



**MD Financial
Management Inc.**

MD Family of Funds

2024 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 2024 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, 2024.

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 Maximum Growth Index Portfolio™

Management Report of Fund Performance (December 31, 2024)

Investment Objectives and Strategies

The MD Precision Maximum Growth Index Portfolio (the “Fund”) is a strategic asset allocation fund with the objective to provide growth of capital. The Fund will invest primarily in units of index mutual funds managed by MD Financial Management Inc. and exchange traded index funds with an emphasis on equity index funds for potential capital appreciation and a minor exposure to fixed income index funds for income generation and capital preservation. 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 20% fixed income, 26% Canadian equity, 29% US equity, 17% International equity and 8% 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 to medium level of investment risk with exposure to all major asset classes. The Fund is suitable for an investment time horizon of 20 or more years.

Results of Operations

The Canadian bond market, as represented by the FTSE Canada Universe Bond Index, finished up 4.2% for the 12-month period ending December 31, 2024. The 10-year Government of Canada yield peaked in April before dipping down to 2.87% in September and rising into the year-end to finish at 3.22% for the period. The Bank of Canada (BoC) became the first of the G7 countries to begin easing as they announced a 25 basis points (bps) cut in early June; this was the first rate cut by the BoC in four years and was followed by four more cuts during the year.

Investment grade and high yield credit spreads, as measured by ICE BofA Canadian corporate indices OAS (Option-Adjusted Spread) narrowed for the first half of the period before widening dramatically in August. Spreads then narrowed into the 4th quarter, reaching period tight.

Within the U.S., the 10-year Treasury yield similarly trended upwards into the spring then fell to 3.62% in September. Following Trump’s election victory, bond markets experienced a volatile sell-off driven largely by the anticipation of inflationary policies and bigger deficits under the new administration, leading to a rise in U.S. Treasury yields and they finished the period at 4.58%. The Federal Reserve began its own easing policy with a 50 bps cut in September, the first cut since emergency easing ended during the pandemic. They then followed with a 25 bps cut in both November and December.

The Canadian equity market ended the 12-month period in positive territory as the S&P/TSX Composite Index returned 21.6%. The period saw the Bank of Canada (BoC) become the first Group of Seven central bank to cut interest rates. The BoC aggressively cut rates 5 times, with the last two cuts being a jumbo cut – 50 basis points. Interest rates declined from 5.00% to 3.25%.

Global equities advanced over the 12-month period as the MSCI World Index (C\$) returned 30.0%. We witnessed equity markets generate double-digits returns, as most central banks reduced interest rates to spur economic growth.

The period witnessed equity markets generating double digits returns, while GDP growth averaged nearly 2.0% growth for the first three quarters of 2024, on an annualized basis. By year-end, inflation has reached the central bank’s target rate of 2%, it fell from 2.9% to 1.9% in November. The drop in rates in the second half of 2024 saw a surge in housing starts rising 8.4% month-over-month in November, the highest level in four months. Though, the manufacturing sector remains a sore spot as it contracted again in October, marking its 11th straight monthly contraction. The sector continued to be hindered by weak new orders and output. Moving forward, BoC Governor Macklem said ‘the central bank isn’t expecting a recession, though growth is slower than it had forecast.’ He also said there was heightened uncertainty with the possibility that the incoming U.S. administration will follow through with threatened tariffs on Canadian exports.

After their last rate cut, the BoC and the Fed changed their tone by indicating future cuts will be based on economic factors. The two central banks are to pull off a balancing act. They want to prevent the aggressive rate increases of the past two years from unnecessarily slowing down economic activity but they don’t want to undo recent progress on inflation. ECB President Lagarde signalled more cuts to come in 2025, saying the ‘direction of travel currently is very clear.’

Ironically, the Bank of Japan raised interest rates from -0.1% to 0.25%, reaching its highest level since 2008. The Japanese economy, which faced deflationary pressures for a prolonged period, is exhibiting a healthy inflation rate of 2.0%-2.5%.

China, the world’s second largest economy, is burdened with excess debt, excess capacity and excess housing supply. Though, China still has strengths: it dominates global manufacturing and has commanding positions in new technologies, such as electric vehicles and renewable energy. In response to a slowing economy, the government is increasing industrial capacity and looking overseas to find buyers for goods they can’t sell at home. However, the prospect of a second Trump presidency raises the risk of heightened tensions over trade and technology in 2025.

Ten of the 11 GICS (Global Industry Classification Standard) sectors for Canadian equities posted positive returns over the 12-month period. The best performing sectors were Information Technology, Financials and Energy. The worst performing sectors were Communication Services, Real Estate and Health Care. Outside of the Canadian index, 11 GICS (Global Industry Classification Standard) global equity sectors posted positive returns over the 12-month period, with Communication Services, Information Technology and Financials being the largest contributors to index returns. The worst performing sectors were Real Estate, Materials and Health Care.

At the end of December, the Fund held an overweight tactical exposure to equities, as well as regional overweights to Canada and US equities. Correspondingly, the Fund had underweight allocations to International and Emerging Market equities as both are seen as less resilient than their North American peers.

