

# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2011)

**Series A units of this Pool are offered for sale to existing unitholders only.**

**Private Trust Series units (PT series) and Series T units of this Pool are offered for sale to discretionary, managed-account clients only.**

### Investment Objectives and Strategies

The MDPIM Canadian Equity Pool (the "Pool") seeks to achieve long-term capital growth by investing primarily in a well-diversified portfolio of Canadian equities, income trusts and equity equivalents. The Pool may also invest in foreign securities. The Pool may not invest in companies that manufacture tobacco or tobacco-related products.

This is a multi-managed fund with Mackenzie Financial Corporation - Mackenzie Saxon (Mackenzie Saxon) and Highstreet Asset Management (Highstreet) as the primary advisors to the Pool.

Mackenzie Saxon employs a strategy that is based on three key principles: value investing, low turnover and diversification. Stock selection for value investing is achieved through the use of a disciplined screening and research process, which is both quantitative and qualitative, in order to identify companies with a stock price trading below its fair market value. The Advisor makes on-site company visits where possible and uses extensive research to support all buy, hold and sell decisions. Low turnover, the second key principle, significantly reduces the negative impact that trading costs can have on portfolio performance. Diversification is achieved as the Pool is generally invested in common shares and trust units of both large and medium-cap companies. Also, in order to enhance returns and reduce risk, at least six sectors must be represented at all times.

Highstreet follows a disciplined quantitative approach to investing. They apply a growth style investment approach with a focus on risk management at the portfolio construction level. They utilize a proprietary model to assess securities with strong competitive positions that can maintain high earnings growth and positive risk attributes.

### Risk

At times, a portfolio can be subject to any number of investment risks. The risk level of the Pool did not change significantly during the year. Investment risks continue to be managed by the Advisor and the Pool remains well diversified by both industry and company. Descriptions of the investment risks associated with this Pool are detailed in the Simplified Prospectus.

### Results of Operations

As part of our investment management discipline, we carefully select, combine and monitor the Investment Advisors to ensure the investment performance remains consistent with the long-term objectives of the Pool.

We currently manage the Pool by allocating assets between a value-style Investment Advisor, Mackenzie Saxon and a growth at a reasonable price (GARP) Investment Advisor, Highstreet. At year end the allocation of assets between the Advisors was 60% and 40%, respectively.

For the year ended December 31, 2011, the PT Series units and Series A units of the Pool returned -14.1% and -15.4%, respectively. On a relative basis Canadian equities declined in 2011 amid uncertainties surrounding the sovereign debt crisis in Europe and concerns about the possibility of a slowdown in the global economy. The third quarter was particularly challenging for Canadian equity markets and accounts for most of the decline recorded this year.

Out of the ten industrial sectors represented in the portfolio, the Energy, Materials and Financials sectors received on average the highest portfolio weightings, while the Health Care and Utilities sectors received the lowest allocation. Most sectors contributed negatively to the Pool's return. As a result of their respective weight within the Pool, the Materials, Energy and Financials sectors were the largest detractors from the Pool's performance over the period.

The Pool predominantly maintained its intended large-cap, value bias investment strategy throughout the year.

As at December 31, 2011 the net asset value of the Pool was approximately \$1.7 billion, a decrease of 9% from the previous year. The Pool's revenues were up from higher dividend income, and the Pool had positive net contributions. However, these gains to the net asset value were offset by the depreciation of Pool's unrealized investments.

### Recent Developments

#### Strategic Changes

There were no strategic changes to the Pool throughout the year. Overall, the Investment Advisors have adhered to their investment disciplines and we are confident that their portfolio management strategies will achieve the long-term objectives of the Pool.

### Related Party Transactions

MD Physician Services Inc. is the Manager, Registrar and Trustee of the Pools. As Manager, MD Physician Services Inc. manages the overall business of the MDPIM Pools 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 Pool's units.

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

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

#### Disclosure

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can obtain a copy of the annual 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.



# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2011)

The principal distributor is MD Management Limited. As principal distributor, units of the MDPIM Pools are only available through MD Management Limited to clients of MD Private Trust Company or discretionary account clients of MD Physician Services Inc.

MD Management Limited and MD Private Trust Company are owned by the Pool's Manager, MD Physician Services Inc., which is owned by CMA Holdings (2009) Inc.

### Management Fees

MD Physician Services Inc. provides the Series A units of MDPIM Canadian Equity Pool with investment management and administrative services. In return, MD Physician Services Inc. receives a management fee and an administration fee based on the net asset value of Series A of the Pool calculated on a daily basis and paid weekly.

