



**MD Financial  
Management Inc.**

## **MD Family of Funds**

# 2018 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](http://md.ca) or SEDAR at [sedar.com](http://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.

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](http://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 Short-Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

### Investment Objectives and Strategies

The MD Short-Term Bond Fund (the "Fund") seeks to conserve capital and produce income. The Fund may invest in a variety of Government of Canada, provincial or municipal government bonds, corporate bonds, bonds of government-backed Crown Corporations, National Housing Association (NHA) mortgages, conventional residential mortgages and NHA-backed mortgages. It may also invest in foreign securities.

The Investment Advisor of the Fund is MD Private Trust Company. MD Private Trust Company utilizes the investment sub-advisory services of 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 Advisors 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 Advisor 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 Advisor'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.

### Results of Operations

As part of the MD Financial Management Inc. investment management discipline, we carefully select and monitor the Investment Advisor and Sub-Advisors, as well as the Fund's investments to ensure the investment performance remains consistent with the long-term objectives of the Fund.

Advisor Allocation	Investment Advisor
85%	Manulife Asset Management Limited
15%	Manulife Asset Management (US) LLC and Manulife Asset Management (Hong Kong) Limited

For the year ended December 31, 2018, the Fund had total return of 0.7% (Series A), 1.7% (Series I), and 1.6% (Series F).

Supported by Canada's strong economic growth, an improved domestic labour market, and continued global economic expansion, the Bank of Canada increased their overnight lending rate three times in 2018. The rise of Canada's key interest rate contributed to an increase for short- and medium-term Government of Canada bond yields; however, growing uncertainty for future economic expansion helped to reduce the year-over-year yield increase as investors sought protection from capital market volatility during the fourth quarter.

Despite experiencing a modest yield increase, federal government bonds had a positive return in 2018. Provincial and corporate bonds also realized a positive return, contributing to the Fund's benchmark return of 1.91%. Holding a well-diversified, overweight position in domestic spread products, the Fund benefitted from consistent, elevated income. At the end of December, the Fund had a meaningful yield advantage versus the Fund's benchmark, while being positioned for capital preservation amid expectations for rising interest rates.

The Fund maintained a shorter than benchmark duration position for most of the measured period but dynamically increased its interest rate risk to take advantage of periods where Canadian bond yields fell. At the end of the year, the Fund had an average duration of 2.7 years.

As at December 31, 2018, the total net asset value of the Fund was \$216 million, a decrease of 54% since the beginning of the year. The decrease is mainly due to net redemptions from 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.

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 Sub-Advisors' analysis of future interest rate direction.

# MD Short-Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

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.

### 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 Fund 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 MD 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 MD Fund through its offices across Canada. MD Management Limited is a wholly owned subsidiary of MD Financial Management Inc.

### 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

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	47.1%
Investment Management and Other	52.9%

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

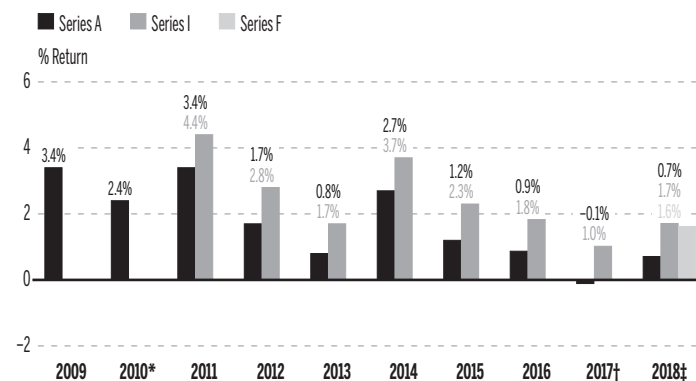
No management fees are paid by the Fund with respect to Series I units. Series I unitholders pay a negotiated fee directly to MD Financial Management Inc. for investment management and administrative services.

### 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 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 I units were not reported in 2010 as they had been in existence for less than 12 months.

† Series F units were not reported in 2017 as they had been in existence for less than 12 months.

‡ Series D units are not reported in 2018 as they have been in existence for less than 12 months.

# MD Short–Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

### ANNUAL COMPOUND RETURNS

The following table shows the Fund's historical annual compound return for the past one-, three-, five- and 10-year periods ended on December 31 and since inception of the series I and series F, as compared to the return of the FTSE Canada Short Term Bond Index, as well as the FTSE Canada Universe Bond Index. The FTSE Canada Short Term Bond Index serves as the benchmark for this Fund as its asset weightings are in line with the holdings of the Fund.

