

# MD International Value Fund

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

Series A, Series T and Series I

### Results of Operations

For the period ending June 30, 2011, the MD International Value Fund ("the Fund") generated a total return of 0.9%.

International equities carried forward positive momentum from 2010 to start the year off strong, but faltered in March in part due to the devastating earthquake and tsunami in Japan. April saw equities return to positive territory for the period, but uncertainty over the strength of the global economy and the return of sovereign debt concerns in Europe weighed on returns during May and June. For the six-month period ending June 30, 2011 the MSCI EAFE Index, which represents the aggregate common share returns of the largest non-North American developed world companies, gained 0.6% in local currencies or 2.4% in Canadian dollar terms. Other factors that affected the Fund's performance are summarized below.

Foreign currency exposure had a significant and positive impact on the Fund's performance over the first half of the year. The Euro and Swiss franc were up strongly which benefited the fund, although declines in the Japanese Yen offset some of the positive impact. The dynamic currency management program, introduced at the beginning of the year, added to performance over the period primarily by reducing exposure to the weakening Japanese Yen.

The majority of the Fund's investments were in Europe, followed by the developed nations of the Pacific Rim region and the remainder invested in emerging markets. Japan received the largest country allocation by a significant margin, followed by the United Kingdom and France. The large position in Japanese equities was not rewarded as this market was lower following the March disaster. However, investments in most other countries contributed positively which more than offset the declines in Japan. Positions in France and the United Kingdom had the greatest positive impact on return.

Out of the ten industrial sectors represented in the portfolio, the Financials and Telecommunication Services sectors received on average the highest portfolio weightings, while the Industrials and Materials sectors received the lowest allocation. Five of ten sectors contributed positively to return with Telecommunication Services and Health Care sectors contributing the most to return. In contrast, the Consumer Discretionary and Financials sectors detracted the most from the Fund's return.

The Fund's investment style, large-cap with a value bias, was maintained throughout the period. Over the course of the first half of the year the Fund's allocation to Japan was modestly reduced while the allocation to select emerging markets was increased. The Information Technology sector weight also modestly declined with increasing allocations to Energy, Telecommunication Services and Materials.

As at June 30, 2011, the total net asset value of the Fund was \$136 million, a decrease of 12% from the beginning of the year. The decline in the net asset value of the Fund was a result of unitholder redemptions from the Fund. Although net investment income was positive for the period the losses incurred from the sale of investments detracted from the results of fund operations. Revenues and expenses were both down and consistent with the decrease in the Fund's assets.

### Recent Developments

#### Strategic Changes

There were no strategic changes to the Fund during the first half of the year and the Fund continues to be managed in manner consistent with its investment mandate. Overall, the Investment Advisors have adhered to their investment disciplines and the portfolio strategies are inline to achieve the long-term objectives of the Fund.

#### Related Party Transactions

MD Physician Services Inc. is the Manager, Registrar and Trustee of the Fund. As Manager, MD Physician Services Inc. manages the overall business of the MD 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 Fund's 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	29.6%
Investment management, administration and other	70.4%

#### 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 International Value Fund

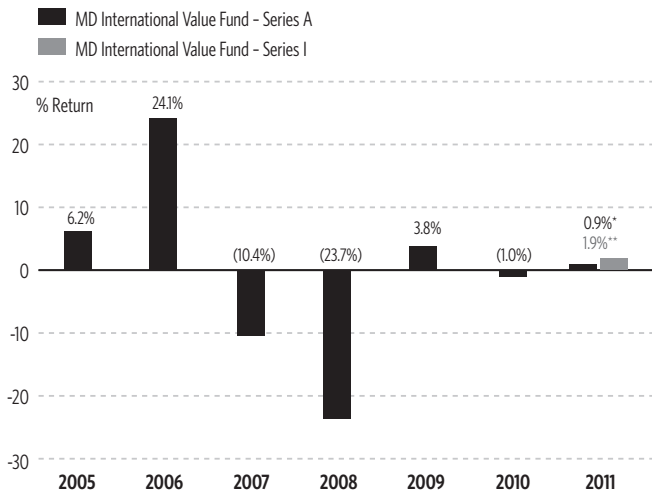
## Management Report of Fund Performance (June 30, 2011)

### 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. Although the Fund's Series I units were created in 2009, they were not sold until 2010 and consequently for 2010 did not report a full financial year. As such the 2010 performance data is not available for the chart.

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.

