

MD Financial Management has adopted a policy with respect to voting proxies relating to portfolio securities held by the Funds (the “MD Policy”).

For all MD Funds except MD Precision Conservative Portfolio, MD Precision Balanced Income Portfolio, MD Precision Balanced Growth Portfolio, MD Precision Moderate Growth Portfolio, MD Precision Moderate Balanced Portfolio and MD Precision Maximum Growth Portfolio, pursuant to the MD Policy, the Manager may delegate the responsibility for voting in respect of securities held by the Funds to the investment advisers retained to select securities for the Funds on the basis that such investment advisers are best situated to assess the consequences of such matters for the Funds.

The investment advisers are required to exercise their voting responsibility in compliance with the MD Policy, which provides that voting responsibility shall be exercised in accordance with the best economic interests of the Fund and the Fund’s investors. The investment advisers are expected to vote in favour of proposals which enhance the investment value of the relevant security and against proposals that increase the risk level and reduce the overall investment value. Generally, this will mean that the investment advisers will vote in favour of management proposals. Where an investment adviser considers it appropriate to vote against a management proposal the investment adviser is required to document its reasons for doing so and to provide such documentation to the Manager on request.

Each investment adviser provides its own policy (the “Advisers’ Policies”) with respect to voting proxies relating to portfolio securities held by the Funds for which the investment adviser is responsible to the Manager. The Manager will ensure that the Advisers’ Policies comply with the MD Policy and the Manager will receive yearly certification from the investment advisers that they have complied with the MD Policy and with applicable securities laws.

The Advisers’ Policies address the following issues:

- a) policies for dealing with routine matters on which a Fund may vote, which are to provide that the Fund’s securities are generally voted in favour of management proposals;
- b) the circumstances under which a Fund will deviate from the standing policy for routine matters, such as where the investment adviser is of the view that proposed executive compensation arrangements, option allocations or similar matters are viewed as excessive by the investment adviser in light of its assessment of the issuer;
- c) the policies under which, and the procedures by which, a Fund will determine how to vote or refrain from voting on non-routine matters, which policies are to reflect the MD Policy’s underlying requirement to support proposals which enhance the investment value of the relevant security and to oppose proposals that increase the risk level and reduce the overall investment value; and
- d) procedures to ensure that portfolio securities held by a Fund are voted in accordance with the instructions of the investment adviser.

Where an investment adviser identifies a conflict between the interests of securityholders of a Fund and the interests of the Manager, the investment adviser or any affiliate or associate of the Fund, the Manager or the investment adviser, it is required to notify the Manager’s Chief Investment Officer or Chief Compliance Officer (the “Conflict Officers”) in sufficient time to permit the conflict to be considered. The Conflict Officer who received notification of the conflict together with the other Conflict Officer will discuss the issue with the investment adviser to ensure that the proposal is voted upon in accordance with the MD Policy’s underlying requirement to support proposals which enhance the investment value of the relevant security and to oppose proposals that increase the risk level and reduce the overall investment value.

For MD Precision Conservative Portfolio, MD Precision Balanced Income Portfolio, MD Precision Balanced Growth Portfolio, MD Precision Moderate Balanced Portfolio, MD Precision Moderate Growth Portfolio and MD Precision Maximum Growth Portfolio, these MD Funds invest in securities of other mutual funds, including other mutual funds managed by MD Financial Management. To the extent MD Financial Management exercises its proxy voting rights related to securities in mutual funds not managed by MD Financial Management or a related entity, matters will either be voted upon in accordance with the MD Policy's underlying requirement to support proposals which enhance the investment value of the relevant security and to oppose proposals that increase the risk level and reduce the overall investment value, or MD Financial Management will arrange to have the voting rights passed through to the securityholders of the MD Funds. When a Proxy voting right arises in relation to the securities of underlying funds managed by MD Financial Management or a related entity, MD Financial Management shall not vote these securities but shall arrange to have the voting rights passed through to the securityholders of the MD Funds.

The MD Policy also requires that all investment advisers (including MD Financial Management where it acts as investment adviser to the MD Precision Conservative Portfolio, MD Precision Balanced Income Portfolio, MD Precision Balanced Growth Portfolio, MD Precision Moderate Growth Portfolio, MD Precision Moderate Balanced Portfolio and MD Precision Maximum Growth Portfolio or other MD Funds when it acts as Investment Adviser) maintain proxy voting records including; matters voted upon by issuer, whether such matters were proposed by the issuer, its management or another person or company, whether and, where applicable, how the investment adviser voted on behalf of the Fund, and whether such vote was for or against the recommendations of the issuer.

The policies and procedures that a Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling us toll-free at 1 800 267-2332 or emailing us at MDFunds.SimplifiedProspectus@md.ca. A Fund's proxy voting record for the annual period ended June 30 is available on md.ca, no later than August 31. This information may be obtained free of charge to any investor of the Funds upon request by calling toll-free 1 800 267-2332 or by writing to MD Financial Management Inc., 1870 Alta Vista Drive, Ottawa ON K1G 6R7.