



**MD Financial  
Management Inc.**

MD Family of Funds

2023 Annual

Financial Statements

# A Message Regarding Your Financial Statements

Dear MD Family of Funds Investor:

As part of our commitment to keeping you informed about your MD fund investments, please find attached the 2023 Annual Financial Statements.

The Annual Financial Statements are produced on a fund-by-fund basis, and your report only includes information on the funds you owned as of December 31, 2023.

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.

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## **Audited Annual Financial Statements for the Year Ended December 31, 2023**

These audited Annual Financial Statements do not contain the Annual Management Report of Fund Performance ("MRFP") of the investment fund. If you have not received a copy of the Annual MRFP with this report, you may obtain a copy of the Annual MRFP at your request, and at no cost, by calling the toll-free number 1 800 267-2332, by writing to us at MD Financial Management Inc., 1870 Alta Vista Dr., Ottawa ON K1G 6R7, by visiting our website at [md.ca](http://md.ca) or by visiting the SEDAR+ website at [sedarplus.ca](http://sedarplus.ca). Securityholders 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.

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](http://md.ca).

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. The MD Family of Funds is managed by MD Financial Management Inc.

# MD Family of Funds

## Management's Responsibility for Financial Reporting

Management acknowledges responsibility for the preparation and presentation of the financial statements of MD Money Fund, MD Bond Fund, MD Short-Term Bond Fund, MD Precision Canadian Balanced Growth Fund, MD Precision Canadian Moderate Growth Fund, MD Dividend Growth Fund, MD Equity Fund, MD Canadian Equity Fund, MD American Value Fund, MD American Growth Fund, MD International Value Fund, MD International Growth Fund, MD Growth Investments Limited, MD Strategic Yield Fund, MD Strategic Opportunities Fund, MD Precision Conservative Portfolio, MD Precision Moderate Balanced Portfolio, MD Precision Balanced Growth Portfolio, MD Precision Maximum Growth Portfolio, MD Precision Balanced Income Portfolio, MD Precision Moderate Growth Portfolio, MDPIM Canadian Equity Pool, MDPIM US Equity Pool, MD Fossil Fuel Free Bond Fund™, MD Fossil Fuel Free Equity Fund™, MDPIM S&P TSX Capped Composite Index Pool, MDPIM S&P 500 Index Pool, MDPIM International Equity Index Pool, and MDPIM Emerging Markets Equity Pool (collectively "the funds"). The MDPIM S&P TSX Capped Composite Index Pool, MDPIM S&P 500 Index Pool, MDPIM International Equity Index Pool and MDPIM Emerging Markets Equity Pool are funds from the MDPIM Family of Funds, offered under separate Prospectus to discretionary managed accounts clients of MD Private Investment Counsel, however these Pools offer Series F units which are available to clients of MD Management Limited. These financial statements have also been approved, in its capacity as trustee, by the Board of Directors of MD Financial Management Inc., with the exception of MD Growth Investments Limited, which has been approved by its own Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Management has, where required, made these judgments and estimates on a reasonable basis to ensure that the financial statements are presented fairly in all material respects. Management also maintains strong internal controls to provide reasonable assurance that the financial information provided is reliable and accurate, that the funds' assets are appropriately accounted for and safeguarded, and that any compliance requirements arising under corporate legislation, securities regulations and internal codes of business conduct are strictly adhered to.

The Board of Directors of MD Financial Management Inc. and MD Growth Investments Limited are responsible to ensure that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the respective financial statements as outlined above.

The Board of Directors for MD Financial Management Inc. and MD Growth Investments Limited ("the Boards"), meet with the external auditors periodically to discuss internal control, accounting and auditing matters and financial reporting issues in order to satisfy themselves that each party's Board of Directors has properly discharged its statutory responsibilities with regard to financial reporting. The Boards review unaudited semi-annual financial statements and audited annual financial statements including the external auditors' report thereon. The Boards consider these findings when making their ultimate approval of the financial statements for issuance. The Boards also review the appointment of the external auditors annually.

The financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. KPMG LLP has full and free access to the MD Financial Management Inc. and MD Growth Investment Limited Boards.

Signed on behalf of MD Growth Investments Limited.



Craig Maddock  
President and Chief Executive Officer  
MD Growth Investments Limited



Katie Shulha  
Chief Financial Officer  
MD Growth Investments Limited

Signed on behalf of MD Financial Management Inc., in its capacity as trustee for MD Money Fund, MD Bond Fund, MD Short-Term Bond Fund, MD Precision Canadian Balanced Growth Fund, MD Precision Canadian Moderate Growth Fund, MD Dividend Growth Fund, MD Equity Fund, MD Canadian Equity Fund, MD American Value Fund, MD American Growth Fund, MD International Value Fund, MD International Growth Fund, MD Strategic Yield Fund, MD Strategic Opportunities Fund, MD Precision Conservative Portfolio, MD Precision Moderate Balanced Portfolio, MD Precision Balanced Growth Portfolio, MD Precision Maximum Growth Portfolio, MD Precision Balanced Income Portfolio, MD Precision Moderate Growth Portfolio, MDPIM Canadian Equity Pool, MDPIM US Equity Pool, MD Fossil Fuel Free Bond Fund and MD Fossil Fuel Free Equity Fund, MDPIM S&P TSX Capped Composite Index Pool, MDPIM S&P 500 Index Pool, MDPIM International Equity Index Pool and MDPIM Emerging Markets Equity Pool.



Pamela Allen  
President and Chief Executive Officer  
MD Financial Management Inc.



Rob Charters  
Chief Financial Officer  
MD Financial Management Inc.



## **KPMG LLP**

Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto, ON M5H 2S5  
Canada  
Telephone 416 777 8500  
Fax 416 777 8818

## **Independent Auditor's Report**

To the Unitholders and Trustee of

MD Precision Canadian Balanced Growth Fund MD Precision Conservative Portfolio

MD Precision Canadian Moderate Growth Fund MD Precision Moderate Balanced Portfolio

MD Bond Fund

MD Short-Term Bond Fund

MD Equity Fund

MD Canadian Equity Fund

MD Dividend Growth Fund

MD American Growth Fund

MD American Value Fund

MD International Growth Fund

MD International Value Fund

MD Precision Balanced Growth Portfolio

MD Precision Maximum Growth Portfolio

MD Precision Balanced Income Portfolio

MD Precision Moderate Growth Portfolio

MD Money Fund

MD Strategic Opportunities Fund

MD Strategic Yield Fund

MD Fossil Fuel Free Equity Fund

MD Fossil Fuel Free Bond Fund

and

To the Shareholders of MD Growth Investments Limited

(collectively, the "Funds")

### ***Opinion***

We have audited the financial statements of the Funds, which comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units or shares, as applicable, for the years then ended
- the statements of cash flows for the year then ended



Page 2

- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2023 and December 31, 2022, and their financial performance and their cash flows for the years then ended in accordance with IFRS Accounting Standards.

### **Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Management is responsible for the other information. Other information comprises:

- the information included in the Annual Management Reports of Fund Performance of the Funds.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Annual Management Reports of Fund Performance of the Funds filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.



