

Statement of Policies: Introduction

Disclosure of Registrant Relationships:

Pursuant to Ontario Securities Commission Rule 31-501

Investment Industry Regulatory Organization of Canada Annual Required Disclosures

We are sending this information to you as security industry regulations require that all IIROC (Investment Industry Regulatory Organization of Canada) member firms annually disclose certain information to all clients.

Statement of Policies – Introduction

Section 223 of Regulation 1015, made under the *Securities Act* (Ontario), requires every registrant to prepare and file with the Commission a statement of policies related to potential conflicts of interest.

For MD Management Limited (“MDM”), the statement must contain:

1. A full and complete statement of the policies of MDM about activities in which it is prepared to engage as a dealer in respect of its own securities or those of companies related or connected to MDM;
2. A list of the companies and entities related to MDM that are “reporting issuers” (have distributed securities in Ontario pursuant to a prospectus for which a final receipt has been issued by the Commission) or which have distributed securities outside Ontario, which if they had done so in Ontario, would have made them reporting issuers;
3. A statement of the relationship between MDM and any reporting issuer identified in 2) above; and
4. Specific wording, in a conspicuous position and in bold face type, about the requirement to disclose the above information, as detailed in Section 223.

MD Management Limited: Conflict of Interest Policies

To maintain the confidence and respect of clients, MD Management Limited (“MDM”) has adopted the policies below to identify, disclose and minimize conflicts of interest.

MDM acts as an investment dealer. In carrying on business, MDM may, in respect of securities of a related or connected issuer:

1. act as principal or agent in the purchase or sale of such securities;
2. make recommendations in respect of such securities;
3. advise in respect of such securities.

Conflict of interest rules statement (for clients in British Columbia)

General

Under certain circumstances MDM may deal with or for you in securities transactions where the issuer of the securities or the other party to the transaction is a firm or a party having an ownership or business relationship with us.

Since these transactions may create a conflict between our interests and yours, we are required by provincial law to disclose to you certain relevant matters relating to the

transactions. This statement contains a general description of the required disclosure. A complete statement of the rules is set out in Division 11 of Part 5 of the British Columbia Securities Rules.

Important Concepts

“Related party” - A party is related to us if, through the ownership of or direction or control over voting securities, we exercise a controlling influence over that party or that party exercises a controlling influence over us.

“Connected party” - A party is connected to us if, due to indebtedness or certain other relationships, a prospective purchaser of securities of the connected party might question our independence from that party.

“Associated party” - An associated party is either a related party or another party in a close relationship with us, such as one of our partners, salespersons, directors or officers.

Required Disclosure

We must make certain disclosures where we act as your dealer, advise you, or exercise discretion on your behalf with respect to securities issued by us, by a related party or, in the course of an initial distribution, by a connected party. In these situations, we must disclose either our relationship with the issuer of the securities, or that we are the issuer. We must also make disclosure to you where we know or should know that, as a result of our acting as your dealer or adviser, or of our exercising discretion on your behalf, securities will be purchased from or sold to us, an associated party or, in the course of an initial distribution, a connected party.

The following is a list of the time and manner in which these disclosure must be made:

- ▲ Where we underwrite securities, the required disclosure will be contained in the prospectus or other document being used to qualify those securities.
- ▲ Where we buy or sell securities for your account, the required disclosure will be contained in the confirmation of trade that we prepare and send to you.
- ▲ Where we advise you with respect to the purchase or sale of securities, the disclosure must be made prior to our giving the advice.

Statement of related issuers (for clients in Alberta)

This firm has a relationship with the persons or companies listed in this statement. This firm or its Directors, Officers, Partners, Salesperson’s or other employees may from time to time recommend that you trade in, or provide to you advice about, a security issued by those listed persons and companies. If you wish further information concerning the relationship between this firm and those listed persons or companies please contact us.

Relationships as of August 2009

MDM is a wholly owned subsidiary of MD Physician Services Inc. (“MDPS”). MDPS is itself a wholly owned subsidiary of CMA Holdings (2009) Inc. (“CMAH”) which is itself a wholly owned subsidiary of the Canadian Medical Association (“CMA”).

MDPS has direct ownership in the following companies:

- ▲ MD Management Limited
- ▲ MD Private Investment Management (US) Inc.
- ▲ MD Insurance Agency Limited

MDPS directly owns MD Private Trust Company, a majority of MD Life Insurance Company and a majority of Practice Solutions Software Limited; thus, CMAH has an indirect ownership in those entities.

None of the above noted companies are reporting issuers.

MDPS and MD Private Trust Company each act as trustee and/or manager of the MD Family of Funds and the MD Private Trust Company Family of Funds respectively. The MD Family of Funds and the MD Private Trust Company Family of Funds are reporting issuers, related and connected to MDM.

MDM related reporting issuers, include, the MD Family of Funds and the MD Private Trust Company Family of Funds, and are listed in Schedule A, as may be amended from time to time.

