MD Financial Management Inc.

MD Family of Funds

2025 Annual Management Report of Fund Performance

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 Financial Management Inc., 1870 Alta Vista Drive, Ottawa, Ontario, K1G 6R7, or by visiting our website at md.ca or SEDAR+ at sedarplus.ca. Security holders 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.

A Message to MD Family of Funds Investors

Dear MD Family of Funds Investor:

As part of our commitment to keeping you informed about your MD Fund investments, please find attached the 2025 Annual Management Report of Fund Performance (MRFP). If you also opted to receive the fund's financial statements, they are included in this package.

The annual MRFP is a regulatory document that supplements the annual financial statements. The document includes a brief discussion and analysis of the fund's investment activities, performance and financial highlights, as well as an explanation of how the markets and overall asset mix have affected the fund.

The report is produced on a fund-by-fund basis, and your report only includes information on the funds you owned as of December 31, 2025.

If you have any questions regarding these documents, please contact your MD Advisor or the MD Trade Centre at 1 800 267-2332.

We thank you for your continued investment in the MD Family of Funds.

MD Financial Management Inc. wholly owns or has a majority interest in the MD Group of Companies. It provides financial products and services, is the fund manager for the MD Family of Funds and offers investment counselling services. For a detailed list of the MD Group of Companies, visit md.ca.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Standard performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges payable by any securityholder which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. You may obtain a copy of the prospectus before investing by calling your MD Advisor or the MD Trade Centre at 1 800 267-2332.

MD Precision Conservative Index Portfolio™

Management Report of Fund Performance (December 31, 2025)

Investment Objectives and Strategies

The MD Precision Conservative Index Portfolio (the "Fund") is a strategic asset allocation fund with the objective to preserve investment value and generate income. The Fund will invest primarily in index mutual funds managed by MD Financial Management Inc. and exchange traded index funds with an emphasis on fixed income index funds for capital preservation and income generation with some exposure to equity index funds for potential capital growth. The Fund may also invest in other non-affiliated index mutual funds and directly in fixed-income securities, cash or cash equivalents.

The Fund's principal investment strategy is strategic asset allocation. The Fund assets will be invested according to the target weightings for the Fund, which may change at our discretion, but are generally expected to follow an approximate allocation of 69% fixed income, 9% Canadian equity, 11% U.S. equity, 8% International equity and 3% Emerging Markets equity.

The Fund may not invest in companies that manufacture tobacco or tobacco-related products or cannabis or cannabis related products.

Risk

The investment risks associated with this Fund are detailed in the Simplified Prospectus.

The Fund is designed for an investor seeking a single-decision investment fund who is willing to accept a low level of investment risk with exposure to all major asset classes. The Fund is suitable for an investment time horizon of three or more years.

Results of Operations

For the period ended December 31, 2025, the Fund had a total return of 9.1% (Series F).

The Canadian bond market, as represented by the FTSE Canada Universe Bond Index, returned 2.6% for the 12-month period ending December 31, 2025. The 10-year Government of Canada yield dipped as low as 2.8% in March and as high 3.6% in July before settling around 3.4% at year-end. The Bank of Canada (BoC) continued its easing cycle with 25 basis points (bps) rate cuts at its first two meetings of the year in January and March. It then paused the rate cutting cycle, holding the rate steady for 3 straight meetings, before delivering two additional 25 bps cuts in September and October, bringing the policy rate down to 2.25% at year end. The tariff announcements by the Trump Administration throughout the year resulted in increased volatility in credit spreads. That volatility was especially pronounced in March and April. Investment grade and high yield credit spreads, as measured by ICE BofA Canadian corporate indices OAS (Option-Adjusted Spread) spiked during that period based on elevated concerns about global trade flows. Ultimately, strong corporate fundamentals and high demand for corporate bonds (Investment Grade issuers in particular) caused spreads to settle into a tighter, lower range to end the year.

In the United States, the 10-year Treasury yield reached as high as 4.8% early in the year and dipped down to 3.9% in October. The Trump Administration's tariff announcements also drove significant volatility in bond markets. The Federal Reserve held rates steady in the first half of the year, before resuming its own easing policy with three 25 bps cut in the second half of 2025. These cuts reduced the key policy rate to 3.75% at year end. Its path was initially guided by higher market volatility and concerns about inflation.

The Canadian equity market ended the 12 month period in positive territory, with the S&P/TSX Composite Index returning 31.7%. The macroeconomic backdrop evolved in a broadly supportive direction for risk assets: inflation cooled, policy became more accommodative and external conditions stabilized, even as growth remained moderate.