	1 year	3 years	5 years	10 years	Since Inception
MD Short–Term Bond Fund – Series A	0.71%	0.49%	1.08%	1.70%	–
MD Short–Term Bond Fund – Series I	1.71%	1.52%	2.11%	–	2.50%
MD Short–Term Bond Fund – Series F	1.62%	–	–	–	1.54%
FTSE Canada Short Term Bond Index	1.91%	1.00%	1.73%	2.51%	–

\*The Fund started series I units on January 15, 2010.

†The Fund started series F units on October 13, 2017.

‡The Fund started series D units on June 25, 2018.

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, Management is able to assess how the Fund is doing. 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 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.

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, FTSE Canada Short 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.

# MD Short–Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

### 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<sup>1</sup>

SERIES A	Year ended December 31				
	2018	2017	2016	2015	2014
Net assets – beginning of the year	\$ 10.36	\$ 10.65	\$ 10.77	\$ 10.79	\$ 10.67
Increase (decrease) from operations:					
Total revenue	\$ 0.33	\$ 0.31	\$ 0.32	\$ 0.27	\$ 0.28
Total expenses	\$ (0.11)	\$ (0.11)	\$ (0.11)	\$ (0.11)	\$ (0.11)
Net realized gains (losses) for the year	\$ (0.31)	\$ (0.10)	\$ (0.02)	\$ 0.03	\$ 0.03
Net unrealized gains (losses) for the year	\$ 0.13	\$ (0.10)	\$ (0.10)	\$ (0.05)	\$ 0.09
Total increase (decrease) from operations <sup>2</sup>	\$ 0.04	\$ –	\$ 0.09	\$ 0.14	\$ 0.29
Distributions:					
From income (excluding dividends)	\$ (0.13)	\$ (0.28)	\$ (0.21)	\$ (0.15)	\$ (0.17)
From dividends	\$ –	\$ –	\$ –	\$ –	\$ –
From capital gains	\$ –	\$ –	\$ –	\$ –	\$ –
Return of capital	\$ (0.04)	\$ –	\$ –	\$ –	\$ –
Total annual distributions <sup>3</sup>	\$ (0.17)	\$ (0.28)	\$ (0.21)	\$ (0.15)	\$ (0.17)
Net assets – end of the year	\$ 10.26	\$ 10.36	\$ 10.65	\$ 10.77	\$ 10.79

SERIES D	For the period June 25, to December 31, 2018 <sup>4</sup>
	Net assets – beginning of the year
Increase (decrease) from operations:	
Total revenue	\$ 0.16
Total expenses	\$ (0.03)
Net realized gains (losses) for the year	\$ (0.17)
Net unrealized gains (losses) for the year	\$ 0.25
Total increase (decrease) from operations <sup>2</sup>	\$ 0.21
Distributions:	
From income (excluding dividends)	\$ (0.07)
From dividends	\$ –
From capital gains	\$ –
Return of capital	\$ –
Total annual distributions <sup>3</sup>	\$ (0.07)
Net assets – end of the year	\$ 9.98

# MD Short-Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

### Financial Highlights (continued)

#### THE FUND'S NET ASSETS PER UNIT<sup>1</sup>

SERIES F	Year ended December 31	
	2018	2017 <sup>5</sup>
Net assets – beginning of the year	\$ 9.99	\$ 10.00
Increase (decrease) from operations:		
Total revenue	\$ 0.30	\$ 0.08
Total expenses	\$ (0.01)	\$ –
Net realized gains (losses) for the year	\$ (0.39)	\$ (0.09)
Net unrealized gains (losses) for the year	\$ 0.31	\$ 0.01
Total increase (decrease) from operations <sup>2</sup>	\$ 0.21	\$ –
Distributions:		
From income (excluding dividends)	\$ (0.22)	\$ (0.04)
From dividends	\$ –	\$ –
From capital gains	\$ –	\$ –
Return of capital	\$ –	\$ –
Total annual distributions <sup>3</sup>	\$ (0.22)	\$ (0.04)
Net assets – end of the year	\$ 9.93	\$ 9.99