\*\*Returns are for the 6 month period to June 30, 2011. Series I units do not charge a management fee at the fund level, and therefore may report higher returns. Series I units are available to qualified Institutional Investors who pay a separate negotiated management fee directly to MD Physician Services Inc.

Series T units are not reported here as they have been in existence for less than a full calendar year.

### 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 International Value 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 ended June 30 2011	Year ended December 31				
		2010	2009	2008	2007	2006
Net assets—beginning of the period	\$7.98	\$8.15	\$7.96	\$10.62	\$12.61	\$10.45
Increase (decrease) from operations:						
Total revenue	\$0.18	\$0.33	\$0.25	\$0.34	\$0.29	\$0.24
Total expenses	\$(0.09)	\$(0.17)	\$(0.17)	\$(0.19)	\$(0.26)	\$(0.22)
Net realized gains (losses) for the period	\$(0.49)	\$(0.58)	\$(0.32)	\$0.02	\$0.71	\$0.60
Net unrealized gains (losses) for the period	\$0.50	\$0.27	\$0.52	\$(2.59)	\$(2.26)	\$2.13
Total increase (decrease) from operations <sup>2</sup>	\$0.10	\$(0.15)	\$0.28	\$(2.42)	\$(1.52)	\$2.75
Distributions:						
From income (excluding dividends)	\$(0.08)	\$(0.10)	\$(0.11)	\$(0.15)	\$(0.12)	\$(0.04)
From dividends	\$—	\$—	\$—	\$—	\$—	\$—
From capital gains	\$—	\$—	\$—	\$—	\$(0.56)	\$(0.29)
Return of capital	\$—	\$—	\$—	\$—	\$—	\$—
Total annual distributions <sup>3</sup>	\$(0.08)	\$(0.10)	\$(0.11)	\$(0.15)	\$(0.68)	\$(0.33)
Net assets—end of the period	\$7.97	\$7.98	\$8.15	\$7.96	\$10.62	\$12.63

Series I	Six months ended June 30 2011	2010 <sup>4</sup>
Net assets—beginning of the period	\$8.17	\$8.31
Increase (decrease) from operations:		
Total revenue	\$0.17	\$0.28
Total expenses	\$—	\$—
Net realized gains (losses) for the period	\$(0.47)	\$(0.60)
Net unrealized gains (losses) for the period	\$0.43	\$0.86
Total increase (decrease) from operations <sup>2</sup>	\$0.13	\$0.54
Distributions:		
From income (excluding dividends)	\$(0.11)	\$(0.11)
From dividends	\$—	\$—
From capital gains	\$—	\$—
Return of capital	\$—	\$—
Total annual distributions <sup>3</sup>	\$(0.11)	\$(0.11)
Net assets—end of the period	\$8.22	\$8.17

Series T	Six months ended June 30 2011	2010 <sup>5</sup>
Net assets—beginning of the period	\$9.88	\$10
Increase (decrease) from operations:		
Total revenue	\$0.27	\$0.03
Total expenses	\$(0.11)	\$—
Net realized gains (losses) for the period	\$0.08	\$—
Net unrealized gains (losses) for the period	\$(0.26)	\$(0.15)
Total increase (decrease) from operations <sup>2</sup>	\$(0.02)	\$(0.12)
Distributions:		
From income (excluding dividends)	\$—	\$—
From dividends	\$—	\$—
From capital gains	\$—	\$—
Return of capital	\$(0.24)	\$—
Total annual distributions <sup>3</sup>	\$(0.24)	\$—
Net assets—end of the period	\$9.86	\$9.88

<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.

<sup>4</sup> The results shown are for the period January 5 - December 31, 2010.

<sup>5</sup> The results shown are for the period November 22 - December 31, 2010.

# MD International Value Fund

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

### Ratios and Supplemental Data

Series A	Six months ended June 30 2011	Year ended December 31				
		2010	2009	2008	2007	2006
Total net asset value, end of the period <sup>1</sup>	\$125,747,701	\$147,728,675	\$199,418,226	\$208,374,680	\$229,775,249	\$162,426,435
Number of units outstanding	15,782,115	18,512,115	24,418,230	26,107,468	21,591,635	12,859,203
Management expense ratio <sup>2</sup>	2.21%	2.14%	2.07%	1.94%	1.96%	1.98%
Management expense ratio before waivers or absorptions	2.21%	2.14%	2.08%	2.06%	2.05%	2.09%
Trading expense ratio <sup>3</sup>	0.03%	0.04%	0.02%	0.09%	0.16%	0.11%
Portfolio turnover rate <sup>4</sup>	19.71%	22.96%	7.14%	17.33%	19.47%	18.65%
Net asset value per unit	\$7.97	\$7.98	\$8.17	\$7.98	\$10.64	\$12.63