Page 3

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Funds.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



Page 4

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Funds.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 11, 2024

# MD Growth Investments Limited

## Financial Statements

### Statements of Financial Position

(in \$000's except for shares outstanding and per share amounts)

	December 31, 2023	December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Investments (Note 3, 8 and 9)	\$ 1,747,625	\$ 1,584,803
Cash	53,123	37,681
Dividends and interest receivable	6,636	5,218
Financial derivative instruments (Note 3)	3,736	3,272
Receivable for investment transactions	-	305
Income taxes recoverable	58	565
Refundable income taxes	1,327	851
Subscriptions receivable	1,163	683
	1,813,668	1,633,378
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accrued expenses (Note 4)	723	137
Payable for investment transactions	261	36
Deferred income taxes	2,313	1,886
Redemptions payable	3,334	784
Financial derivative instruments (Note 3)	42	739
	6,673	3,582
<b>Net assets attributable to holders of redeemable shares</b>	<b>\$ 1,806,995</b>	<b>\$ 1,629,796</b>
<b>Net assets attributable to holders of redeemable shares per shares</b>		
Series A	\$ 665,230	\$ 751,181
Series D	\$ 31,492	\$ 26,052
Series F	\$ 1,046,020	\$ 841,734
Series I	\$ 64,253	\$ 10,829
<b>Number of redeemable shares outstanding (see Fund Specific Notes)</b>		
Series A	22,743,790	30,799,371
Series D	2,004,541	1,997,247
Series F	58,659,448	57,195,449
Series I	1,895,607	389,138
<b>Net assets attributable to holders of redeemable shares per share, per series</b>		
Series A	\$ 29.25	\$ 24.39
Series D	\$ 15.71	\$ 13.04
Series F	\$ 17.83	\$ 14.72
Series I	\$ 33.90	\$ 27.83

Approved by the Board of Directors of MD Growth Investments Limited



Director  
(Signed by Craig Maddock)



Director  
(Signed by Andy Nasr)

### Statements of Comprehensive Income

for the years ended December 31 (in \$000's except for per share amounts)

	2023	2022
<b>Income</b>		
Net gain (loss) on investments		
Dividends	\$ 25,950	\$ 21,720
Interest for distribution purposes	2,515	678
Net realized gain (loss) on sale of investments	106,608	81,224
Change in unrealized appreciation (depreciation) of investments	226,801	(403,125)
Net gain (loss) on investments	361,874	(299,503)
Net gain (loss) on derivative instruments		
Net realized gain (loss) on derivative instruments	(14,677)	10,314
Change in unrealized appreciation (depreciation) of derivative instruments	1,161	(2,513)
Net gain (loss) on derivatives instruments	(13,516)	7,801
<b>Other Income</b>		
Foreign exchange gain (loss) on cash	(325)	1,702
Early redemption fee	2	1
Securities lending (see Fund Specific Notes)	45	23
Other	235	7
Total other income	(43)	1,733
Total income (loss)	348,315	(289,969)
<b>Expenses</b>		
Management fees (Note 4)	13,126	14,069
Administration fees (Note 4)	3,743	3,668
Interest expense	6	1
Withholding tax on foreign income	2,897	2,627
Transaction costs (Note 5)	633	436
Total expenses	20,405	20,801
Income before provision for income taxes	327,910	(310,770)
Provision for income taxes		
Current	2,154	125
Deferred	377	48
	2,531	173
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	<b>\$ 325,379</b>	<b>\$ (310,943)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable shares per series</b>		
Series A	\$ 132,745	\$ (163,482)
Series D	\$ 5,332	\$ (5,032)
Series F	\$ 179,843	\$ (141,880)
Series I	\$ 7,459	\$ (549)
<b>Increase (decrease) in net assets attributable to holders of redeemable shares per share, per series</b>		
Series A	\$ 4.99	\$ (4.85)
Series D	\$ 2.63	\$ (2.47)
Series F	\$ 3.10	\$ (2.53)
Series I	\$ 5.58	\$ (3.24)

The accompanying notes are an integral part of these financial statements.



# MD Growth Investments Limited

## Financial Statements

### Statements of Changes in Net Assets Attributable to Holders of Redeemable shares ("Net Assets")

for the years ended December 31 (in \$'000's)

	2023	2022
<b>SERIES A</b>		
<b>Net assets - beginning of year</b>	\$ 751,181	\$ 1,034,337
Add (deduct) changes during the year:		
<b>Operations</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	132,745	(163,482)
<b>Redeemable share transactions</b>		
Proceeds from issue of redeemable shares	42,388	72,514
Cash paid for redemption of redeemable shares	(261,084)	(192,188)
	(218,696)	(119,674)
<b>Net assets - end of year</b>	\$ 665,230	\$ 751,181

<b>SERIES D</b>		
<b>Net assets - beginning of year</b>	\$ 26,052	\$ 32,786
Add (deduct) changes during the year:		
<b>Operations</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	5,332	(5,032)
<b>Redeemable share transactions</b>		
Proceeds from issue of redeemable shares	5,652	3,322
Cash paid for redemption of redeemable shares	(5,544)	(5,024)
	108	(1,702)
<b>Net assets - end of year</b>	\$ 31,492	\$ 26,052

<b>SERIES F</b>		
<b>Net assets - beginning of year</b>	\$ 841,734	\$ 958,626
Add (deduct) changes during the year:		
<b>Operations</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	179,843	(141,880)
<b>Redeemable share transactions</b>		
Proceeds from issue of redeemable shares	196,932	125,972
Cash paid for redemption of redeemable shares	(172,489)	(100,984)
	24,443	24,988
<b>Net assets - end of year</b>	\$ 1,046,020	\$ 841,734

	2023	2022
<b>SERIES I</b>		
<b>Net assets - beginning of year</b>	\$ 10,829	\$ 4,684
Add (deduct) changes during the year:		
<b>Operations</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	7,459	(549)
<b>Redeemable share transactions</b>		
Proceeds from issue of redeemable shares	48,690	6,951
Cash paid for redemption of redeemable shares	(2,725)	(257)
	45,965	6,694
<b>Net assets - end of year</b>	\$ 64,253	\$ 10,829

<b>TOTAL FUND</b>		
<b>Net assets - beginning of year</b>	\$ 1,629,796	\$ 2,030,433
Add (deduct) changes during the year:		
<b>Operations</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	325,379	(310,943)
<b>Redeemable share transactions</b>		
Proceeds from issue of redeemable shares	293,662	208,759
Cash paid for redemption of redeemable shares	(441,842)	(298,453)
	(148,180)	(89,694)
<b>Net assets - end of year</b>	\$ 1,806,995	\$ 1,629,796

The accompanying notes are an integral part of these financial statements.