Global equities advanced over the 12-month period as the MSCI World Index (C$) returned 15.9%. The first half 2025 witnessed President Trump introduce tariffs to the world and saw investors shift their focus and assets to international markets as U.S. equities whipsawed from positive to negative back to positive territory. The sentiment was this would send inflation and interest rates up, weaken consumer and business confidence and trigger a recession.

Canada's newly elected Liberal government faced challenges in managing U.S. trade relations, while policy shifts under the Carney administration aimed to attract foreign investment and diversify trade beyond the U.S. In the meantime, exemptions under the Canada – United States – Mexico Agreement (CUSMA) kept most Canadian exports duty free.

A pivotal and constructive development was the Bank of Canada's continuation of its easing cycle, lowering its policy rate by 100 basis points over 2025 in response to easing inflation and contained financial stability risks. This helped reduce borrowing costs for households and businesses. The shift toward lower rates was particularly encouraging for interest sensitive sectors and helped alleviate concerns around the mortgage renewal cycle, improving the outlook for the broader economy.

Real GDP, which had softened earlier in the year, saw a modest pickup as exports and household spending gradually improved from subdued levels, though overall growth remained below trend. Labour markets cooled from very tight conditions, with unemployment drifting higher; this reduced wage price pressures and created room for policy to lean more toward supporting growth.

Canada benefited from global macro forces, including strong commodity prices – particularly precious metals – amid geopolitical uncertainty. Robust commodities and supportive interest rate policy helped offset subdued real economic growth and fueled a strong equity market rally in 2025.

Precious metals were the standout asset class for the period. Gold dominated the headlines as international central banks continued to diversify their reserve holdings into the precious metal.

All 11 GICS (Global Industry Classification Standard) sectors posted positive returns over the 12-month period, with Communication Services, Financials and Materials being the largest contributors to index returns. The worst performing sectors were Real Estate, Consumer Discretionary and Consumer Staples.

Over the period, the Canadian dollar weakened against the euro and British pound and strengthened against the U.S. dollar and Japanese yen.

The Fund's multi-strategy structure combines complementary investment approaches. The underlying Funds are passively managed; however, the allocation decisions are actively managed, with positions altered based on relative opportunities. At the end of the year, the Fund held an overweight tactical exposure to equities with a corresponding underweight to fixed income.

As at December 31, 2025, the total net asset value of the Fund was $49.93 million, an increase of 190% since the beginning of the year. The increase is due to net contributions and net investment gain, partially offset by income distributions to unitholders.

Recent Developments

STRATEGIC CHANGES

There have been no strategic changes and the Fund continues to be managed in a manner consistent with its investment mandate and is positioned to

achieve its long-term objectives. The Investment Advisers have adhered to their investment disciplines and portfolio strategies.

Related Party Transactions

MD Financial Management Inc. is the Manager, Registrar and Trustee of the Fund. As Manager, MD Financial Management Inc. manages the overall business of the MD Family of Funds and the MDPIM Pools (collectively "the 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 Fund's units.

The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia (Scotiabank).

1832 Asset Management LP, a subsidiary of Scotiabank, is the portfolio manager of the Funds. MD Financial Management Inc., as Manager, continues to have overall responsibility for the management of the Funds. MD Financial Management Inc. is the registered portfolio manager and provides the discretionary portfolio management services to managed-account clients through MD Private Investment Counsel. 1832 Asset Management LP is responsible for the overall performance of the Funds, the management of fund assets and the selection and monitoring of the Funds' sub-advisors.

The Manager, on behalf of the Fund, may enter into transactions or arrangements with other members of Scotiabank or certain other companies that are related or connected to the Manager (each a "related party"). All transactions between the Fund and the related parties are in the normal course of business and are carried out at arm's length terms.

As Registrar, MD Financial Management Inc. keeps track of the owners of units of the Fund, processes purchase, transfer and redemptions 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 Financial Management 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 Fund through its offices across Canada. MD Management Limited is a wholly owned subsidiary of MD Financial Management Inc.

INDEPENDENT REVIEW COMMITTEE

The Manager has established an independent review committee (the "IRC") in accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107") with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of the Fund. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between the Fund and other funds and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no securityholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, securityholder approval may be required to approve certain mergers.

The IRC has four members: Stephen J. Griggs (Chair), Heather A.T. Hunter, Cecilia Mo and Steven Donald each of whom is independent of the Manager.

