

# MD Money Fund

## Management Report of Fund Performance (June 30, 2011)

### Results of Operations

For the six-month period ending June 30, 2011, the MD Money Fund ("the Fund") generated a total return of 0.4%. Despite a rising Consumer Price Index and an increase in core inflation, the Bank of Canada's overnight lending rate remained at 1.00% throughout the first half of 2011. Further, upward pressure for yields on government money markets instruments was limited as yields were flat or slightly lower over the six-month period. Yields for corporate paper were unchanged for the first five months of the year, but systematically increased by 5 basis points in June as the credit spread widened on renewed fears of a European debt crisis and a slowing global economy.

In an effort to maximize the tradeoff between current yield and the ability to reinvest at expected higher rates, the MD Money Fund maintained a weighted average term to maturity of close to 65 days, which was 26 days less than the Fund's DEX 91-day T-Bill benchmark's term to maturity.

As at June 30, 2011 the total net asset value of the Fund was \$570 million, a 16% decrease in the net asset value of the Fund from the beginning of the year. The decrease in the net asset value of the Fund was due to unitholder redemptions. The MD Money Fund is considered a short-term investment and the fluctuations in the net asset value throughout the year are considered normal.

Fund operations contributed positively to the Fund when compared to the same period last year. Revenues increased as a result of higher interest rate income and expenses were down due to the lower net assets in the Fund.

### Recent Developments

#### Strategic Changes

There were no strategic changes to the Fund during the first half of the year. The Fund continues to be managed in a manner consistent with its mandate. Overall, the Investment Sub-Advisor has adhered to their investment discipline and we are confident that the portfolio management strategies will achieve the stated objectives of the Fund.

### Related Party Transactions

MD Physician Services Inc. is the Manager, Registrar and Trustee of the Fund. As Manager, MD Physician Services Inc. manages the overall business of the MD Funds and is responsible for: setting investment objectives, providing and/or retaining the services of third party service providers for fund accounting services, administration services, and promoting the sales of the MD Funds' units.

As Registrar, MD Physician Services Inc. tracks the owners of units of the MD Funds, processes purchase, transfer and redemption orders, issues investor account statements, and issues annual tax reporting information.

As the Fund is organized as a Trust, investing in the Fund means purchasing units of the Trust. As Trustee to the Fund, MD Physician Services Inc. holds actual title to the property in the Fund—the cash and securities the Fund invests in—on behalf of the unitholders.

The principal distributor is MD Management Limited. As principal distributor, MD Management Limited markets the units of the MD Funds through its offices across Canada. MD Management Limited is owned by the Fund Manager, MD Physician Services Inc., which is owned by CMA Holdings (2009) Inc.

### Management Fees

MD Physician Services Inc. provides the Fund with investment management and administrative services, including fund accounting and unitholder record-keeping. In return, MD Physician Services Inc. receives a management fee and an administration fee based on the net asset value of the Fund calculated on a daily basis and paid weekly.

MD Physician Services Inc. pays MD Management Limited, a related party, a fee for providing financial planning services.

(as a percentage of management fees)

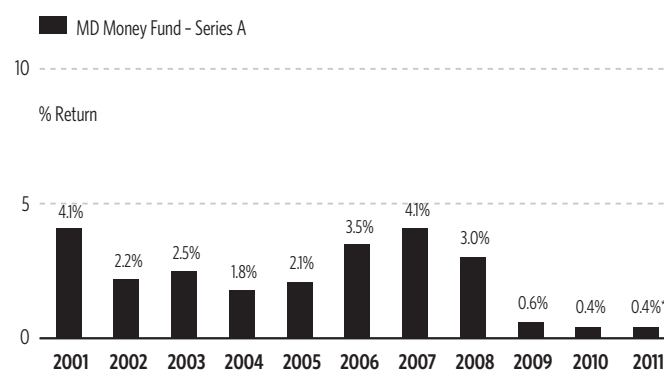
Financial Planning Services	—
Investment management, administration and other	100%

### Past Performance

The following bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each calendar year would have grown or decreased by the last day of each calendar year.

The performance information assumes that all distributions made by the Fund were reinvested in additional units of the Fund and does not take into account sales, redemptions, distributions or other optional charges that would reduce returns. How the Fund has performed in the past does not necessarily indicate how the Fund will perform in the future.

#### Year-By-Year Returns



\*For the six-month period ended June 30, 2011.

#### Disclosure

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can obtain a copy of the interim financial statements at your request, and at no cost, by calling 1 800 267-2332, by writing to us at MD Physician Services Inc., 1870 Alta Vista Drive, Ottawa, Ontario, K1G 6R7, or by visiting our website at [md.cma.ca](http://md.cma.ca) or SEDAR at [sedar.com](http://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 Money Fund

Management Report of Fund Performance (June 30, 2011)

---

## Regarding Forward-Looking Statements

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as “plan”, “anticipate”, “intend”, “expect”, “estimate”, or other similar wording.

These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices; fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated. Actual results may differ materially from the results anticipated in these forward-looking statements.

# MD Money Fund

## Management Report of Fund Performance (June 30, 2011)

### Financial Highlights

The following tables show selected key financial information about the Fund and its financial performance for the past five years. This information is derived from the Fund's audited annual and unaudited interim financial statements.