# MD Growth Investments Limited

## Financial Statements

### Statements of Cash Flows

for the years ended December 31 (in \$'000's)

	2023	2022
<b>Cash flows from (used in) operating activities</b>		
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	\$ 325,379	\$ (310,943)
<b>Adjustments for:</b>		
Proceeds from sale of investments	716,466	662,072
Purchase of investments	(545,349)	(577,093)
Unrealized foreign exchange (gain) loss on cash	28	(2)
Net realized (gain) loss on sale of investments	(106,608)	(81,224)
Change in unrealized (appreciation) depreciation of investments	(226,801)	403,125
Change in unrealized (appreciation) depreciation of derivative instruments	(1,161)	2,513
Net change in non-cash working capital	(374)	172
<b>Net cash from (used in) operating activities</b>	161,580	98,620
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issue of redeemable shares	70,368	123,582
Cash paid for redemption of redeemable shares	(216,478)	(213,189)
<b>Net cash from (used in) financing activities</b>	(146,110)	(89,607)
<b>Unrealized foreign exchange gain (loss) on cash</b>	(28)	2
<b>Net increase (decrease) in cash during the year</b>	15,442	9,015
<b>Cash, beginning of year</b>	37,681	28,666
<b>Cash, end of year</b>	\$ 53,123	\$ 37,681
Interest received	2,445	565
Dividends received, net of withholding taxes	21,705	18,605

The accompanying notes are an integral part of these financial statements.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
<b>DOMESTIC EQUITIES</b>			
<b>Communication Services (0.0%)</b>			
BCE Inc.	1,254	87	65
Total for Communication Services		87	65
<b>Consumer Staples (0.9%)</b>			
Alimentation Couche-Tard Inc.	193,800	6,425	15,122
Metro Inc.	4,272	302	293
Total for Consumer Staples		6,727	15,415
<b>Energy (0.0%)</b>			
ARC Resources Ltd.	11,449	209	225
Imperial Oil Limited	3,727	251	282
Total for Energy		460	507
<b>Financials (1.3%)</b>			
Brookfield Corporation Cl. A	387,040	16,327	20,571
Fairfax Financial Holdings Limited	363	359	444
Great-West Lifeco Inc.	4,454	155	195
Intact Financial Corporation	2,865	584	584
Power Corporation of Canada	9,433	350	358
Royal Bank of Canada	4,794	652	642
Sun Life Financial Inc.	9,691	612	666
The Toronto-Dominion Bank	6,601	644	565
Total for Financials		19,683	24,025
<b>Industrials (1.9%)</b>			
Canadian National Railway Company	202,180	31,049	33,673
Thomson Reuters Corporation	2,352	312	456
Total for Industrials		31,361	34,129
<b>Information Technology (0.6%)</b>			
CGI Inc.	3,692	519	524
Kinaxis Inc.	72,110	10,417	10,724
Total for Information Technology		10,936	11,248
<b>Exchange Traded Funds (0.0%)</b>			
Horizons S&P/TSX 60 Index ETF	4,283	218	229
Total for Exchange Traded Funds		218	229
<b>Total for Domestic Equities (4.7%)</b>		<b>69,472</b>	<b>85,618</b>
<b>FOREIGN EQUITIES</b>			
<b>Australia (0.8%)</b>			
Coles Group Limited	23,561	355	342
CSL Limited	49,900	4,992	12,891
Origin Energy Limited	21,764	164	166
Telstra Group Limited	71,538	257	255
Washington H. Soul Pattinson & Company Limited	4,216	123	125
Total for Australia		5,891	13,779
<b>Austria (0.0%)</b>			
Voestalpine AG	1,880	78	79
Total for Austria		78	79

Percentages shown in brackets relate investments at fair value to net assets of the Fund.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
<b>Bermuda (0.0%)</b>			
Arch Capital Group Ltd.	6,840	426	673
Total for Bermuda		426	673
<b>Cayman Islands (0.0%)</b>			
CK Asset Holdings Limited	36,063	315	239
CK Hutchison Holdings Limited	47,795	414	341
Total for Cayman Islands		729	580
<b>Denmark (1.6%)</b>			
A.P. Moller - Maersk A/S Cl. B	161	529	383
DSV A/S	1,458	320	340
Novo Nordisk A/S Cl. B	203,441	3,847	27,883
Pandora A/S	1,322	149	242
Total for Denmark		4,845	28,848
<b>Finland (0.0%)</b>			
Elisa OYJ Series A	2,422	169	149
Total for Finland		169	149
<b>France (5.1%)</b>			
Air Liquide SA	39,818	6,208	10,263
Air Liquide SA Registered Loyalty Bonus Shares	23,651	3,503	6,093
Dassault Systemes SE	152,600	3,776	9,899
L'Oréal SA	24,700	3,282	16,273
LVMH Moët Hennessy Louis Vuitton SE	31,569	12,829	33,930
Orange SA	33,278	493	502
Schneider Electric SE	52,460	5,659	13,996
Total for France		35,750	90,956
<b>Germany (0.2%)</b>			
Allianz SE Registered Shares	2,058	664	728
Bayerische Motoren Werke (BMW) AG	4,909	510	723
Beiersdorf AG	1,770	320	351
Deutsche Telekom AG Registered Shares	20,162	618	642
Heidelberg Materials AG	2,456	246	291
Henkel AG & Co. KGaA Preferred	4,502	498	480
Muenchener Rueckversicherungs-Gesellschaft AG Registered Shares	1,224	589	672
Porsche Automobil Holding SE Preferred Non-Voting	2,496	245	169
Talanx AG	1,021	91	97
Total for Germany		3,781	4,153
<b>Hong Kong (1.6%)</b>			
AIA Group Limited	2,513,470	23,510	28,927
Power Assets Holdings Limited	23,743	196	182
Sun Hung Kai Properties Limited	26,866	445	383
Total for Hong Kong		24,151	29,492
<b>India (1.1%)</b>			
HDFC Bank Limited ADR	220,110	17,227	19,573
Total for India		17,227	19,573
<b>Ireland (2.3%)</b>			
Accenture PLC Cl. A	47,700	17,722	22,179
Linde Public Limited Company	35,509	4,376	19,325
Total for Ireland		22,098	41,504

Percentages shown in brackets relate investments at fair value to net assets of the Fund.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
<b>Italy (0.1%)</b>			
Eni SPA	27,641	526	622
UniCredit SPA	19,389	531	697
Total for Italy		1,057	1,319
<b>Japan (5.1%)</b>			
Advantest Corporation	10,989	464	501
Bridgestone Corp.	9,789	500	536
Chubu Electric Power Company, Incorporated	11,726	199	201
Chugai Pharmaceutical Co., Ltd.	11,122	503	559
Dai Nippon Printing Co., Ltd.	3,871	108	151
Daiwa House Industry Co., Ltd.	10,450	376	418
DISCO Corporation	1,347	324	439
Hankyu Hanshin Holdings, Inc.	4,208	172	177
Honda Motor Co., Ltd.	50,717	694	695
Hoya Corporation	87,700	12,911	14,453
Hulic Co., Ltd.	6,647	77	92
Idemitsu Kosan Co., Ltd.	14,475	102	105
INPEX Corporation	17,941	279	320
Japan Post Bank Co., Ltd.	24,923	253	336
Japan Post Holdings Co., Ltd.	41,375	391	489
Japan Post Insurance Co., Ltd.	3,532	71	83
JFE Holdings, Inc.	8,301	139	170
Kajima Corporation	8,248	148	182
Kawasaki Kisen Kaisha, Ltd.	2,594	116	150
KDDI Corporation	14,193	568	597
Keyence Corporation	60,500	8,745	35,140
Kirin Holdings Company, Limited	13,762	290	267
Marubeni Corporation	19,249	284	401
Mazda Motor Corporation	9,040	95	127
McDonald's Holdings Company (Japan), Ltd.	1,450	74	83
Mitsubishi Corporation	20,442	297	432
Mitsubishi HC Capital Inc.	15,083	106	134
Mitsubishi UFJ Financial Group, Inc.	58,287	426	665
Mitsui & Co., Ltd.	7,663	328	378
Mitsui O.S.K. Lines, Ltd.	6,078	205	258
Mizuho Financial Group, Inc.	28,590	427	648
Nippon Steel Corporation	14,622	337	443
Nippon Telegraph and Telephone Corporation	412,402	607	667
Nippon Yusen Kabushiki Kaisha	8,239	293	338
Nissin Foods Holdings Co., Ltd.	3,054	117	141
Osaka Gas Co., Ltd.	6,670	176	185
Panasonic Holdings Corporation	32,625	474	424
SECOM Co., Ltd.	3,741	351	356
Sekisui House, Ltd.	10,387	239	305
Shimizu Corporation	5,688	51	50
Shin-Etsu Chemical Co., Ltd.	335,500	3,890	18,576
SMC Corporation	11,600	4,988	8,220
SoftBank Corp.	43,169	606	713
Sumitomo Corporation	15,198	312	439
Sumitomo Mitsui Financial Group, Inc.	10,049	407	649
Sumitomo Mitsui Trust Holdings, Inc.	12,292	260	312
Takeda Pharmaceutical Company Limited	15,112	674	575
The Kansai Electric Power Company, Incorporated	12,598	225	221
Tokyo Gas Co., Ltd.	7,217	218	219