The IRC prepares and files a report to the securityholders each fiscal year that describes the IRC and its activities for securityholders, as well as contains a complete list of the standing instructions. These standing instructions enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. This report to the securityholders is available on the Manager's website or, at no cost, by contacting the Manager.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. The compensation for the IRC is an annual flat fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

The Manager is required to advise the IRC of any breach of a condition of any standing instructions. The standing instructions require, among other things, that the investment decision in respect to a related party transaction: (a) is made by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration to any associate or affiliate of the Manager; (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) is made in compliance with the Manager's written policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Manager, in respect of its management of the Fund relied on IRC standing instructions regarding related party transactions as set out below:

- Paying brokerage commissions and spreads to a related party for effecting security transactions on an principal basis on behalf of the Fund;
- Investments in the securities of issuers for which a related underwriter acted as an underwriter during the distribution of such securities and the 60-day period following the completion of such distribution;
- Purchases of securities of a related party;
- Investment Advisor Monitoring and Oversight

Management Fees

MD Financial Management Inc. provides the Fund with investment management and administrative services, including fund accounting and unitholder record-keeping. In return, MD Financial Management Inc. receives an annual management fee and an annual administration fee, both based on a fixed percentage of the daily net asset value of the Fund. Management fees are paid weekly and administration fees are paid monthly.

MD Financial Management Inc. pays MD Management Limited, a related party, a fee for providing financial planning services to Series A unitholders. The estimated breakdown of the services received in consideration of the management fee for Series A is as follows:

(As a percentage of management fees)	
Financial Planning Services	0.00%
Investment Management and Other	100.00%

Series F and F2 unitholders pay a separate managed account fee directly to MD Management Limited. 100% of the management fee on Series F, Series F2 and Series D is for investment management and other services.

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

MD Precision Conservative Index Portfolio™

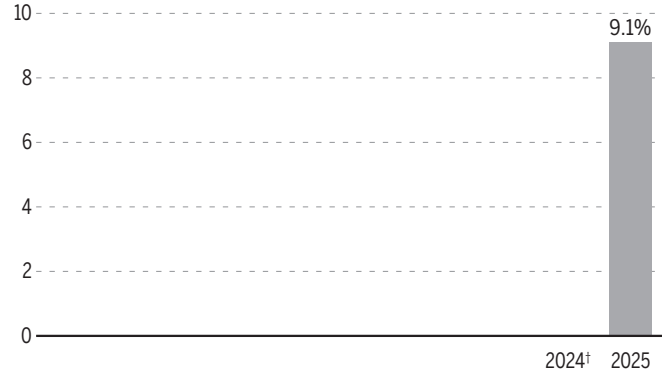
Management Report of Fund Performance (December 31, 2025)

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, redemption, distribution 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

Series F



† Series F units were not reported in 2024 as they had been in existence for less than 12 months.

ANNUAL COMPOUND RETURNS

The following table shows the Fund's historical annual compound return for the past one-year period and since inception ended on December 31 as compared to the return of a Blended Composite Index as follows:

- 69% FTSE Short Term Overall Bond Index, which measures the returns on Canadian bonds with a maturity of 5-years or less.
- 9% S&P/TSX Capped Composite Index, which measures the aggregate common share returns of Canada's largest companies.
- 10.8% S&P 500 Index, which measures the aggregate common share returns of the U.S.'s largest companies.
- 8.4% MSCI EAFE Index, which measures the aggregate returns of securities listed on exchanges in European, Australasian and Far Eastern markets.
- 2.8% MSCI Emerging Markets Index, which measures the aggregate returns of equity securities in global emerging markets.

The weightings of these indices within the Blended Composite Index represent the general weightings in the portfolio.

The individual indices that make up the Blended Composite Index are shown independently as a frame of reference only, and do not reflect the performance the Fund.

	1 year	Since Inception
MD Precision Conservative Index Portfolio – Series F	9.12%	9.70%
Blended Composite Index	9.54%	9.98%
FTSE Canada 91 Day T-Bill Index	2.84%	
FTSE Canada Short Term Overall Bond Index	3.88%	
S&P/TSX Capped Composite Index	31.68%	
S&P 500 Index	12.35%	
MSCI EAFE Index	25.70%	
MSCI Emerging Markets	28.05%	

* The Fund started series F units on June 7, 2024.

Management uses the Blended Composite Index as the benchmark for this portfolio because it best represents the nature of the overall fund. Although index returns are hypothetical – as they do not reflect the true cost of owning or managing the underlying securities – they are one of several useful indicators. By comparing the Fund's performance to the movements of the benchmark, we are able to assess how the Fund 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 a fund's over- or underperformance 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 Advisers, and make changes if necessary.

