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 sedar.com. 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 2018 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, 2018.

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.
Investment Objectives and Strategies

The MDPIM Canadian Bond Pool (the "Fund") seeks to provide capital preservation and income production. The Fund invests in a variety of Government of Canada, provincial, municipal, corporate and asset-backed bonds with short- to mid-terms of maturity.

The Investment Advisors for the Fund are Manulife Asset Management Limited of Toronto, Ontario, Manulife Asset Management (US) LLC of Boston, Massachusetts, USA, Manulife Asset Management Limited of Causeway Bay, Hong Kong, Franklin Bissett Investment Management, a division of Franklin Templeton Investments Corp. of Toronto, Ontario and Franklin Advisers Inc. of San Mateo, California, USA.

With an objective of generating long-term excess return with minimal downside risk, Manulife Asset Management uses top-down economic and bottom-up credit analysis to identify and gain exposure to undervalued allocations. The Investment Adviser assesses the macroeconomic environment, business cycle, and industry trends to determine interest rate risk and credit risk exposure. Focused on minimizing risk of default and identifying value, the most appropriate securities to implement the Fund's strategy are selected using the Investment Adviser’s issuer specific credit research.

Franklin Templeton Investments’ decisions are based on its philosophical belief that a diversified set of investment strategies and positions lead to attractive risk-adjusted returns over full market cycles. Using a broad framework, bottom-up resources and quantitative support, the Investment Advisor identifies and exploits inefficiencies within clearly defined risk parameters. Top-down insight informs sector, yield curve and volatility target exposures, with sector specialists seeking to add value through security and sector-specific insight.

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

Risk

At times, a portfolio can be subject to any number of investment risks. The risk level of the Fund did not change during the year. Fixed income investments risk, a primary risk for the Fund continues to be managed as the Investment Sub-Advisors diversify by issuer, term-to-maturity, country, credit risk, and sector.

Foreign currency risk is also managed by the Investment Sub-Advisors using derivatives contracts that hedge against losses from exposure to foreign currencies. Descriptions of the investment risks associated with this Fund are detailed in the Simplified Prospectus.

Recent Developments

STRATEGIC CHANGES

On October 3rd, 2018, The Bank of Nova Scotia (Scotiabank) announced that they had completed the acquisition of MD Financial Management (MD) from the Canadian Medical Association.

There were no strategic changes to the Fund throughout the year. The Fund continues to be managed in a manner consistent with its investment mandate. The Investment Advisors have adhered to their investment disciplines and portfolio strategies, and they are in line to achieve the long-term objectives of the Fund.

The Fund continues to be managed in predominantly a top-down manner, with the Fund maintaining the majority of its assets in high-quality, investment-grade corporate bonds. The average term of the Fund may be lengthened or shortened based on the Investment Advisors’ analysis of future interest rate direction.

The Fund has invested in a broad set of permitted asset classes consistent with the Fund’s objectives and risk profile. This includes investments in foreign bonds, preferred shares and below investment-grade corporate securities. The investment strategy also includes the use of derivative instruments such as credit default swaps and interest rate swaps.

It is management’s expectation that the Fund’s dynamic fulfillment, diverse exposure, and well-defined risk framework provide great potential for reaching its long-term investment objectives.
MDPIM Canadian Bond Pool

Management Report of Fund Performance (December 31, 2018)

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 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 Fund's units.

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 MDPIM Pools, 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 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.

Units of the MDPIM Pools are only available to clients of MD Private Trust Company or discretionary managed account clients of MD Financial Management Inc. MD Management Limited ceased to be the principal distributor of the MDPIM Pools as of effective October 29, 2018.

INDEPENDENT REVIEW COMMITTEE
As a result of the acquisition by Scotiabank of the control of MD Financial Management, the then members of the Independent Review Committee ("IRC") for the MD Funds as of that date ceased to be IRC members, and five new members were appointed to act as members of the IRC. As of October 3, 2018, the following individuals are members of the IRC: Carol S. Perry (Chair), Simon Hitzig, Heather Hunter, Stephen Griggs and Jennifer Witterick.

The IRC considered several new conflict of interest matters that arise for the Manager in respect of its management of the MD Funds and the MDPIM Pools as a result of its new relationship as a subsidiary of Scotiabank. The IRC gave certain related party approvals to the Manager in respect of these matters and gave positive recommendations to proceed in respect of others. These approvals and recommendations are described in the IRC’s Annual Report to Unitholders which is available on MD’s website.

Management Fees
No management fee is charged in respect of units of the Fund. Investors in these units have agreed to pay a managed account fee directly to MD Financial Management Inc.

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 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

ANNUAL COMPOUND RETURNS
The following table shows the Fund's historical annual compound return for the past one-, three-, five- and ten-year periods ended December 31, as compared to the return of a blended benchmark of 60% FTSE Canada Short Term Bond Index and 40% FTSE Canada Universe Bond Index.