Percentages shown in brackets relate investments at fair value to net assets of the Fund.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Toppan, Inc.	4,598	108	170
Yamaha Motor Co., Ltd.	15,858	137	187
Total for Japan		44,142	92,377
<b>Jersey (0.8%)</b>			
Experian PLC	239,200	5,975	12,916
Ferguson PLC	3,411	783	873
Glencore PLC	70,948	558	564
Total for Jersey		7,316	14,353
<b>Luxembourg (0.6%)</b>			
ArcelorMittal SA	8,680	320	326
B&M European Value Retail SA	1,174,094	11,465	11,080
Total for Luxembourg		11,785	11,406
<b>Netherlands (1.9%)</b>			
ASML Holding NV	31,150	15,748	31,163
Ferrari NV	1,449	612	647
Koninklijke KPN NV	57,355	250	262
Stellantis NV	28,513	592	885
Wolters Kluwer NV	2,749	362	518
Total for Netherlands		17,564	33,475
<b>New Zealand (0.0%)</b>			
Spark New Zealand Limited	31,908	127	138
Total for New Zealand		127	138
<b>Norway (0.0%)</b>			
Equinor ASA	13,813	644	580
Total for Norway		644	580
<b>Singapore (0.2%)</b>			
City Developments Limited	9,172	70	61
DBS Group Holdings Limited	20,429	634	684
Oversea-Chinese Banking Corporation Limited	55,107	676	717
Singapore Airlines Limited	25,811	156	170
Singapore Exchange Limited	15,239	144	150
Singapore Telecommunications Limited	156,756	373	388
United Overseas Bank Limited	22,543	604	643
UOL Group Limited	8,658	56	54
Total for Singapore		2,713	2,867
<b>Spain (1.9%)</b>			
ACS Actividades de Construccion y Servicios SA	3,680	113	216
Iberdrola SA	39,964	666	693
Industria de Diseno Textil, SA	564,836	20,135	32,644
Repsol, SA	22,665	466	445
Total for Spain		21,380	33,998
<b>Sweden (0.9%)</b>			
Atlas Copco AB Cl. A	649,916	6,467	14,829
Industrivarden AB Cl. A	4,582	167	198
Investor Aktiefbolag Cl. B	28,629	729	881
Total for Sweden		7,363	15,908

Percentages shown in brackets relate investments at fair value to net assets of the Fund.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
<b>Switzerland (5.2%)</b>			
Chubb Limited	46,490	9,063	13,922
Geberit AG	524	374	446
Holcim AG	7,589	645	790
Kuehne + Nagel International AG Registered Shares	959	396	438
Lonza Group AG Registered Shares	7,700	6,294	4,292
Nestlé SA Registered Shares	277,230	36,785	42,515
Novartis AG Registered Shares	4,700	479	629
Roche Holding AG Non-Voting	30,391	9,104	11,671
SGS SA	2,689	346	308
Sika AG Registered Shares	40,550	8,591	17,556
Swisscom AG Registered Shares	490	374	391
Zurich Insurance Group AG	996	559	690
<b>Total for Switzerland</b>		<b>73,010</b>	<b>93,648</b>
<b>Taiwan (1.0%)</b>			
Taiwan Semiconductor Manufacturing Company Limited Sponsored ADR	134,167	3,119	18,489
<b>Total for Taiwan</b>		<b>3,119</b>	<b>18,489</b>
<b>United Kingdom (6.3%)</b>			
3i Group PLC	15,577	336	635
Auto Trader Group PLC	14,379	175	175
BP PLC	81,678	655	640
Centrica PLC	105,059	262	249
Compass Group PLC	431,001	10,665	15,605
Diageo PLC	454,990	24,551	21,893
Diploma PLC	280,569	12,142	16,936
GSK PLC	24,021	568	588
HSBC Holdings PLC	73,812	766	790
Intertek Group PLC	264,650	21,509	18,936
London Stock Exchange Group PLC	159,660	21,174	25,009
National Grid PLC	39,083	691	699
Next PLC	1,916	253	262
Prudential PLC	583,100	14,482	8,698
RELX PLC	11,198	400	588
Tesco PLC	124,261	595	609
The Sage Group PLC	17,770	344	351
Unilever PLC	11,492	802	737
Vodafone Group PLC	415,425	554	478
<b>Total for United Kingdom</b>		<b>110,924</b>	<b>113,878</b>
<b>United States (54.9%)</b>			
Abbott Laboratories	132,950	14,993	19,391
AbbVie Inc.	7,600	1,464	1,561
Adobe Inc.	24,692	2,567	19,520
Albertsons Companies, Inc. Cl. A	5,961	175	182
Alphabet Inc. Cl. A	242,972	20,303	44,973
Alphabet Inc. Cl. C	101,340	1,338	18,924
Amazon.com, Inc.	213,886	32,693	43,061
AMETEK, Inc.	82,500	13,992	18,025
Amphenol Corporation Cl. A	146,560	2,577	19,251
Apple Inc.	20,863	4,342	5,322
Applied Materials, Inc.	7,888	1,180	1,694
Autodesk, Inc.	46,850	15,118	15,115
Automatic Data Processing, Inc.	53,189	4,060	16,419