SERIES I	Year ended December 31				
	2018	2017	2016	2015	2014
Net assets – beginning of the year	\$ 10.47	\$ 10.76	\$ 10.89	\$ 10.90	\$ 10.78
Increase (decrease) from operations:					
Total revenue	\$ 0.33	\$ 0.31	\$ 0.33	\$ 0.27	\$ 0.28
Total expenses	\$ –	\$ –	\$ –	\$ –	\$ –
Net realized gains (losses) for the year	\$ (0.31)	\$ (0.09)	\$ (0.01)	\$ 0.02	\$ 0.03
Net unrealized gains (losses) for the year	\$ 0.13	\$ (0.12)	\$ (0.13)	\$ (0.06)	\$ 0.07
Total increase (decrease) from operations <sup>2</sup>	\$ 0.15	\$ 0.10	\$ 0.19	\$ 0.23	\$ 0.38
Distributions:					
From income (excluding dividends)	\$ (0.23)	\$ (0.40)	\$ (0.33)	\$ (0.26)	\$ (0.27)
From dividends	\$ –	\$ –	\$ –	\$ –	\$ –
From capital gains	\$ –	\$ –	\$ –	\$ –	\$ –
Return of capital	\$ (0.05)	\$ –	\$ –	\$ –	\$ –
Total annual distributions <sup>3</sup>	\$ (0.28)	\$ (0.40)	\$ (0.33)	\$ (0.26)	\$ (0.27)
Net assets – end of the year	\$ 10.36	\$ 10.47	\$ 10.76	\$ 10.89	\$ 10.90

<sup>1</sup> This information is derived from the Fund's audited annual financial statements.

<sup>2</sup> 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.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>4</sup> The results shown are for the period June 25, 2018 - December 31, 2018.

<sup>5</sup> The results shown are for the period October 13, 2017 - December 31, 2017.

# MD Short-Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

### Financial Highlights (continued)

#### RATIOS AND SUPPLEMENTAL DATA

SERIES A	Year ended December 31				
	2018	2017	2016	2015	2014
Total net assets, end of the year <sup>1</sup>	\$ 78,599,795	\$ 156,426,796	\$ 185,995,578	\$ 219,058,567	\$ 233,464,912
Number of units outstanding	7,661,210	15,094,389	17,471,864	20,341,911	21,642,931
Management expense ratio <sup>2</sup>	1.02%	1.03%	1.00%	1.02%	1.02%
Management expense ratio before tax	0.92%	0.92%	0.92%	0.92%	0.92%
Management expense ratio before waivers or absorptions	1.02%	1.03%	1.00%	1.02%	1.02%
Trading expense ratio <sup>3</sup>	-	-	-	0.01%	-
Portfolio turnover rate <sup>4</sup>	88.20%	90.77%	52.84%	109.46%	66.63%
Net assets per unit	\$ 10.26	\$ 10.36	\$ 10.65	\$ 10.77	\$ 10.79

#### For the period June 25, to December 31, 2018<sup>5</sup>

SERIES D	
Total net assets, end of the year <sup>1</sup>	\$ 84,738
Number of units outstanding	8,493
Management expense ratio <sup>2</sup>	0.56%
Management expense ratio before tax	0.52%
Management expense ratio before waivers or absorptions	0.56%
Trading expense ratio <sup>3</sup>	-
Portfolio turnover rate <sup>4</sup>	88.20%
Net assets per unit	\$ 9.98

#### Year ended December 31

SERIES F	2018	2017 <sup>6</sup>
Total net assets, end of the year <sup>1</sup>	\$ 41,358,696	\$ 176,992
Number of units outstanding	4,165,593	17,715
Management expense ratio <sup>2</sup>	0.13%	0.13%
Management expense ratio before tax	0.12%	0.12%
Management expense ratio before waivers or absorptions	0.13%	0.13%
Trading expense ratio <sup>3</sup>	-	-
Portfolio turnover rate <sup>4</sup>	88.20%	90.77%
Net assets per unit	\$ 9.93	\$ 9.99



# MD Short-Term Bond Fund

## Management Report of Fund Performance (December 31, 2018)

### Financial Highlights (continued)

#### RATIOS AND SUPPLEMENTAL DATA

SERIES I	Year ended December 31				
	2018	2017	2016	2015	2014
Total net assets, end of the year <sup>1</sup>	\$ 95,813,861	\$ 314,159,903	\$ 336,822,698	\$ 231,137,907	\$ 200,187,978
Number of units outstanding	9,250,881	30,009,756	31,300,094	21,227,093	18,360,934
Management expense ratio <sup>2</sup>	-	-	-	-	-
Management expense ratio before tax	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	-	-	-	-
Trading expense ratio <sup>3</sup>	-	-	-	0.01%	-
Portfolio turnover rate <sup>4</sup>	88.20%	90.77%	52.84%	109.46%	66.63%
Net assets per unit	\$ 10.36	\$ 10.47	\$ 10.76	\$ 10.89	\$ 10.90

<sup>1</sup> This information is provided as at December 31 of the year shown.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