Strong positive absolute performance was well supported by outstanding results from both fixed income and global equities over the past year. Despite its strong since inception result, the Fund slightly underperformed relative to its benchmark as a result of a tactical positioning in the first half of the 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 Precision Conservative Index Portfolio™

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years, if applicable. This information is derived from the Fund's audited annual financial statements.

THE FUND'S NET ASSETS PER UNIT[1]

	Year ended December 31	
SERIES F	**2025**	**2024[4]**
Net assets – beginning of the year	$10.54	$10.00
Increase (decrease) from operations:		
Total revenue	$ 0.33	$ 0.21
Total expenses	$ (0.02)	$ (0.01)
Net realized gains (losses) for the year	$ 0.04	$ 0.08
Net unrealized gains (losses) for the year	$ 0.58	$ 0.18
Total increase (decrease) from operations[2]	$ 0.93	$ 0.46
Distributions:		
From income (excluding dividends)	$ (0.11)	$ (0.05)
From dividends	$ (0.01)	$ (0.01)
From capital gains	$ –	$ (0.01)
Return of capital	$ –	$ –
Total annual distributions[3]	$ (0.12)	$ (0.07)
Net assets – end of the year	$11.38	$10.54

[1] This information is derived from the Fund's audited annual 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. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

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

[4] The results shown are for the period June 7, 2024 – December 31, 2024.

RATIOS AND SUPPLEMENTAL DATA

	Year ended December 31	
SERIES F	**2025**	**2024[5]**
Total net assets, end of the year[1]	$35,508,362	$5,058,650
Number of units outstanding	3,120,015	480,164
Management expense ratio[2]	0.23%	0.23%
Management expense ratio before tax	0.21%	0.21%
Management expense ratio before waivers or absorptions	0.23%	0.23%
Trading expense ratio[3]	0.03%	0.01%
Portfolio turnover rate[4]	5.03%	30.83%
Net assets per unit	$ 11.38	$ 10.54

[1] This information is provided as at December 31 of the year shown.

[2] The management expense ratio ("MER") is based on total expenses for the stated period (excluding commissions, withholding taxes and other portfolio transaction costs) and the Fund's proportionate share of the MER, if applicable, of exchange traded funds ("ETFs") in which the Fund has invested, expressed as an annualized percentage of daily average net asset value during the period.

[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.

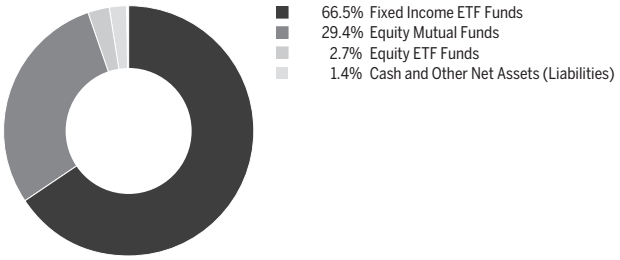
[4] The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio 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 June 7, 2024 – December 31, 2024.

MD Precision Conservative Index Portfolio™

Summary of Investment Portfolio, December 31, 2025

NET ASSETS: $49.9 MILLION



TOP HOLDINGS (PERCENTAGE OF NET ASSETS)

iShares Core Canadian Short Term Bond Index ETF	66.5%
MDPIM US Equity Index Pool Series A	11.6%
MDPIM Canadian Equity Index Pool Series A	9.0%
MDPIM International Equity Index Pool Series A	8.8%
BMO MSCI Emerging Markets Index ETF	2.7%
Cash and short-term investments	1.0%

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

PORTFOLIO ALLOCATION (PERCENTAGE OF NET ASSETS)

EQUITY ETF FUNDS	2.7%
FIXED INCOME ETF FUNDS	66.5%
EQUITY MUTUAL FUNDS	29.4%
CASH AND SHORT-TERM INVESTMENTS	1.0%
OTHER NET ASSETS	0.4%
TOTAL NET ASSETS	100.0%

The Cash and Short-Term Investments and Other Net Assets may appear negative due to the timing of cash flows between the trade date and settlement date for transactions on underlying securities.

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

The Net Assets, Portfolio Allocation and Top 25 Holdings in the tables are based on the net assets as at December 31, 2025.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. To obtain a copy of the prospectus, please call your MD Advisor, or the MD Trade Centre at 1 800 267-2332.

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