Percentages shown in brackets relate investments at fair value to net assets of the Fund.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
Bank OZK	292,160	11,248	19,291
Becton, Dickinson and Company	72,270	23,562	23,349
Berkshire Hathaway Inc. Cl. B	3,549	1,686	1,677
Booking Holdings Inc.	6,190	15,715	29,094
Boston Scientific Corporation	290,650	15,467	22,264
Bristol-Myers Squibb Company	22,729	2,004	1,545
Broadcom Inc.	1,311	1,538	1,939
Builders FirstSource, Inc.	1,903	337	421
CF Industries Holdings, Inc.	3,721	482	392
Chesapeake Energy Corporation	2,199	231	224
Cintas Corporation	1,543	1,177	1,232
Cisco Systems, Inc.	187,050	6,005	12,521
CME Group Inc. Cl. A	51,190	14,214	14,285
Cognex Corporation	102,500	6,468	5,669
Cognizant Technology Solutions Corp. Cl. A	118,086	9,308	11,818
ConocoPhillips	9,416	1,482	1,448
Consolidated Edison, Inc.	6,177	771	745
Copart, Inc.	404,153	10,846	26,241
Costco Wholesale Corporation	19,380	12,825	16,950
Coterra Energy Inc.	14,380	470	486
D.R. Horton, Inc.	4,633	441	933
Danaher Corporation	79,920	24,821	24,498
Deckers Outdoor Corporation	453	343	401
Devon Energy Corporation	12,101	1,092	726
Edwards Lifesciences Corporation	120,600	5,934	12,185
Eli Lilly and Company	1,944	793	1,502
EQT Corporation	6,982	344	358
Expeditors International of Washington, Inc.	2,612	413	440
Fastenal Company	194,314	3,684	16,677
Fiserv, Inc.	144,780	18,674	25,484
Fortinet, Inc.	137,800	5,825	10,687
General Electric Company	8,689	1,312	1,469
General Mills, Inc.	10,905	1,254	941
Globe Life Inc.	1,624	257	262
HF Sinclair Corporation	2,909	202	214
IDEXX Laboratories, Inc.	1,275	726	938
Illinois Tool Works Inc.	4,505	1,260	1,564
Interactive Brokers Group, Inc. Cl. A	200,540	13,947	22,029
Intuitive Surgical, Inc.	37,238	1,926	16,646
IQVIA Holdings Inc.	77,460	17,208	23,748
Johnson & Johnson	7,460	1,648	1,549
Kimberly-Clark Corporation	6,109	1,105	984
KLA Corporation	2,156	1,007	1,661
Lam Research Corporation	1,737	1,067	1,803
LCI Industries	91,763	14,629	15,285
Lockheed Martin Corporation	2,280	1,482	1,369
Manhattan Associates, Inc.	998	308	285
Marathon Petroleum Corporation	8,003	1,261	1,573
MasterCard Incorporated Cl. A	88,944	22,367	50,266
Microsoft Corporation	181,625	27,456	90,499
Monster Beverage Corporation	200,170	11,844	15,280
Moody's Corporation	13,050	6,474	6,754
NetApp, Inc.	3,672	395	429
NIKE, Inc. Cl. B	92,697	3,077	13,335
Nucor Corporation	4,314	740	995

Percentages shown in brackets relate investments at fair value to net assets of the Fund.



# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's except for number of shares)

	Number of Shares	Average Cost (\$)	Fair Value (\$)
NVIDIA Corporation	2,590	1,601	1,700
NVR, Inc.	50	290	464
Old Dominion Freight Line, Inc.	24,826	10,406	13,334
O'Reilly Automotive, Inc.	5,500	6,336	6,924
Ovintiv Inc.	5,182	289	302
Paychex, Inc.	78,587	11,397	12,403
PepsiCo, Inc.	83,074	20,016	18,696
Phillips 66	8,161	1,061	1,440
PulteGroup Inc.	3,436	254	470
Reliance Steel & Aluminum Co.	1,019	326	378
SEI Investments Company	1,925	150	162
Steel Dynamics, Inc.	2,781	292	435
Stryker Corporation	35,212	2,404	13,972
Super Micro Computer, Inc.	706	274	266
Texas Instruments Incorporated	69,528	12,523	15,704
The Coca-Cola Company	20,285	1,618	1,584
The Estee Lauder Companies Inc. Cl. A	76,240	13,963	14,774
The Hershey Company	2,654	714	656
The Procter & Gamble Company	8,106	1,599	1,574
The Sherwin-Williams Company	54,880	16,566	22,681
The TJX Companies, Inc.	127,587	4,045	15,859
The Walt Disney Company	58,843	7,876	7,040
Ulta Beauty, Inc.	863	455	560
UnitedHealth Group Incorporated	53,320	20,948	37,196
Valero Energy Corporation	6,837	1,239	1,178
Verisk Analytics, Inc. Cl. A	2,522	837	798
Visa Inc. Cl. A	5,002	1,530	1,726
W.W. Grainger, Inc.	746	482	819
Walmart Inc.	7,597	1,611	1,587
Waters Corporation	26,200	6,867	11,430
West Pharmaceutical Services, Inc.	16,100	5,718	7,512
<b>Total for United States</b>		<b>599,641</b>	<b>992,422</b>
<b>Exchange Traded Funds (0.4%)</b>			
iShares Core MSCI EAFE ETF	26,149	2,375	2,437
iShares Core S&P 500 ETF	7,783	4,817	4,926
<b>Total for Exchange Traded Funds</b>		<b>7,192</b>	<b>7,363</b>
<b>Total for Foreign Equities (92.0%)</b>		<b>1,023,122</b>	<b>1,662,007</b>
<b>Total for Investments (96.7%)</b>		<b>\$1,092,594</b>	<b>\$1,747,625</b>
<b>Cash and Other Net Assets (3.3%)</b>			<b>59,370</b>
<b>Total Net Assets Attributable to Holders of Redeemable Shares (100.0%)</b>			<b>\$1,806,995</b>

Percentages shown in brackets relate investments at fair value to net assets of the Fund.

# MD Growth Investments Limited

## Schedule of Investment Portfolio as at December 31, 2023

(in \$000's)

### Schedule of Derivative Instruments

#### FORWARD CURRENCY CONTRACTS

Contracts	Pay	Receive	Contract Rate	Due Date	Fair Value (\$)	Counterparty	Rating of the Counterparty*
1	34,918 Canadian Dollar	39,107 Australian dollar	1.120	03/20/2024	393	Canadian Imperial Bank of Commerce	A+
1	23,774 Euro Currency	34,956 Canadian Dollar	1.470	03/20/2024	165	Royal Bank of Canada	AA-
1	16,082,245 Japanese Yen	152,415 Canadian Dollar	0.009	03/21/2024	66	Bank of Montreal	A+
1	102,367 Pound Sterling	174,590 Canadian Dollar	1.706	03/20/2024	2,498	State Street Bank and Trust Co.	AA-
1	12,878 U.S. Dollar	64,301 Brazilian Real	4.993	03/20/2024	348	Royal Bank of Canada	AA-
1	377,605 U.S. Dollar	511,796 Canadian Dollar	1.355	03/20/2024	13,720	Toronto-Dominion Bank	AA-
					17,190		
1	17,021 Canadian Dollar	11,576 Euro Currency	0.680	03/20/2024	(80)	Royal Bank of Canada	AA-
1	250,056 Canadian Dollar	26,384,917 Japanese Yen	105.516	03/21/2024	(108)	Bank of Montreal	A+
1	139,120 Canadian Dollar	81,570 Pound Sterling	0.586	03/20/2024	(1,991)	State Street Bank and Trust Co.	AA-
1	422,139 Canadian Dollar	311,455 U.S. Dollar	0.738	03/20/2024	(11,317)	Toronto-Dominion Bank	AA-
					(13,496)		
<b>Total Forward Currency Contracts</b>					3,694		

\* Source: Standard & Poor's Credit Rating Agency

# MD Growth Investments Limited

## Fund Specific Notes

(in \$000's)

### Financial Instruments

MD Growth Investments Limited (the "Fund") invests in a diversified portfolio of global equity securities as well as derivative contracts as shown in the Schedule of Investment Portfolio. These investments expose the Fund to risks associated with financial instruments. The Fund's exposure and sensitivity to these risks are presented below. A description of the risks and how the Fund manages these risks is discussed in Note 8 of the Notes to the Financial Statements.