(As a percentage of management fees)

Investment management, administration and other	100.0%
Financial Planning Service	—

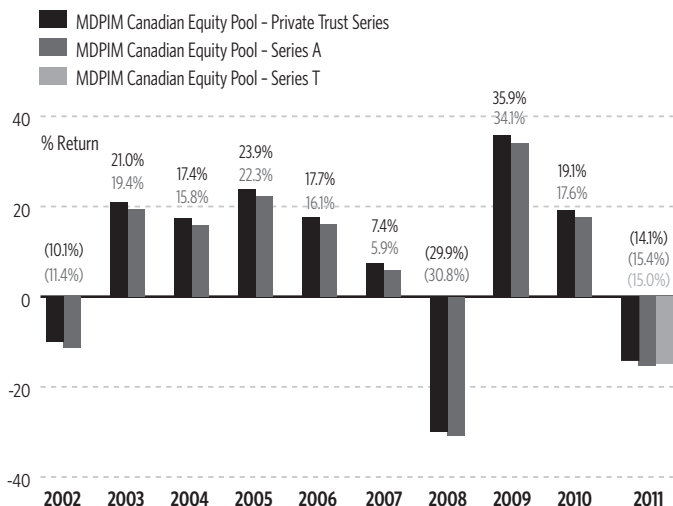
No management fee is charged in respect of the PT Series and series T units of the MDPIM Canadian Equity Pool. Investors in the PT Series units have agreed to pay a managed account fee directly to MD Physician Services Inc. See the information specific to the Pool included in Part B of the MD Private Trust Simplified Prospectus.

### Past Performance

The following bar chart shows the Pool's annual performance for each of the years shown, and illustrates how the Pool'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 Pool were reinvested in additional units of the Pool and does not take into account sales, redemption, distribution or other optional charges that would reduce returns. How the Pool has performed in the past does not necessarily indicate how the Pool will perform in the future.

### Year-By-Year Returns



### Annual Compound Returns

The following table shows MDPIM Canadian Equity Pool's historical annual compound return for the past one, three, five and ten year periods ended on December 31 and since inception of the T series, as compared to the return of the S&P TSX Capped Composite Index.

	1 year	3 years	5 years	10 years	Since Inception*
MDPIM Canadian Equity Pool - PT Series	-14.1%	11.6%	0.9%	6.9%	
MDPIM Canadian Equity Pool - Series A	-15.4%	-10.1%	-0.4%	5.5%	
MDPIM Canadian Equity Pool - Series T	-15.0%	—	—	—	-14.2%
S&P/TSX Capped Composite Index	-8.7%	13.2%	1.3%	7.0%	

\*The Pool established series T units on November 22, 2010.

Management uses the S&P/TSX Capped Composite Index as the benchmark for this Pool because it represents the aggregate common share returns of Canada's largest companies. Although index returns are hypothetical—as they do not reflect the true cost of owning or managing the underlying stocks—they are one of several useful indicators. By comparing the Pool's performance to the movements of the benchmark, we are able to assess how the Pool is doing. For example, some short-term deviations can signal the need for change while others confirm the expectations of a longer-term strategy. If Management were to ascertain that the Pool's over or under performance was the result of excessive risk-taking or deviation from the investment mandate, we would, on behalf of all our unitholders, address these issues with the Investment Advisor, and make changes if necessary.

Both the PT and the A Series of the MDPIM Canadian Equity Pool underperformed the S&P/TSX Capped Composite over the past year and this has negatively impacted longer term compound results. The 1-year underperformance was for a large part the result of a sharp increase in market volatility, particularly in the third quarter of 2011. In addition, the growth component of the Pool underperformed the value component over the past twelve months. In fact, Canadian growth stocks substantially underperformed Canadian value stocks. The difference in the return numbers between Series A units and PT Series units is due to the different fee structures of the Series.

### 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 Pool may not be those anticipated. Actual results may differ materially from the results anticipated in these forward-looking statements.

# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 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 financial statements.

