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.
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.

MD Financial Management Inc. wholly owns or has a majority interest in its seven subsidiaries (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.
Investment Objectives and Strategies

The MDPIM International Equity Pool (the “Fund”) seeks to achieve long−term growth of capital by investing in a diversified portfolio of global equity securities.

This is a multi−advisor structured fund and utilizes the investment advisory services of: Walter Scott & Partners Limited (Walter Scott), Mawer Investment Management Limited (Mawer), Mondrian Investment Partners (Mondrian), Earnest Partners (Earnest), LSVAsset Management (LSV) and CIBC Asset Management (CAM).

Walter Scott invests in growth−oriented companies—that seem capable of sustaining a high internal rate of return, as well as superior earnings growth. They use a “buy & hold” investment approach, allowing the selected stocks’ internal growth to translate into share price performance. The Investment Advisor relies heavily on their internal research, analyzing companies via proprietary methods, enabling them to compare stocks from around the world in a consistent manner.

Mawer uses a bottom−up fundamental approach to systematically create broadly diversified portfolios of wealth−creating companies, with excellent management teams, bought at discounts to their intrinsic values. Capital is allocated to the best overall opportunities, which may include both large and small capitalization companies. The amount invested in any one country or sector will vary depending upon the specific investment opportunities in that country or sector. Mawer’s goal is to create a resilient portfolio that does not just mimic the index.

Mondrian employs a value−oriented investment approach, seeking to find value in the long−term flow of dividends. Dividend yield and future real growth play a central role in their decision−making process, and over time the dividend component is expected to produce a meaningful portion of the total return.

Earnest uses a proprietary investment approach called Return Pattern Recognition®, to identify the financial and market characteristics that have been in place when an individual company has produced outstanding performance. Earnest screens thousands of companies and selects for an in−depth fundamental review those exhibiting the set of characteristics that are believed to indicate future outperformance. Portfolios of stocks expected to have the best performance are combined using a statistical approach called downside deviation to measure and then constrain the likelihood of significantly underperforming the benchmark.

LSV believes that superior long−term results can be achieved by systematically exploiting the judgmental biases and behavioural weaknesses that influence the decisions of many investors. These include: the tendency to extrapolate the past too far into the future, to wrongly equate a good company with a good investment irrespective of price, to ignore statistical evidence and to develop a “mind set” about a company. LSV uses a quantitative investment model to choose out−of−favour (undervalued) stocks in the marketplace at the time of purchase and have potential for near−term appreciation. LSV believes that these out−of−favour securities will produce superior future returns if their future growth exceeds the market’s low expectations.

CIBC Asset Management Inc. (CAM) is the Investment Advisor for the Fund’s foreign cash reserves and its foreign currency exposure. In managing the foreign cash reserves, CAM seeks to maintain the equity market exposure and minimize the impact of cash on the Fund’s performance. CAM seeks to manage the currency risk and add value by managing the Fund’s exposure to foreign currency. CAM employs proprietary quantitative models focusing on key valuation, cyclical and momentum factors as well as qualitative analysis based on extensive internal research and insights from external sources.

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 significantly during the year. Descriptions of the investment risks associated with this Fund are detailed in the Simplified Prospectus.

Results of Operations

As part of MD Financial Management Inc.’s investment management discipline, we carefully select and monitor each Investment Advisor to ensure the investment decisions and fund investments remain consistent with the objectives of the Fund.

We currently manage the Fund by allocating assets between six Investment Advisors. The Fund’s asset allocation to the Advisors at the end of 2016 was as follows:

<table>
<thead>
<tr>
<th>Advisor Allocation</th>
<th>Investment Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>Walter Scott &amp; Partners Limited</td>
</tr>
<tr>
<td>18%</td>
<td>Mawer Investment Management</td>
</tr>
<tr>
<td>19%</td>
<td>Mondrian Investment Partners (developed markets)</td>
</tr>
<tr>
<td>14%</td>
<td>LSVAsset Management</td>
</tr>
<tr>
<td>14%</td>
<td>Earnest Partners</td>
</tr>
<tr>
<td>7%</td>
<td>CIBC Asset Management</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2018, the Fund had total return of −4.6% (Series A).

The negative return year over year was a result of equity market volatility in the fourth quarter. Concerns over global growth, the pace of monetary policy tightening and geopolitical risks, led to a correction in equities in the fourth quarter, erasing gains from earlier in the year. However, the Canadian dollar was weak over the year. As such translation gains offset a significant portion of the negative equity returns. In particular, approximately half of the fund’s assets are denominated in euro and Japanese yen, both of which were strong versus the Canadian dollar for the year. For the year ended December 31, 2018, the MSCI EAFE Index, which represents the aggregate common share returns of the largest companies in developed non−North American markets, returned −10.5% in local currencies and −5.6% in Canadian dollar terms. Other factors that affected the Fund’s performance are summarized below.