### Credit Risk

The Fund's credit risk is concentrated in investments in preferred shares and derivative instruments. The Fund's maximum exposure to credit risk is the carrying value of preferred shares as presented on the Schedule of Investment Portfolio as well as the cash presented on the Statements of Financial Position. The Fund's maximum exposure to credit risk from derivative instruments is the carrying value of financial derivative instrument assets as presented on the Statements of Financial Position.

As at December 31, 2023 and December 31, 2022, the Fund does not have significant investments in debt instruments.

### Currency Risk

Exposures to foreign currencies as at December 31, 2023 and December 31, 2022 are presented in the table below.

Currency	Cash and Other Net Assets Attributable to Holders of Redeemable Shares	Investments at Fair Value	Derivative Exposure	Net Currency Exposure	% of Net Assets Attributable to Holders of Redeemable Shares
<b>December 31, 2023</b>					
U.S. Dollar	\$ 35,473	\$ 1,094,818	\$ (104,241)	\$ 1,026,050	56.8%
European Euro	382	164,454	(17,851)	146,985	8.1%
Australian Dollar	2	13,779	35,311	49,092	2.7%
Brazilian Real	-	-	17,334	17,334	1.0%
Danish Krone	144	28,848	-	28,992	1.6%
Hong Kong Dollar	-	30,072	-	30,072	1.7%
Japanese Yen	99	92,377	97,599	190,075	10.5%
New Zealand Dollar	-	139	-	139	0.0%
Norwegian Krone	-	580	-	580	0.0%
British Pound	41	138,439	(34,962)	103,518	5.7%
Singapore Dollar	11	2,867	-	2,878	0.2%
Swedish Krona	-	15,908	-	15,908	0.9%
Swiss Franc	4,733	79,726	-	84,459	4.7%
<b>Total</b>	<b>\$ 40,885</b>	<b>\$ 1,662,007</b>	<b>\$ (6,810)</b>	<b>\$ 1,696,082</b>	<b>93.9%</b>
<b>December 31, 2022</b>					
U.S. Dollar	\$ 23,733	\$ 994,843	\$ (4)	\$ 1,018,572	62.5%
European Euro	611	129,190	(67,729)	62,072	3.8%
Australian Dollar	5	16,433	-	16,438	1.0%
Brazilian Real	-	-	16,261	16,261	1.0%
Danish Krone	262	25,914	-	26,176	1.6%

Currency	Cash and Other Net Assets Attributable to Holders of Redeemable Shares	Investments at Fair Value	Derivative Exposure	Net Currency Exposure	% of Net Assets Attributable to Holders of Redeemable Shares
Hong Kong Dollar	16	58,609	-	58,625	3.6%
Israeli Shekel	6	789	-	795	0.0%
Japanese Yen	69	83,055	34,467	117,591	7.2%
Mexican Peso	-	-	16,043	16,043	1.0%
New Zealand Dollar	-	156	-	156	0.0%
Norwegian Krone	-	910	-	910	0.1%
British Pound	20	113,635	(98,013)	15,642	1.0%
Singapore Dollar	12	3,355	-	3,367	0.2%
Swedish Krona	-	22,225	-	22,225	1.4%
Swiss Franc	3,996	73,706	100,963	178,665	11.0%
<b>Total</b>	<b>\$ 28,730</b>	<b>\$ 1,522,820</b>	<b>\$ 1,988</b>	<b>\$ 1,553,538</b>	<b>95.4%</b>

As at December 31, 2023, if the Canadian Dollar had strengthened against all other currencies by 10%, the Net Assets Attributable to Holders of Redeemable Shares of the Fund could have decreased by approximately \$169,608 or 9.4% of Net Assets Attributable to Holders of Redeemable Shares (December 31, 2022 - \$155,354 or 9.5%). Conversely, had the Canadian Dollar weakened against all other currencies by 10%, the Net Assets Attributable to Holders of Redeemable Shares of the Fund could have increased by approximately \$169,608 or 9.4% of Net Assets Attributable to Holders of Redeemable Shares (December 31, 2022 - \$155,354 or 9.5%). These sensitivities are estimates. Actual results may vary and the variance may be material.

### Interest Rate Risk

The majority of the Fund's financial assets are non-interest bearing. The maturity dates of the interest-bearing assets held by the Fund are less than one year. Therefore, the Fund's exposure to interest rate risk is not significant.

### Liquidity Risk

The Fund's financial liabilities are all due within one year. Redeemable shares are redeemable on demand at the holder's option; however, the Fund does not expect the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

### Other Price Risk

As at December 31, 2023, 96.7% (December 31, 2022 - 97.2%) of the Fund's Net Assets Attributable to Holders of Redeemable Shares were invested in equity financial instruments traded in active markets. If prices of securities traded on these markets decrease by 10%, with all other factors remaining constant, Net Assets Attributable to Holders of Redeemable Shares could fall by approximately \$174,762 (December 31, 2022 - \$158,480). Conversely, if prices increase by 10%, Net Assets Attributable to Holders of Redeemable Shares could rise by approximately \$174,762 (December 31, 2022 - \$158,480). These sensitivities are estimates. Actual results may vary and the variance may be significant.

# MD Growth Investments Limited

## Fund Specific Notes

(in \$000's)

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category. The following table summarizes the Fund's concentration risk as a percentage of Net Assets Attributable to Holders of Redeemable Shares:

Market Segment	December 31, 2023	December 31, 2022
<b>Domestic Equities</b>		
Communication Services	0.0%	-
Consumer Discretionary	-	0.0%
Consumer Staples	0.9%	0.9%
Energy	0.0%	0.1%
Exchange Traded Funds	0.0%	0.0%
Financials	1.3%	0.4%
Industrials	1.9%	0.9%
Information Technology	0.6%	1.2%
Materials	-	0.0%
Telecommunication Services	-	0.0%
Utilities	-	0.1%
<b>Foreign Equities</b>		
Australia	0.8%	1.0%
Austria	0.0%	-
Bermuda	0.0%	0.4%
Cayman Islands	0.0%	1.4%
Denmark	1.6%	1.6%
Finland	0.0%	1.1%
France	5.1%	5.1%
Germany	0.2%	0.1%
Hong Kong	1.6%	2.2%
India	1.1%	1.3%
Ireland	2.3%	1.1%
Israel	-	0.1%
Italy	0.1%	0.1%
Japan	5.1%	5.1%
Jersey	0.8%	0.7%
Luxembourg	0.6%	0.8%
Netherlands	1.9%	1.1%
New Zealand	0.0%	0.0%
Norway	0.0%	0.1%
Singapore	0.2%	0.2%
Spain	1.9%	1.2%
Sweden	0.9%	0.7%
Switzerland	5.2%	5.4%
Taiwan	1.0%	0.8%
United Kingdom	6.3%	6.4%
United States	54.9%	54.7%
Exchange Traded Funds	0.4%	0.9%
<b>Cash and Other Net Assets (Liabilities)</b>	3.3%	2.8%
<b>Total</b>	100.0%	100.0%

### Fair Value Hierarchy

The following is a summary of the Fund's use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2), and internal models without observable market information (Level 3) in the valuation of the Fund's securities. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total*
<b>December 31, 2023</b>			
Domestic Equities	\$ 85,618	\$ -	\$ 85,618
Foreign Equities	1,100,911	561,096	1,662,007
Financial Derivative Instruments – Assets	-	3,736	3,736
Financial Derivative Instruments – Liabilities	-	(42)	(42)
<b>Total</b>	<b>\$ 1,186,529</b>	<b>\$ 564,790</b>	<b>\$ 1,751,319</b>
<b>December 31, 2022</b>			
Domestic Equities	\$ 61,982	\$ -	\$ 61,982
Foreign Equities	1,522,821	-	1,522,821
Financial Derivative Instruments – Assets	-	3,272	3,272
Financial Derivative Instruments – Liabilities	-	(739)	(739)
<b>Total</b>	<b>\$ 1,584,803</b>	<b>\$ 2,533</b>	<b>\$ 1,587,336</b>

\*The Fund does not hold any Level 3 investments.