Series I	Six months ended June 30 2011	2010 <sup>5</sup>
Total net asset value, end of the period <sup>1</sup>	\$9,773,437	\$6,428,769
Number of units outstanding	1,188,748	786,123
Management expense ratio <sup>2</sup>	—	—
Management expense ratio before waivers or absorptions	—	—
Trading expense ratio <sup>3</sup>	0.03%	0.04%
Portfolio turnover rate <sup>4</sup>	19.71%	22.96%
Net asset value per unit	\$8.22	\$8.18

Series T	Six months ended June 30 2011	2010 <sup>6</sup>
Total net asset value, end of the period <sup>1</sup>	\$109,946	\$25
Number of units outstanding	11,155	3
Management expense ratio <sup>2</sup>	2.23%	—
Management expense ratio before waivers or absorptions	2.23%	—
Trading expense ratio <sup>3</sup>	0.03%	0.04%
Portfolio turnover rate <sup>4</sup>	19.71%	22.96%
Net asset value per unit	\$9.86	\$9.89

<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.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

<sup>4</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

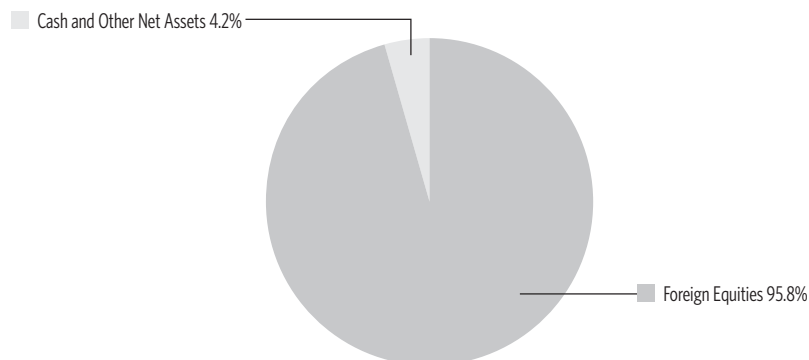
<sup>5</sup> The results shown are for the period January 5 - December 31, 2010.

<sup>6</sup> The results shown are for the period November 22 - December 31, 2010.

# MD International Value Fund

Summary of Investment Portfolio (June 30, 2011)

Net Asset Value: \$135.6 million



Portfolio Allocation

## Foreign Equities

Brazil	3.0%
Finland	1.1%
France	12.1%
Germany	2.5%
Ireland	1.5%
Italy	8.1%
Japan	31.0%
Mexico	1.9%
Netherlands	6.8%
New Zealand	0.3%
Portugal	1.0%
South Korea	2.0%
Spain	1.0%
Sweden	1.6%
Switzerland	3.1%
United Kingdom	14.9%
United States	3.9%
<b>Total</b>	<b>95.8%</b>

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

Eni SPA	3.3%
Nippon Telegraph and Telephone Corporation	2.9%
Sanofi-Aventis SA	2.8%
Telecom Italia SPA	2.8%
Total SA	2.7%
GlaxoSmithKline PLC	2.7%
Cash and Cash Equivalents	2.6%
Unilever PLC	2.5%
Deutsche Telekom AG	2.5%
France Telecom SA	2.4%
iShares MSCI EAFE Index Fund	2.4%
Carrefour SA	2.2%
AstraZeneca PLC	2.1%
Koninklijke Ahold NV	1.9%
Canon Inc.	1.9%
MS&AD Insurance Group Holdings, Inc.	1.8%
FUJIFILM Holdings Corporation	1.7%
Swiss Re Ltd.	1.7%
Tokio Marine Holdings, Inc.	1.7%
Telefonaktiebolaget LM Ericsson Cl. B	1.6%
Rohm Company Limited	1.6%
Toyota Motor Corporation	1.6%
William Morrison Supermarkets PLC	1.6%
TE Connectivity Limited	1.5%
Astellas Pharma Inc.	1.5%

**Cash and Cash Equivalents** 2.6%

**Other Net Assets** 1.6%

**Total** **100.0%**

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.



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