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

Private Trust Series	2011	2010	2009	2008	2007
Net assets - beginning of the year	\$ 19.21	\$ 16.45	\$ 12.37	\$ 18.09	\$ 18.11
Increase (decrease) from operations:					
Total revenue	\$ 0.43	\$ 0.40	\$ 0.38	\$ 0.38	\$ 0.34
Total expenses	\$ —	\$ —	\$ (0.03)	\$ (0.01)	\$ (0.02)
Net realized gains (losses) for the year	\$ 0.55	\$ 0.81	\$ (0.52)	\$ (0.33)	\$ 1.58
Net unrealized gains (losses) for the year	\$ (3.72)	\$ 2.09	\$ 4.87	\$ (5.51)	\$ (0.62)
Total increase (decrease) from operations <sup>2</sup>	\$ (2.74)	\$ 3.30	\$ 4.70	\$ (5.47)	\$ 1.28
Distributions:					
From income (excluding dividends)	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.04)	\$ (0.04)
From dividends	\$ (0.41)	\$ (0.33)	\$ (0.31)	\$ (0.31)	\$ (0.27)
From capital gains	\$ (0.56)	\$ —	\$ —	\$ —	\$ (1.01)
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions <sup>3</sup>	\$ (0.98)	\$ (0.37)	\$ (0.33)	\$ (0.35)	\$ (1.32)
Net assets - end of the year	\$ 15.51	\$ 19.21	\$ 16.45	\$ 12.37	\$ 18.09

Series A	2011	2010	2009	2008	2007
Net assets - beginning of the year	\$ 19.30	\$ 16.43	\$ 12.27	\$ 17.82	\$ 17.75
Increase (decrease) from operations:					
Total revenue	\$ 0.43	\$ 0.30	\$ 0.36	\$ 0.37	\$ 0.33
Total expenses	\$ (0.25)	\$ (0.23)	\$ (0.22)	\$ (0.23)	\$ (0.28)
Net realized gains (losses) for the year	\$ 0.95	\$ 0.76	\$ (0.85)	\$ (0.18)	\$ 1.47
Net unrealized gains (losses) for the year	\$ (4.04)	\$ 1.93	\$ 4.77	\$ (5.41)	\$ (0.41)
Total increase (decrease) from operations <sup>2</sup>	\$ (2.91)	\$ 2.76	\$ 4.06	\$ (5.45)	\$ 1.11
Distributions:					
From income (excluding dividends)	\$ —	\$ —	\$ —	\$ —	\$ —
From dividends	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.02)	\$ —
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ (0.95)
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions <sup>3</sup>	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.02)	\$ (0.95)
Net assets - end of the year	\$ 16.28	\$ 19.30	\$ 16.43	\$ 12.27	\$ 17.82

Series T	2011	2010 <sup>4</sup>
Net assets - beginning of the year	\$ 10.04	\$ 10.00
Increase (decrease) from operations:		
Total revenue	\$ 0.22	\$ 0.01
Total expenses	\$ (0.12)	\$ —
Net realized gains (losses) for the year	\$ 0.19	\$ —
Net unrealized gains (losses) for the year	\$ (1.88)	\$ 0.03
Total increase (decrease) from operations <sup>2</sup>	\$ (1.59)	\$ 0.04
Distributions:		
From income (excluding dividends)	\$ —	\$ —
From dividends	\$ —	\$ —
From capital gains	\$ (0.34)	\$ —
Return of capital	\$ (0.49)	\$ —
Total annual distributions <sup>3</sup>	\$ (0.83)	\$ —
Net assets - end of the year	\$ 7.74	\$ 10.04

<sup>1</sup> This information is derived from the Pool's audited annual 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.

<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 Pool, or both.

<sup>4</sup> The results shown are for the period November 22 - December 31, 2010.

# MDPIM Canadian Equity Pool

Management Report of Fund Performance (December 31, 2011)

## Ratios and Supplemental Data

Private Trust Series	2011	2010	2009	2008	2007
Total net asset value, end of the year <sup>1</sup>	\$ 1,647,900,485	\$ 1,797,374,668	\$ 1,270,973,437	\$ 583,779,572	\$ 595,722,665
Number of units outstanding	105,995,300	93,424,620	77,038,629	46,978,009	32,851,603
Management expense ratio <sup>2</sup>	—	—	—	—	—
Management expense ratio before waivers or absorptions	—	0.04%	0.08%	0.09%	0.07%
Trading expense ratio <sup>3</sup>	0.21%	0.20%	0.19%	0.10%	0.11%
Portfolio turnover rate <sup>4</sup>	93.28%	68.70%	62.77%	15.69%	32.38%
Net asset value per unit	\$ 15.55	\$ 19.24	\$ 16.50	\$ 12.43	\$ 18.13

Series A	2011	2010	2009	2008	2007
Total net asset value, end of the year <sup>1</sup>	\$ 14,414,731	\$ 20,142,139	\$ 19,836,608	\$ 17,602,441	\$ 29,308,639
Number of units outstanding	883,422	1,041,900	1,203,549	1,427,246	1,641,024
Management expense ratio <sup>2</sup>	1.38%	1.35%	1.39%	1.33%	1.34%
Management expense ratio before tax	1.25%	1.25%	1.32%	1.26%	1.26%
Management expense ratio before waivers or absorptions	1.38%	1.39%	1.40%	1.43%	1.42%
Trading expense ratio <sup>3</sup>	0.21%	0.20%	0.19%	0.10%	0.11%
Portfolio turnover rate <sup>4</sup>	93.28%	68.70%	62.77%	15.69%	32.38%
Net asset value per unit	\$ 16.32	\$ 19.33	\$ 16.48	\$ 12.33	\$ 17.86