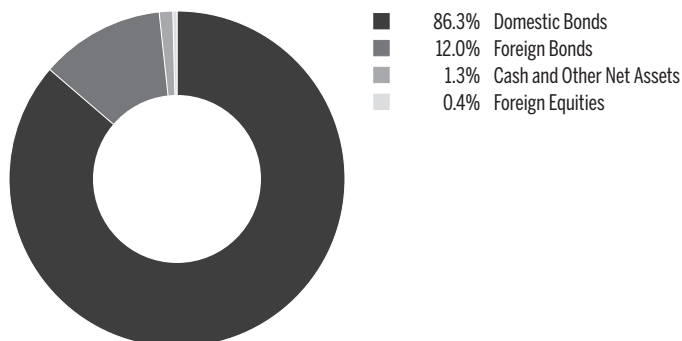
<sup>5</sup> The results shown are for the period June 25, 2018 - December 31, 2018.

<sup>6</sup> The results shown are for the period October 13, 2017 - December 31, 2017.

# MD Short-Term Bond Fund

## Summary of Investment Portfolio, December 31, 2018

### NET ASSETS: \$215.9 MILLION



### PORTFOLIO ALLOCATION

#### DOMESTIC BONDS

Corporate Bonds	55.6%
Government Of Canada Bonds	9.0%
Municipal Bonds	6.2%
Provincial Bonds	15.5%
<b>TOTAL DOMESTIC BONDS</b>	<b>86.3%</b>

#### FOREIGN BONDS

Australia	0.3%
Bermuda	0.0%
Brazil	0.2%
Cayman Islands	0.0%
Colombia	0.2%
France	0.0%
Germany	0.3%
Hungary	0.1%
Indonesia	0.4%
Ireland	0.2%
Luxembourg	0.2%
Malaysia	0.2%
Marshall Island	0.0%
Mexico	0.4%
Netherlands	0.1%
New Zealand	0.4%
Norway	0.4%
Philippines	0.2%
Portugal	0.1%
Singapore	0.1%
Sweden	0.1%
United Kingdom	0.1%
United States	8.0%
<b>TOTAL FOREIGN BONDS</b>	<b>12.0%</b>

#### FOREIGN EQUITIES

United States	0.4%
<b>TOTAL FOREIGN EQUITIES</b>	<b>0.4%</b>

#### CASH AND SHORT-TERM INVESTMENTS

<b>TOTAL CASH AND SHORT-TERM INVESTMENTS</b>	<b>1.2%</b>
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#### OTHER NET ASSETS

<b>TOTAL OTHER NET ASSETS</b>	<b>0.1%</b>
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#### TOTAL NET ASSETS

<b>TOTAL NET ASSETS</b>	<b>100.0%</b>
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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.

### TOP 25 HOLDINGS (PERCENTAGE OF NET ASSETS)

Canada Housing Trust No. 1, 2.40%, 12/15/2022	5.7%
Province of Quebec, 3.00%, 09/01/2023	3.9%
Canada Housing Trust No. 1, 2.55%, 12/15/2023	3.0%
Province of Alberta, 2.65%, 09/01/2023	2.5%
National Bank of Canada, 1.74%, 03/03/2020	2.3%
Province of Ontario, 2.85%, 06/02/2023	2.3%
The Toronto-Dominion Bank, 2.62%, 12/22/2021	2.2%
CDP Financial Inc., 4.60%, 07/15/2020	2.1%
Shaw Communications Inc., 5.50%, 12/07/2020	2.1%
The Bank of Nova Scotia, 2.36%, 11/08/2022	2.0%
Province of Ontario, 3.15%, 06/02/2022	2.0%
Daimler Canada Finance Inc., 2.30%, 11/23/2020	1.9%
General Motors Financial of Canada, Ltd., 3.08%, 05/22/2020	1.8%
Province of Ontario, 4.00%, 06/02/2021	1.8%
Bank of Montreal, 2.10%, 10/06/2020	1.6%
Royal Bank of Canada, 2.48%, 06/04/2025	1.5%
Municipal Finance Authority of British Columbia, 1.75%, 10/15/2020	1.4%
PSP Capital Inc., 3.03%, 10/22/2020	1.3%
Bank of Montreal, 2.84%, 06/04/2020	1.3%
Halifax Receivables Trust, 1.79%, 02/26/2020	1.2%
Cash and short-term investments	1.2%
AltaGas, Ltd., 4.07%, 06/01/2020	1.1%
City of Montreal, 4.50%, 12/01/2021	1.1%
Central 1 Credit Union, 3.06%, 10/14/2026	1.1%
The Bank of Nova Scotia, 3.04%, 10/18/2024	1.0%

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.



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