As at December 31, 2024, the total net asset value of the Fund was \$98.66 million, an increase of 59% since the beginning of the year. The increase is due to net contributions and net investment gain partially offset by income distributions to unitholders.

MD Precision Maximum Growth Index Portfolio™

Management Report of Fund Performance (December 31, 2024)

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 five members: Stephen J. Griggs (Chair), Heather A.T. Hunter, Jennifer L. Witterick, 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 a principal basis on behalf of the Fund;
- Purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- 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 Precision Maximum Growth Index Portfolio™

Management Report of Fund Performance (December 31, 2024)

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	66.4%
Investment Management and Other	33.6%

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 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 are 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 return since inception as compared to the return of a Blended Composite Index as follows:

- 20% FTSE Universe Bond Index, which measures the returns on Canadian bonds with greater than one year to maturity,
- 25.6% S&P/TSX Capped Composite Index, which measures the aggregate common share returns of Canada's largest companies,
- 29.2% S&P 500 Index, which measures the aggregate common share returns of the U.S.'s largest companies.
- 17.2% MSCI EAFE Index, which measures the aggregate returns of securities listed on exchanges in European, Australasian and Far Eastern markets.
- 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 of the Fund

	1 year	3 years	5 years	10 years	Since Inception
MD Precision Maximum Growth Index Portfolio – Series F					9.52%
Blended Composite Index					9.56%
FTSE Canada 91 Day T-Bill	4.92%	3.81%	2.48%	1.71%	
FTSE Canada Universe Bond Index	4.23%	-0.60%	0.79%	1.98%	
S&P/TSX Capped Composite Index	21.65%	8.58%	11.08%	8.65%	
S&P 500 Index	36.36%	13.76%	16.92%	15.58%	
MSCI EAFE Index	13.81%	6.68%	7.44%	8.02%	
MSCI Emerging Markets	17.85%	2.88%	4.24%	6.31%	

†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 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 underweight allocation to outperforming equities.

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.

MD Precision Maximum Growth Index Portfolio™

Management Report of Fund Performance (December 31, 2024)

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 Maximum Growth Index Portfolio™

Management Report of Fund Performance (December 31, 2024)

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 UNIT¹

SERIES F	Year ended December 31	
	2024 ⁴	
Net assets – beginning of the year	\$	10.00
Increase (decrease) from operations:		
Total revenue	\$	0.20
Total expenses	\$	(0.01)
Net realized gains (losses) for the year	\$	0.18
Net unrealized gains (losses) for the year	\$	0.46
Total increase (decrease) from operations ²	\$	0.83
Distributions:		
From income (excluding dividends)	\$	(0.03)
From dividends	\$	(0.02)
From capital gains	\$	-
Return of capital	\$	-
Total annual distributions ³	\$	(0.05)
Net assets – end of the year	\$	10.91

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

SERIES F	Year ended December 31	
	2024 ⁵	
Total net assets, end of the year ¹	\$	18,065,965
Number of units outstanding		1,656,303
Management expense ratio ²		0.24%
Management expense ratio before tax		0.22%
Management expense ratio before waivers or absorptions		0.24%
Trading expense ratio ³		0.01%
Portfolio turnover rate ⁴		13.82%
Net assets per unit	\$	10.91

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.

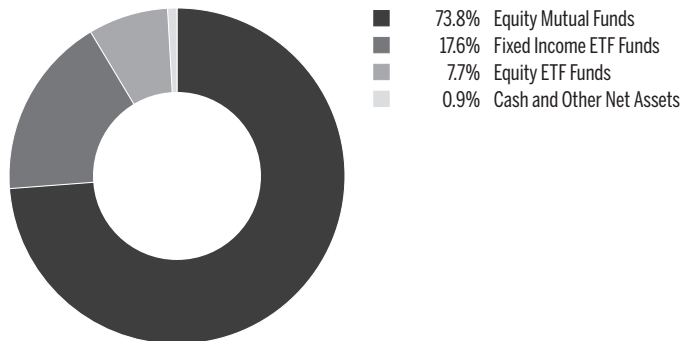
⁴ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio 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 Maximum Growth Index Portfolio™

Summary of Investment Portfolio, December 31, 2024

NET ASSETS: \$98.7 MILLION



PORTFOLIO ALLOCATION (PERCENTAGE OF NET ASSETS)

EQUITY ETF FUNDS	7.7%
FIXED INCOME ETF FUNDS	17.6%
EQUITY MUTUAL FUNDS	73.8%
CASH AND SHORT-TERM INVESTMENTS	0.5%
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.

TOP HOLDINGS (PERCENTAGE OF NET ASSETS)

MDPIM S&P 500 Index Pool Series A	31.1%
MDPIM S&P TSX Capped Composite Index Pool Series A	26.2%
BMO Aggregate Bond Index ETF	17.6%
MDPIM International Equity Index Pool Series A	16.5%
BMO MSCI Emerging Markets Index ETF	7.7%
Cash and short-term investments	0.5%

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

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, 2024.

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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