Policies to Limit Conflicts of Interest

It is the position of MDM that the relationships described above do not give rise to conflicts of interest and are not prejudicial to the public interest. MDM and the above disclosed companies are all affiliates and working towards achieving the common objective of better serving the financial needs of their respective stakeholders.

The securities laws of certain Provinces require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser.

Schedule A - Related reporting issuers

The following issuers may be considered related issuers of MD Management Limited (“MDM”) for the purposes of this Statement of Policies:

MD Family of Funds

MDPS acts as the manager of the MD Family of Funds while MD Management Limited (“MDM”) is the exclusive distributor. MDPS is a wholly owned subsidiary of CMA Holdings (2009) Inc. (“CMAH”). MDM is a wholly owned subsidiary of MDPS and thus CMAH has an indirect ownership in MDM.

MD Private Trust Company Pool Funds (“MD PIM Pools”)

MD Private Trust Company (“MDPT”) acts as the trustee and manager of the MD PIM Pools while MDM is the exclusive distributor. MDPT is wholly owned by MDPS, thus indirectly owned by CMAH. Therefore, the MD PIM Pools are related issuers to MDM.

Disclosure of Registrant Relationships Pursuant to Ontario Securities Commission Rule 31-501

Details of Relationship

MD Management Limited (“MDM”) is a company continued under the Canada Business Corporations Act and registered as an investment dealer or equivalent thereof with the applicable securities regulator in each Canadian province and territory. MDM is a member of the Investment Industry Regulatory Organization of Canada.

Pursuant to a corporate re-organization, MD Funds Management Inc. has amalgamated with certain other entities within the MD Group of companies (CMA Holdings Incorporated, MD Private Investment Management Inc., and Practice Solutions Ltd.) – to form a new entity called MD Physician Services Inc.

MD Physician Services Inc. is a company incorporated pursuant to the Canada Business Corporations Act and registered as an investment counsel/portfolio manager and limited market dealer with the Ontario Securities Commission (the “OSC”) under the Securities Act (Ontario) and in equivalent categories with the applicable securities regulators in each Canadian province and territory (the “Act”).

MD Physician Services Inc. has three operating lines of business - MD Funds Management (fund manufacturer, and Fund Manager activities), MD Private Investment Counsel (discretionary asset management services to high net worth individuals) and Practice Solutions (consulting and technology services to physicians).

MD Management Limited

MD Physician Services Inc. owns all issued and outstanding shares of MD Private Trust Company (“MDPT”), a trust company subsisting under the *Trust and Loan Companies Act* (Canada). MDPT is not a registrant under the Act.

All issued and outstanding common shares of MDM are owned by MD Physician Services Inc. All the issued and outstanding common shares of MD Physician Services Inc. are owned by CMA Holdings (2009) Inc. (“CMAH”), a company incorporated under the laws of Canada. CMAH is not a registrant under the Act. All issued and outstanding shares of CMAH are held by the Canadian Medical Association, an entity established by Special Act of Parliament.

Certain directors and officers of MDM are also officers and/or directors of MD Physician Services Inc. as indicated below.

Business reasons for the relationships listed in the chart below

Each of the named officers in the chart below are retained by the related MD companies in their respective capacities due to their business experience, skills and education. The related entities utilise common personnel and resources to achieve cost savings.

Policies and Procedures in Place to minimize conflicts of interest

It is the position of MD Management Limited that the relationships in the chart below do not raise conflicts of interest. None of the listed individuals is in a position to personally influence clients of MDM to invest in the MD family of mutual funds. Nor are any of the above compensated on a commission or other basis by any of the MD companies which could result in decisions being made, or influence being exerted against the interests of any of the MDM clients.

Officers and Directors of MD Management Limited who are Officers or Directors of other Ontario Securities Act Registrants as of August 1, 2009

Name	Position with MD Management Limited	Other Positions
Daniel Labonté	Director and Vice-President	Vice-President, MD Physician Services Inc.
Charles Kevin Hamilton	Director and Vice-President	Director and Vice-President, Sales, MD Physician Services Inc.
Daniel Alphonse Thériault	Director and Vice-President	Vice-President, MD Physician Services Inc.
Brian F. Peters	Director and Chairman	Director, Chair, Chief Executive Officer and President, MD Physician Services Inc.
A.G. Bélanger	Director, Chief Executive Officer and President	Director, Vice-President and Chief Financial Officer, MD Physician Services Inc.
Robert John Thorpe	Vice-President	Vice-President, MD Physician Services Inc.
Timothy Ron Smith	Vice-President	Vice-President, MD Physician Services Inc.
Margaret Susan Murphy	Secretary	Secretary, MD Physician Services Inc.
Robert Kirwin	Chief Anti-Money Laundering Officer	Chief Privacy Officer, Chief Compliance Officer and Chief Anti-Money Laundering Officer, MD Physician Services Inc.