#### The Fund's Net Assets per Unit<sup>1</sup>

Series A	Six months	Year ended December 31				
	ended June 30 2011	2010	2009	2008	2007	2006
Net assets—beginning of the period	\$10.00	\$10.00	\$10.00	\$9.97	\$10.00	\$10.00
Increase (decrease) from operations:						
Total revenue	\$0.07	\$0.10	\$0.12	\$0.36	\$0.46	\$0.41
Total expenses	\$(0.03)	\$(0.06)	\$(0.05)	\$(0.06)	\$(0.06)	\$(0.06)
Net unrealized gains (losses) for the period	\$—	\$—	\$—	\$0.02	\$(0.03)	\$—
Total increase (decrease) from operations <sup>2</sup>	\$0.04	\$0.04	\$0.07	\$0.32	\$0.37	\$0.35
Distributions:						
From income (excluding dividends)	\$(0.04)	\$(0.04)	\$(0.06)	\$(0.30)	\$(0.40)	\$(0.34)
Total annual distributions <sup>3</sup>	\$(0.04)	\$(0.04)	\$(0.06)	\$(0.30)	\$(0.40)	\$(0.34)
Net assets—end of the period	\$10.00	\$10.00	\$10.00	\$10.00	\$9.97	\$10.00

<sup>1</sup> This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements. The net assets per unit presented in the financial statements differs from the net asset value per unit calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the Notes to Financial Statements. Net assets per unit are presented for 2007 through 2011, net asset values per unit are presented for 2006.

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial year.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

#### Ratios and Supplemental Data

Series A	Six months	Year ended December 31				
	ended June 30 2011	2010	2009	2008	2007	2006
Total net asset value, end of the period <sup>1</sup>	\$570,105,420	\$675,423,312	\$968,215,921	\$1,227,779,371	\$939,761,473	\$798,883,673
Number of units outstanding	57,008,553	67,538,059	96,820,593	122,776,968	93,977,458	79,889,070
Management expense ratio <sup>2</sup>	0.61%	0.59%	0.56%	0.56%	0.56%	0.57%
Management expense ratio before waivers or absorptions	0.61%	0.59%	0.57%	0.59%	0.58%	0.64%
Net asset value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

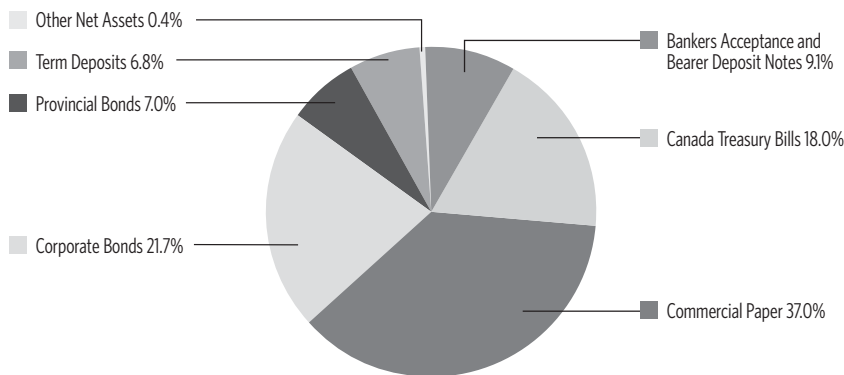
<sup>1</sup> This information is provided as at June 30 or December 31 of the period shown.

<sup>2</sup> Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Effective July 1, 2010, goods and services tax ("GST") was replaced by the harmonized sales tax ("HST") in certain provinces and is applicable at higher rates than the GST. HST is being paid by the Fund and results in a higher MER than in previous years.

# MD Money Fund

## Summary of Investment Portfolio (June 30, 2011)

Net Asset Value: \$570.1 million



### Cash & Portfolio Allocation

Banker's Acceptance and Bearer's Deposit Notes	9.1%
Canada Treasury Bills	18.0%
Commerical Paper	37.0%
Corporate Bonds	21.7%
Provincial Bonds	7.0%
Term Deposit	6.8%
Other Net Assets	0.4%
	<b>100.0%</b>

### Top 25 Holdings (Percentage of Net Asset Value)

Government of Canada 5.31% Sep 01/11	11.6%
Manulife Bank of Canada Jul 01/11	9.0%
Financement-Quebec 1.27% Sep 16/13	4.4%
Bank of Montreal 1.27% Dec 07/11	4.4%
Diversified Trust 1.33% Oct 05/11	4.4%
Alberta Capital Finance Authority 1.41% Oct 01/23	3.5%
The Bank of Nova Scotia 1.63% Apr 20/13	3.5%
HSBC Bank Canada 1.15% Aug 22/11	3.5%
The Bank of Nova Scotia 1.29% Aug 16/11	3.5%
The Royal Bank of Canada 1.33% Oct 05/11	2.8%
NAV Canada 1.10% Apr 29/13	2.6%
Caisse centrale Desjardins de Quebec 1.82 Feb 11/14	2.6%
Province of Alberta 1.54% Jun 12/12	2.6%
Fusion Trust 1.1% Jul 25/11	2.6%
Province of Quebec 1.05% Sep 06/11	2.6%
TransCanada Pipelines Limited 1.17% Sep 22/11	2.6%
PSP Capital 1.23% Sep 26/11	2.6%
Royal Bank of Canada 1.64% Jan 21/14	2.5%
Bank of Montreal 1.12% Sep 27/11	2.3%
Province of Ontario 1.15% Aug 10/11	2.1%
Royal Bank of Canada 1.23% Sep 28/11	2.1%
Canadian Imperial Bank of Commerce 1.71% Apr 08/13	1.8%
Royal Bank of Canada 1.65% Apr 15/14	1.8%
Province of British Columbia 0.96% Jul 28/11	1.8%
National Bank of Canada 1.02% Jul 29/11	1.8%

Note: Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available.

The Net Asset Value, Portfolio Allocation and Top 25 Holdings in the tables are based on the trading net asset value as at June 30, 2011.

