

MD Conservative Portfolio

Management Report of Fund Performance (June 30, 2011)

Results of Operations

For the six month period ended June 30, 2011, the MD Conservative Portfolio ("the Fund") generated a total return of 0.9% with most underlying mutual funds delivering moderately positive returns. Fixed income and equity indices were up in general over the period, despite ongoing concerns over European sovereign debt and economic data indicating a slowing global economy.

The Fund's conservative approach is delivered through a target allocation of 67% fixed income. Fixed income was a positive contributor to the portfolio returns, in particular Canadian bonds. There was very little change in the Canadian yield curve over the period, as corporate bonds outperformed government bonds and longer maturities provided better total returns overall. MD Bond Fund has the largest allocation within the portfolio and delivered a positive return over the period, while the Mackenzie Sentinel Real Return Bond Fund also generated positive returns. The Mackenzie Sentinel Global Bond Fund detracted from overall portfolio performance as the Canadian dollar appreciated over the period.

The Fund augments its conservative approach with a target allocation of 33% equities. Equity performance was better in the first three months of the year with performance turning negative thereafter, most notably in June. Foreign equities outperformed Canadian equities as the Materials and Information Technology sectors detracted from domestic equity performance. Canadian equities within the portfolio provided mixed returns, as positive performance from the MD Equity Fund was offset by negative performance from the MD Select Fund. MD American Growth Fund was the best performing foreign equity fund, as the Health Care and Energy sectors led U.S. equities higher.

As at June 30, 2011, the total net asset value of the Fund was \$126 million, an increase of 50% since the beginning of the year. As this is a relatively new fund the growth in the net asset value was largely attributable to new unitholder contributions. However, the net assets also increased from operations as the Fund increased net income over the previous year and also produced positive net gains from investments.

Recent Developments

Strategic Changes

There were no strategic changes to the Fund during the period. The Fund continues to adhere closely to its targeted asset allocation.

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 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	43.8%
Investment management, administration and other	56.2%

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 or SEDAR 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 Conservative Portfolio

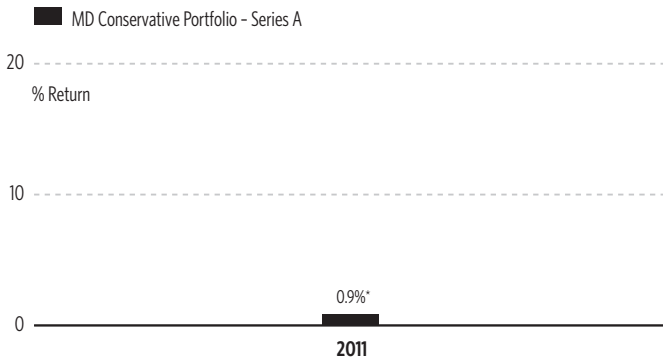
Management Report of Fund Performance (June 30, 2011)

Past Performance

The following bar chart shows, in percentage terms, the Fund's performance for the six-months ending June 30, 2011. The chart illustrates how much an investment made, on the first day of the calendar year, would have grown or decreased at the end of the noted period. As the Fund did not report a full financial year, 2010 performance data is not available.

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.

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 Conservative Portfolio

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 Unit¹

Series A	Six months ended June 30 2011	2010 ⁴
Net assets—beginning of the period	\$10.62	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.15	\$0.28
Total expenses	\$(0.07)	\$(0.14)
Net realized gains (losses) for the period	\$0.01	\$0.05
Net unrealized gains (losses) for the period	\$(0.01)	\$0.74
Total increase (decrease) from operations ²	\$0.08	\$0.93
Distributions:		
From income (excluding dividends)	\$—	\$(0.05)
From dividends	\$—	\$(0.03)
From capital gains	\$—	\$—
Return of capital	\$—	\$—
Total annual distributions ³	\$—	\$(0.08)
Net assets—end of the period	\$10.71	\$10.62

¹ 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.

² 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.

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

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

Ratios and Supplemental Data

Series A	Six months ended June 30 2011	2010 ⁵
Total net asset value, end of the period ¹	\$126,266,383	\$83,878,654
Number of units outstanding	11,793,218	7,895,608
Management expense ratio ²	1.40%	1.40%
Management expense ratio before waivers or absorptions	1.40%	1.40%
Trading expense ratio ³	—	—
Portfolio turnover rate ⁴	1.86%	0.79%
Net asset value per unit	\$10.71	\$10.62

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

² 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.

³ 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.

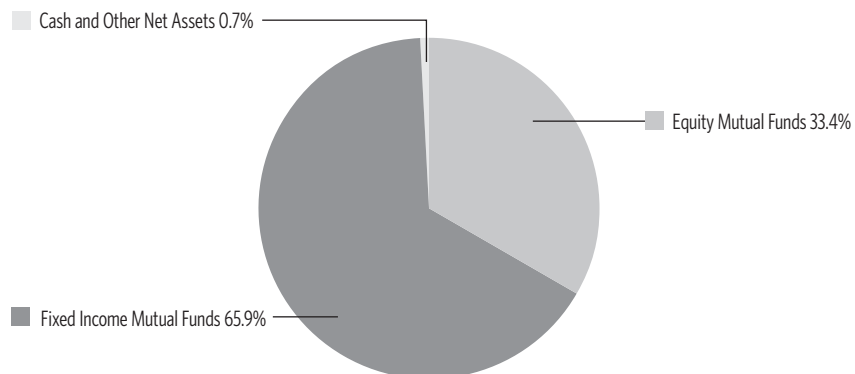
⁴ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio 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.

⁵ The results shown are for the period January 5 - December 31, 2010.

MD Conservative Portfolio

Summary of Investment Portfolio (June 30, 2011)

Net Asset Value: \$126.3 million



Cash & Portfolio Allocation

Fixed Income Mutual Funds	65.9%
Equity Mutual Funds	33.4%
Cash and Cash Equivalents	0.4%
Other Net Assets	0.3%
Total	100.0%

Top 25 Holdings (Percentage of Net Asset Value)

MD Bond Fund Series I	43.4%
MD Equity Fund Series I	14.2%
MD Bond and Mortgage Fund Series I	12.8%
MD Select Fund Series I	10.2%
Mackenzie Sentinel Global Bond Fund Series O	6.7%
MD International Growth Fund Series I	3.0%
MD American Growth Fund Series I	3.0%
MD Growth Investments Limited Series I	3.0%
Mackenzie Sentinel Real Return Bond Fund	3.0%
Cash and Cash Equivalents	0.4%

The Prospectus and other information about the underlying investment funds held in this MD Fund, are available online at www.sedar.com.

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.