The majority of the Fund’s regional allocations were to Europe, Asia−Pacific and emerging markets. European equities, including the UK, represented the largest allocation, approximately 60% of the portfolio by market value, on average. Asia−Pacific, was the strongest region in the portfolio and the only region to make a positive contribution to return. This was driven by strength in Hong Kong and Singaporean securities held. In contrast, Japan was the weakest market, making the most significant negative contribution to return. European positions held in aggregate had a modestly negative return, but the large weight in the portfolio led to Europe being the second largest contributor to negative return for the year.

Four of the 11 industrial sectors represented in the portfolio contributed positively to the Fund’s return in Canadian dollar terms. The defensive Health Care, Utilities, Communication Services and Consumer Staples contributed positively to return. In contrast, the more cyclical Consumer Discretionary, Industrials and Financials sectors were the three largest detractors from return.
The Fund’s active multi-manager structure combines complementary investment approaches. The style was consistently maintained throughout the period. The portfolio is actively managed, with positions altered based on relative opportunities, however there were no major shifts in the overall regional or sector weights over the year.

As at December 31, 2018, the total net asset value of the Fund was $2.4 billion, a decrease of 3% since the beginning of the year. The decrease is due to net investment losses and income distributions to unitholders, partially offset by net contributions to the Fund.

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.

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 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.

<table>
<thead>
<tr>
<th>YEAR−BY−YEAR RETURNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Return</td>
</tr>
<tr>
<td>0.0%</td>
</tr>
<tr>
<td>1.0%</td>
</tr>
<tr>
<td>2.0%</td>
</tr>
<tr>
<td>3.0%</td>
</tr>
<tr>
<td>4.0%</td>
</tr>
<tr>
<td>5.0%</td>
</tr>
<tr>
<td>6.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>8.0%</td>
</tr>
<tr>
<td>9.0%</td>
</tr>
<tr>
<td>10.0%</td>
</tr>
</tbody>
</table>

ANNUAL COMPOUND RETURNS

The following table shows the Fund’s historical annual compound return for the one, three, five and ten year periods ended on December 31, as compared to the return of the MSCI EAFE Index.

<table>
<thead>
<tr>
<th></th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDPIM International Equity Pool – Series A</td>
<td>−4.60%</td>
<td>4.71%</td>
<td>6.90%</td>
<td>7.65%</td>
</tr>
<tr>
<td>MSCI EAFE Index</td>
<td>−5.55%</td>
<td>2.80%</td>
<td>6.20%</td>
<td>7.90%</td>
</tr>
</tbody>
</table>

The Fund’s active multi-manager structure combines complementary investment approaches. The style was consistently maintained throughout the period. The portfolio is actively managed, with positions altered based on relative opportunities, however there were no major shifts in the overall regional or sector weights over the year.

As at December 31, 2018, the total net asset value of the Fund was $2.4 billion, a decrease of 3% since the beginning of the year. The decrease is due to net investment losses and income distributions to unitholders, partially offset by net contributions to the Fund.
Management uses the MSCI EAFE Index as the benchmark for this Fund because it represents the aggregate returns of securities listed on exchanges in European, Australasian and Far Eastern markets. 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 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 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.

As the above table indicates, the Fund outperformed the MSCI EAFE Index for the one-year. During the market volatility the portfolio held up better than the market due to a general bias to higher quality companies. Regionally, Europe was the largest source of outperformance, due to strong selection as well as an underweight to the Financials sector, particularly banks which were weak over the period. The portfolio has also outperformed over the past 3-year and 5-year periods.

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>Net assets – beginning of the year</td>
<td>$19.43</td>
<td>$16.80</td>
<td>$17.36</td>
<td>$15.37</td>
<td>$14.98</td>
</tr>
</tbody>
</table>

Increase (decrease) from operations:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$0.52</td>
<td>$0.51</td>
<td>$0.44</td>
<td>$0.39</td>
<td>$0.47</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$(0.06)</td>
<td>$(0.06)</td>
<td>$(0.06)</td>
<td>$(0.06)</td>
<td>$(0.05)</td>
</tr>
<tr>
<td>Net realized gains (losses) for the year</td>
<td>$(0.02)</td>
<td>$0.36</td>
<td>$0.09</td>
<td>$0.41</td>
<td>$2.01</td>
</tr>
<tr>
<td>Net unrealized gains (losses) for the year</td>
<td>$(1.34)</td>
<td>$2.11</td>
<td>$(0.97)</td>
<td>$1.07</td>
<td>$(2.15)</td>
</tr>
<tr>
<td>Total increase (decrease) from operations</td>
<td>$(0.90)</td>
<td>$2.92</td>
<td>$(0.50)</td>
<td>$1.81</td>
<td>$0.28</td>
</tr>
</tbody>
</table>