For the period from January 1, 2023 to December 31, 2023, equity investments of approximately \$490,495 were transferred from Level 1 to Level 2. For the period from January 1, 2022 to December 31, 2022, there have been no significant transfers between Level 1 and Level 2. Transfers are primarily attributable to the valuation techniques used for foreign equity securities, as discussed in the accompanying Notes to Financial Statements.

# MD Growth Investments Limited

## Fund Specific Notes

(in \$000's except for shares outstanding)

### Share Capital

MD Growth Investments Limited's authorized share capital comprises an unlimited number of non-voting mutual fund shares (Series A, F, D and I) and 5,312 common shares. The common shares participate equally in the income, distribution and net asset valuations of the Fund. Note that due to their negligible value these common shares do not appear in the financial statements or supplementary schedules.

for the years ended December 31

	2023	2022
<b>SERIES A</b>		
Outstanding, beginning of year	30,799,371	35,742,419
Issued	1,570,824	2,865,287
Redeemed	(9,626,405)	(7,808,335)
<b>Outstanding, end of year</b>	<b>22,743,790</b>	<b>30,799,371</b>
<b>SERIES D</b>		
Outstanding, beginning of year	1,997,247	2,127,546
Issued	390,944	237,589
Redeemed	(383,650)	(367,888)
<b>Outstanding, end of year</b>	<b>2,004,541</b>	<b>1,997,247</b>
<b>SERIES F</b>		
Outstanding, beginning of year	57,195,449	55,471,729
Issued	11,981,742	8,577,823
Redeemed	(10,517,743)	(6,854,103)
<b>Outstanding, end of year</b>	<b>58,659,448</b>	<b>57,195,449</b>
<b>SERIES I</b>		
Outstanding, beginning of year	389,138	144,122
Issued	1,592,433	254,274
Redeemed	(85,964)	(9,258)
<b>Outstanding, end of year</b>	<b>1,895,607</b>	<b>389,138</b>

### Securities on Loan

(in \$000's)	December 31, 2023	December 31, 2022
Fair value of securities loaned	\$ 7,393	\$ 8,860
Fair value of collateral (non-cash)	\$ 7,767	\$ 9,312

State Street Bank and Trust Co. is entitled to receive payments out of the gross amount generated from the securities lending transactions of the Fund and bears all operational costs directly related to securities lending as well as the cost of borrower default indemnification.

The table below sets out a reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from securities lending disclosed under securities lending income in the Fund's Statements of Comprehensive Income.

for the years ended December 31 (in \$000's)	2023	2022
Gross amount generated from the securities lending transactions	\$ 56	\$ 29
Amounts paid to State Street Bank and Trust Co.	\$ (11)	\$ (6)
Net securities lending income as reported in the Statements of Comprehensive Income	\$ 45	\$ 23

### Investment in Unconsolidated Structured Entities

as at December 31, 2023

Investee Fund	Fair Value (in \$000's)	Ownership % in the Investee Funds
Horizons S&P/TSX 60 Index ETF	229	0.0%
iShares Core MSCI EAFE ETF	2,437	0.0%
iShares Core S&P 500 ETF	4,926	0.0%

as at December 31, 2022

Investee Fund	Fair Value (in \$000's)	Ownership % in the Investee Funds
Horizons S&P/TSX 60 Index ETF	463	0.0%
iShares Core MSCI EAFE ETF	4,926	0.0%
iShares Core S&P 500 ETF	9,981	0.0%

### Taxes

The Fund is a mutual fund corporation for federal income tax purposes and, accordingly, it is subject to tax at normal corporate rates applicable to mutual fund corporations on foreign dividends received and interest income, net of expenses. The Fund is subject to a tax on taxable dividends received from taxable Canadian corporations. This tax is recorded as refundable income taxes on the Statements of Financial Position because it is refundable at a rate determined by a formula when taxable dividends are paid. The Fund is subject to a tax on capital gains. However, this tax is refundable if sufficient capital gains are distributed to shareholders either as capital gains dividends or through the redemption of shares. The provision for income taxes in the Statements of Comprehensive Income is stated after deducting applicable refundable capital gains taxes.

Income taxes are calculated using the liability method of tax accounting. Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. Deferred income tax liabilities or assets are calculated using substantively enacted tax rates expected to apply in the period that the temporary differences are expected to reverse.

As at December 31, 2023, the Fund has accumulated net realized capital losses of \$232,163 available for utilization against net realized gains in future years. Capital losses have no expiry. No benefit has been recorded by the Fund in the financial statements in respect of the unused losses as at December 31, 2023.

### Income Tax Rate Reconciliation

as at December 31 (% of income before provision for income taxes)

	2023	2022
Statutory income tax rate	39.50	39.50
Non-taxable mark-to-market adjustment	(27.46)	(51.56)
Income on account of capital offset by losses and/or capital gains refund	(11.07)	11.64
Foreign exchange loss (gain)	0.04	0.22
Foreign tax credit	(0.47)	0.35
Other	(0.12)	0.12
Withholding tax	0.35	(0.33)
<b>Effective income tax rate</b>	<b>0.77</b>	<b>(0.06)</b>

# MD Growth Investments Limited

## Fund Specific Notes

(in \$000's except for shares outstanding)

### Amounts Subject to Master Netting Arrangements

(in \$000's)

In the normal course of business, the Fund enters into various enforceable master netting arrangements with its derivative counterparties.

The following tables present the Fund's financial assets and liabilities subject to enforceable master netting arrangements. The tables are presented by financial instrument type.

#### FINANCIAL ASSETS

	Gross Asset	Gross Liabilities Offset	Net Amounts Presented	Financial Instruments Eligible for Offset	Net
<b>December 31, 2023</b>					
Forward currency contracts	\$ 17,190	\$ 13,454	\$ 3,736	\$ -	\$ 3,736
<b>Total</b>	<b>\$ 17,190</b>	<b>\$ 13,454</b>	<b>\$ 3,736</b>	<b>\$ -</b>	<b>\$ 3,736</b>

#### December 31, 2022

Forward currency contracts	\$ 13,718	\$ 10,446	\$ 3,272	\$ -	\$ 3,272
<b>Total</b>	<b>\$ 13,718</b>	<b>\$ 10,446</b>	<b>\$ 3,272</b>	<b>\$ -</b>	<b>\$ 3,272</b>

#### FINANCIAL LIABILITIES

	Gross Liability	Gross Asset Offset	Net Amounts Presented	Financial Instruments Eligible for Offset	Net
<b>December 31, 2023</b>					
Forward currency contracts	\$ 13,496	\$ 13,454	\$ 42	\$ -	\$ 42
<b>Total</b>	<b>\$ 13,496</b>	<b>\$ 13,454</b>	<b>\$ 42</b>	<b>\$ -</b>	<b>\$ 42</b>