Series T	2011	2010 <sup>5</sup>
Total net asset value, end of the year <sup>1</sup>	\$ 746,312	\$ 668,655
Number of units outstanding	96,274	66,517
Management expense ratio <sup>2</sup>	1.37%	0.27%
Management expense ratio before tax	1.25%	0.25%
Management expense ratio before waivers or absorptions	1.37%	0.67%
Trading expense ratio <sup>3</sup>	0.21%	0.20%
Portfolio turnover rate <sup>4</sup>	93.28%	68.70%
Net asset value per unit	7.75	\$ 10.05

<sup>1</sup> This information is provided as at December 31 of the year 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 Pool and results in a higher MER than in previous years.

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

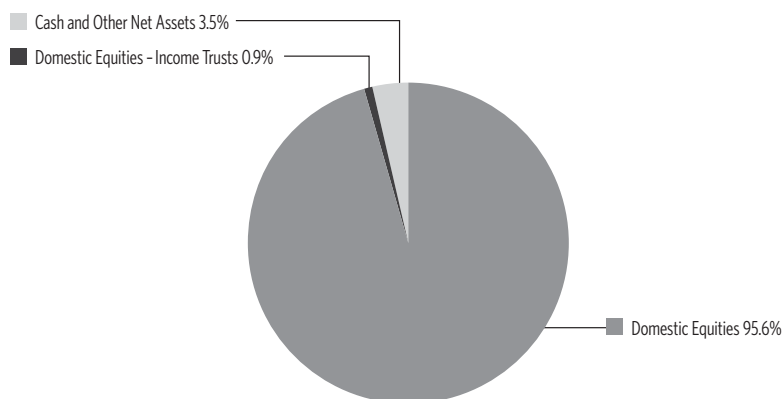
<sup>4</sup> The Pool's portfolio turnover rate indicates how actively the Pool's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Pool buying and selling all of the securities in its portfolio once in the course of the year. The higher a Pool's portfolio turnover rate in a year, the greater the trading costs payable by the Pool 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 Pool.

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

# MDPIM Canadian Equity Pool

## Summary of Investment Portfolio (December 31, 2011)

**Net Asset Value: \$1,663.1 million**



### Cash & Portfolio Allocation

#### Domestic Equities

Consumer Discretionary	9.7%
Consumer Staples	2.2%
Energy	27.4%
Financials	16.3%
Health Care	1.8%
Industrials	8.1%
Information Technology	1.2%
Materials	23.3%
Telecommunication Services	3.9%
Utilities	1.7%
<b>Total</b>	<b>95.6%</b>

#### Domestic Equities - Income Trusts

Energy	0.9%
<b>Total</b>	<b>0.9%</b>

#### Cash and Cash Equivalents

<b>Total</b>	<b>3.0%</b>
--------------	-------------

#### Other Net Assets

<b>Total</b>	<b>0.5%</b>
--------------	-------------

#### Total Net Assets

<b>Total</b>	<b>100.0%</b>
--------------	---------------

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

Canadian Natural Resources Limited	3.5%
Goldcorp Inc.	3.4%
Suncor Energy, Inc.	3.4%
Cash and Cash Equivalents	3.0%
Enbridge Inc.	2.9%
Potash Corporation of Saskatchewan Inc.	2.8%
Royal Bank of Canada	2.2%
The Toronto-Dominion Bank	2.1%
Canadian Imperial Bank of Commerce	2.0%
Agrium Inc.	2.0%
IAMGOLD Corporation	1.9%
National Bank of Canada	1.8%
EnCana Corporation	1.7%
TransCanada Corporation	1.7%
Canadian Pacific Railway Limited	1.7%
TELUS Corporation Non-Voting	1.7%
Power Financial Corporation	1.6%
Loblaw Companies Limited	1.6%
Teck Resources Ltd. Cl. B Sub-Voting	1.5%
ShawCor Ltd. Cl. A Sub. Voting	1.5%
Talisman Energy Inc.	1.5%
Thomson Reuters Corporation	1.4%
Progressive Waste Solutions Ltd.	1.4%
BCE Inc.	1.4%
Genworth MI Canada Inc.	1.3%

Note: Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment pool. 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 December 31, 2011.



This page intentionally left blank.