Distributions:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>From income (excluding dividends)</td>
<td>$(0.31)</td>
<td>$(0.53)</td>
<td>$(0.70)</td>
<td>$(0.28)</td>
<td>$(0.32)</td>
</tr>
<tr>
<td>From dividends</td>
<td>$–</td>
<td>$–</td>
<td>$–</td>
<td>$–</td>
<td>$–</td>
</tr>
<tr>
<td>From capital gains</td>
<td>$(0.08)</td>
<td>$(0.04)</td>
<td>$–</td>
<td>$(0.19)</td>
<td>$–</td>
</tr>
<tr>
<td>Return of capital</td>
<td>$–</td>
<td>$–</td>
<td>$–</td>
<td>$–</td>
<td>$–</td>
</tr>
<tr>
<td>Total annual distributions</td>
<td>$(0.39)</td>
<td>$(0.57)</td>
<td>$(0.70)</td>
<td>$(0.47)</td>
<td>$(0.32)</td>
</tr>
</tbody>
</table>

Net assets – end of the year | $18.17 | $19.43 | $16.80 | $17.36 | $15.37 |

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.

**RATIOS AND SUPPLEMENTAL DATA**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets, end of the year</td>
<td>$2,353,838,912</td>
<td>$2,425,350,291</td>
<td>$1,574,545,702</td>
<td>$3,285,807,414</td>
<td>$1,505,861,377</td>
</tr>
<tr>
<td>Number of units outstanding</td>
<td>129,550,343</td>
<td>124,824,580</td>
<td>93,697,725</td>
<td>189,238,257</td>
<td>97,976,160</td>
</tr>
<tr>
<td>Management expense ratio</td>
<td>0.36%</td>
<td>0.36%</td>
<td>0.35%</td>
<td>0.33%</td>
<td>0.33%</td>
</tr>
<tr>
<td>Management expense ratio before tax</td>
<td>0.33%</td>
<td>0.33%</td>
<td>0.32%</td>
<td>0.30%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Management expense ratio before waivers or absorptions</td>
<td>0.41%</td>
<td>0.38%</td>
<td>0.40%</td>
<td>0.38%</td>
<td>0.39%</td>
</tr>
<tr>
<td>Trading expense ratio</td>
<td>0.05%</td>
<td>0.08%</td>
<td>0.13%</td>
<td>0.17%</td>
<td>0.35%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>17.38%</td>
<td>32.98%</td>
<td>94.18%</td>
<td>37.32%</td>
<td>182.84%</td>
</tr>
<tr>
<td>Net assets per unit</td>
<td>$18.17</td>
<td>$19.43</td>
<td>$16.80</td>
<td>$17.36</td>
<td>$15.37</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.
# MDPIM International Equity Pool

## Summary of Investment Portfolio, December 31, 2018

### NET ASSETS: $2,353.8 MILLION

- 97.2% Foreign Equities
- 2.4% Cash and Other Net Assets
- 0.4% Domestic Equities

### PORTFOLIO ALLOCATION

#### DOMESTIC EQUITIES
- Consumer Discretionary: 0.2%
- Telecommunication Services: 0.4%

#### FOREIGN EQUITIES
- Australia: 2.2%
- Austria: 0.6%
- Belgium: 0.4%
- Bermuda: 1.3%
- Brazil: 0.5%
- Cayman Islands: 1.9%
- Chile: 0.2%
- China: 1.0%
- Colombia: 0.2%
- Czech Republic: 0.1%
- Denmark: 2.3%
- Finland: 1.4%
- France: 7.7%
- Germany: 5.3%
- Hong Kong: 4.2%
- India: 1.2%
- Indonesia: 0.1%
- Ireland: 1.5%
- Israel: 0.3%
- Italy: 1.8%
- Japan: 15.7%
- Jersey: 1.4%
- Mexico: 0.2%
- Netherlands: 2.3%
- New Zealand: 0.0%
- Norway: 0.9%
- Portugal: 0.0%
- Singapore: 1.5%
- South Africa: 0.0%
- South Korea: 0.7%
- Spain: 3.1%
- Sweden: 1.7%
- Switzerland: 7.9%
- Taiwan: 2.3%
- United Kingdom: 15.7%
- United States: 0.3%
- Exchange Traded Funds: 9.3%

### CASH AND SHORT-TERM INVESTMENTS
- 2.0%

### OTHER NET ASSETS
- 0.4%

### 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.