<table>
<thead>
<tr>
<th>Fund</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDPIM Canadian Bond Pool Series − A</td>
<td>1.56%</td>
<td>1.74%</td>
<td>2.70%</td>
<td>3.65%</td>
</tr>
<tr>
<td>60/40 Blended FTSE Canada Short Term Bond Index/MT Bond Index</td>
<td>1.91%</td>
<td>1.20%</td>
<td>2.50%</td>
<td>3.48%</td>
</tr>
<tr>
<td>FTSE Canada Short-Term Overall Bond Index</td>
<td>1.91%</td>
<td>1.00%</td>
<td>1.73%</td>
<td>2.51%</td>
</tr>
<tr>
<td>FTSE Canada Universe Bond Index</td>
<td>1.41%</td>
<td>1.86%</td>
<td>3.54%</td>
<td>4.16%</td>
</tr>
</tbody>
</table>

Management uses the blend of the noted indices as the benchmark for this Fund because together they represent the returns of Canadian government and corporate bonds with a short to mid-term investment horizon. Although index returns are hypothetical—as they do not reflect the true cost of owning or managing the underlying bonds—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 the 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 Advisor and make changes if necessary.
MDPIM Canadian Bond Pool
Management Report of Fund Performance (December 31, 2018)

The Fund’s positive absolute return is the combined result of income generation and modest price appreciation provided by the fixed income securities in which it invests. Relative to its benchmark, 60% FTSE Canada Short Term Bond Index and 40% FTSE Canada Mid Term Bond Index, the Fund underperformed in the most recent one-year period. While the Fund benefitted from its continued focus on capital preservation by conservatively managing sensitivity to rising bond yields, an overweight allocation to underperforming spread product contributed to its negative excess return in 2018.

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.
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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) from operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>$ 0.32</td>
<td>$ 0.32</td>
<td>$ 0.34</td>
<td>$ 0.29</td>
<td>$ 0.30</td>
</tr>
<tr>
<td>Total expenses</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Net realized gains (losses) for the year</td>
<td>$ (0.15)</td>
<td>$ (0.05)</td>
<td>$ 0.06</td>
<td>$ 0.09</td>
<td>$ 0.08</td>
</tr>
<tr>
<td>Net unrealized gains (losses) for the year</td>
<td>$ (0.01)</td>
<td>$ (0.12)</td>
<td>$ (0.18)</td>
<td>$ (0.10)</td>
<td>$ 0.19</td>
</tr>
<tr>
<td>Total increase (decrease) from operations</td>
<td>$ 0.16</td>
<td>$ 0.15</td>
<td>$ 0.22</td>
<td>$ 0.28</td>
<td>$ 0.57</td>
</tr>
</tbody>
</table>

Distributions:
- From income (excluding dividends): $ (0.25), $ (0.43), $ (0.34), $ (0.29), $ (0.30)
- From dividends: −, −, −, −, −
- From capital gains: −, −, −, $ (0.01), $ (0.12)
- Return of capital: −, −, −, −, −

Total annual distributions: $ (0.25), $ (0.43), $ (0.35), $ (0.41), $ (0.30)

Net assets – end of the year: $ 10.40, $ 10.49, $ 10.75, $ 10.87, $ 10.98

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.

### RATIOS AND SUPPLEMENTAL DATA

<table>
<thead>
<tr>
<th>SERIES A</th>
<th>2018</th>
<th>Year ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets, end of the year</td>
<td>$ 6,847,691,373</td>
<td>$ 6,980,313,574</td>
</tr>
<tr>
<td>Number of units outstanding</td>
<td>658,563,205</td>
<td>665,469,309</td>
</tr>
<tr>
<td>Management expense ratio</td>
<td>0.00%</td>
<td>−</td>
</tr>
<tr>
<td>Management expense ratio before tax</td>
<td>0.00%</td>
<td>−</td>
</tr>
<tr>
<td>Management expense ratio before waivers or absorptions</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Trading expense ratio</td>
<td>0.00%</td>
<td>−</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>67.25%</td>
<td>62.35%</td>
</tr>
<tr>
<td>Net assets per unit</td>
<td>$ 10.40</td>
<td>$ 10.49</td>
</tr>
</tbody>
</table>

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.
Summary of Investment Portfolio, December 31, 2018

NET ASSETS: $6,847.7 MILLION

- Domestic Bonds: 81.8%
- Foreign Bonds: 16.7%
- Cash and Other Net Assets: 1.1%
- Foreign Equities: 0.4%
- Domestic Equities: 0.0%

PORTFOLIO ALLOCATION

DOMESTIC BONDS
- Corporate Bonds: 42.6%
- Government Of Canada Bonds: 12.0%
- Municipal Bonds: 2.5%
- Provincial Bonds: 24.7%
- Total: 81.8%

FOREIGN BONDS
- Australia: 0.7%
- Austria: 0.0%
- Belgium: 0.3%
- Bermuda: 0.0%
- Brazil: 0.3%
- British Virgin Island: 0.0%
- Cayman Islands: 0.2%
- Chile: 0.0%
- China: 0.0%
- Colombia: 0.2%
- Finland: 0.0%
- France: 0.0%
- Germany: 0.2%
- Hong Kong: 0.0%
- Hungary: 0.1%
- India: 0.1%
- Indonesia: 0.4%
- Ireland: 0.2%
- Israel: 0.0%
- Italy: 0.0%
- Jersey: 0.4%
- Luxembourg: 0.2%
- Malaysia: 0.2%
- Marshall Island: 0.0%
- Mexico: 0.4%
- Netherlands: 0.2%
- New Zealand: 0.4%
- Norway: 0.4%
- Philippines: 0.2%
- Portugal: 0.1%
- Singapore: 0.2%
- South Korea: 0.0%
- Sweden: 0.1%
- Turkey: 0.0%
- United Kingdom: 0.6%
- United States: 10.6%
- Total: 16.7%

DOMESTIC EQUITIES
- Financials: 0.0%

FOREIGN EQUITIES
- United States: 0.4%

CASH AND SHORT-TERM INVESTMENTS
- 1.1%

OTHER NET ASSETS
- 0.0%

TOTAL NET ASSETS
- 100.0%

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, 2018.

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.