short-Term Investments	3,774	—	3,774
Derivative Instruments	1	(390)	(389)
Total	\$ 105,050	\$ (390)	\$ 104,660
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.

There have been no significant transfers between Level 1 and Level 2 for the period from January 1, 2011 to December 31, 2011. 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.

Notes to Financial Statements

For the years ended December 31, 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 I Units	Series T Units	Private Trust Series
MD Money Fund	July 12, 1983			
MD Bond Fund	April 6, 1988	October 30, 2009		
MD Bond and Mortgage Fund	September 19, 1995	October 30, 2009		
MD Balanced Fund	September 9, 1992		October 25, 2010	
MD Dividend Fund	September 9, 1992	October 30, 2009	October 25, 2010	
MD Income & Growth Fund	January 4, 2007	October 30, 2009	October 25, 2010	
MD Equity Fund	March 1, 1966	October 30, 2009	October 25, 2010	
MD Select Fund	October 29, 1993	October 30, 2009	October 25, 2010	
MD American Value Fund	August 9, 2000	October 30, 2009	October 25, 2010	
MD American Growth Fund	September 9, 1992	October 30, 2009	October 25, 2010	
MD International Value Fund	January 5, 2004	October 30, 2009	October 25, 2010	
MD International Growth Fund	August 9, 2000	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 I
MD Growth Investments Limited	July 18, 1969	October 30, 2009

Notes to Financial Statements

For the years ended December 31, 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 December 31, 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 December 31, 2011 and December 31, 2010 as applicable. The Statements of Operations, Statement of Changes in Net Assets, Schedule of Fund Unit Transactions and Schedule of Soft Dollar Commissions are for the years ended December 31, 2011 and December 31, 2010, except for the Funds established during either period, in which case the information provided relates to the period from inception to December 31, 2011 or to December 31, 2010. The Financial instrument risks for each of the Funds are as at December 31, 2011 and 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 other than MDPIM Canadian Equity Pool and MDPIM US Equity Pool offer "Series A" units which are available to all MD Management Ltd. clients who are qualified eligible investors.

On October 30, 2009, "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 Financial Instruments Risks section of the financial statements.

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.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

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. Distributions received from underlying funds out of interest, foreign income and related withholding taxes, Canadian dividends and net realized capital gains are recognized when declared. 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.

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, as cost 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 gains or losses 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 and derivatives". Upon closing of the contracts,

the accumulated gains or losses are reported in "Net realized gain (loss) on sale of derivative instruments." Unrealized gains or losses on forward currency contracts are categorized as financial assets or 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 or 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 (NAV) 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 for each series is computed daily 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. The Net Asset Value per unit is determined by dividing the NAV of each series of a fund by the total number of units of that series outstanding.

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"). For these purposes, the Funds use the closing market prices to value securities held.

The Net Asset Value 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 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.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

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

On December 12, 2011, the Canadian Accounting Standards Board (AcSB) announced an IFRS deferral option for most investment funds until fiscal years beginning on or after January 1, 2014.

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, 2014.

MD Physician Services Inc. continues to monitor and assess the impact of the transition to IFRS on Net Assets and Net Asset Value. 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.

3. Management fees and other fees and expenses

The management and administration 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 MDPIM Canadian Equity Pool and MDPIM 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 or administration 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 MDPIM Canadian Equity Pool and MDPIM US Equity Pool. Investors in these 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 a fixed annual percentage of the Funds' assets under management.

Short-term trading/early redemption fee

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.

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 Statement 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.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

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 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 Instruments Risk section attached to the Financial Statements.

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.

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.

Notes to Financial Statements

For the years ended December 31, 2011 and 2010

Other Price risk

Other 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. Other price risk attributable to individual investments is managed through diversification of the portfolio and security selection and adjustments to fair value when there is significant volatility in international markets after markets are closed. Other 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 other price risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

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 classify fair value measurements within a hierarchy that prioritizes 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.

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