#### December 31, 2022

Forward currency contracts	\$ 11,185	\$ 10,446	\$ 739	\$ -	\$ 739
<b>Total</b>	<b>\$ 11,185</b>	<b>\$ 10,446</b>	<b>\$ 739</b>	<b>\$ -</b>	<b>\$ 739</b>

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

## 1. Name and formation of the Funds

### ESTABLISHMENT OF THE FUNDS

The MD Family of Mutual Funds (individually a "Fund" and collectively the "Funds") are unincorporated mutual fund trusts formed under the laws of the province of Ontario pursuant to the Declarations of Trust, and the creation dates are as follows:

	Series A	Series I	Series D	Series F2	Series F	Private Trust Units
MD Precision Canadian Balanced Growth Fund	September 9, 1992	October 30, 2009	March 19, 2018		May 10, 2017	
MD Bond Fund	April 6, 1988	October 30, 2009	March 19, 2018		May 10, 2017	
MD Short-Term Bond Fund	September 19, 1995	October 30, 2009	March 19, 2018		May 10, 2017	
MD Precision Canadian Moderate Growth Fund	September 9, 1992	October 30, 2009	March 19, 2018		May 10, 2017	
MD Equity Fund	March 1, 1966	October 30, 2009	March 19, 2018		May 10, 2017	
MD Dividend Growth Fund	January 4, 2007	October 30, 2009	March 19, 2018		May 10, 2017	
MD International Growth Fund	July 19, 2000	October 30, 2009	March 19, 2018		May 10, 2017	
MD International Value Fund	January 5, 2004	October 30, 2009	March 19, 2018		May 10, 2017	
MD Money Fund	July 12, 1983		March 19, 2018	May 24, 2017		
MD Canadian Equity Fund	October 29, 1993	October 30, 2009	March 19, 2018		May 10, 2017	
MD American Growth Fund	September 9, 1992	October 30, 2009	March 19, 2018		May 10, 2017	
MD American Value Fund	July 10, 2000	October 30, 2009	March 19, 2018		May 10, 2017	
MD Strategic Yield Fund	January 30, 2014	January 30, 2014	March 19, 2018		May 10, 2017	
MD Strategic Opportunities Fund	January 30, 2014	January 30, 2014	March 19, 2018		May 10, 2017	
MD Precision Conservative Portfolio	January 6, 2010		March 19, 2018	May 24, 2017	May 10, 2017	
MD Precision Balanced Income Portfolio	March 27, 2012		March 19, 2018	May 24, 2017	May 10, 2017	
MD Precision Moderate Balanced Portfolio	January 6, 2010		March 19, 2018	May 24, 2017	May 10, 2017	
MD Precision Moderate Growth Portfolio	March 27, 2012		March 19, 2018	May 24, 2017	May 10, 2017	
MD Precision Balanced Growth Portfolio	January 6, 2010		March 19, 2018	May 24, 2017	May 10, 2017	
MD Precision Maximum Growth Portfolio	January 6, 2010		March 19, 2018	May 24, 2017	May 10, 2017	
MD Fossil Fuel Free Bond Fund	May 11, 2016	May 11, 2016	March 19, 2018		May 10, 2017	
MD Fossil Fuel Free Equity Fund	May 11, 2016	May 11, 2016	March 19, 2018		May 10, 2017	

MD Growth Investments Limited ("MD Growth") is a mutual fund corporation incorporated under the laws of Ontario pursuant to the Letters Patent and the series creation dates are as follows:

	Series A	Series I	Series D	Series F
MD Growth Investments Limited	July 18, 1969	October 30, 2009	May 16, 2018	May 10, 2017

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

MD Financial Management Inc. ("the Manager") is the Manager and Trustee of the Funds. The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank"). The address of the Funds' registered office is 1870 Alta Vista, Ottawa, Ontario.

Throughout these Notes to the Financial Statements, the shares of MD Growth Investments Limited have been referred to as "units" to simplify the presentation.

The financial statements of the Funds include the Statements of Financial Position as of December 31, 2023 and December 31, 2022, as applicable, and the Statements of Comprehensive Income, the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units or Shares and the Statements of Cash Flows for the periods ended December 31, 2023 and 2022, except for Funds established during either period, in which case the information provided relates to the period from creation date to December 31, 2023 or 2022. The Schedule of Investment Portfolio for each of the Funds is at December 31, 2023.

These financial statements were authorized for issue by the Manager on March 11, 2024.

## SERIES OF UNITS

"Series A" units are available to all MD Management Ltd. clients who are qualified eligible investors. The MDPIIM Canadian Equity Pool and MDPIIM US Equity Pool "Series A" units are closed to new subscribers. Investors holding "Series A" units of MDPIIM Canadian Equity Pool and MDPIIM US Equity Pool are allowed to hold their units, as well as subscribe for additional "Series A" units.

"Series D" units are available to qualified investors who acquire securities through an order execution only trading platform approved by MD Management Limited.

"Series F" units are available to all MD Management Ltd. clients who are qualified eligible investors and who have a fee-based account with MD Management Ltd.

"Series F2" units are available only to qualified eligible investors who open an MD ExO® Direct account with MD Management Ltd.

"Series I" units were established to support the MD Precision Conservative Portfolio, the MD Precision Moderate Balanced Portfolio, the MD Precision Balanced Growth Portfolio, the MD Precision Maximum Growth Portfolio, the MD Precision Balanced Income Portfolio and the MD Precision Moderate Growth Portfolio. These units are only available to the six funds listed above and certain institutional investors, and are not charged management fees.

MDPIIM Canadian Equity Pool and MDPIIM US Equity Pool offer "Private Trust Series" and MDPIIM Emerging Markets Equity Pool, MDPIIM S&P/TSX Capped Composite Index Pool, MDPIIM S&P 500 Index Pool and MDPIIM International Equity Index Pool offer "Series A" units which may be purchased by either MD Private Investment Counsel (an operating division of MD Financial Management Inc.) or MD Private Trust Company clients who have appointed MD Private Investment Counsel to provide discretionary portfolio management services and advice to them or MD Private Trust Company to provide trust services.

## 2. Basis of presentation

These financial statements have been prepared in compliance with IFRS Accounting Standards. The preparation of these financial statements in accordance with IFRS Accounting Standards requires the use of judgment in applying accounting policies and to make estimates and assumptions concerning the future. Significant accounting judgments and estimates made by the Manager are disclosed in Note 7.

## 3. Material accounting policy information

### FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Canadian dollars, which is the Funds' functional currency. Cash, investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on each valuation date. Transactions during the year in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange prevailing on the trade date of the transaction. The difference in the foreign exchange rate between trade date and settlement date of a transaction is recognized in income on the Statements of Comprehensive Income. Foreign exchange gains and losses relating to cash are presented as "Foreign exchange gain (loss) on cash" and those relating to other financial assets and liabilities are presented within net gains or losses on the sale of investments or derivatives.

All financial information is presented in Canadian dollars and has been rounded to the nearest thousand, unless otherwise stated.

### FINANCIAL INSTRUMENTS

The Funds classify and measure financial instruments in accordance with IFRS 9 "Financial Instruments" (IFRS 9). All financial assets and liabilities are recognized in the Statements of Financial Position when the Funds become party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Funds have transferred substantially all the risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

The Funds classify investments, including derivatives, as fair value through profit or loss (FVTPL). Investment classification is based on both the Funds' business model for managing those investments and their contractual cash flow characteristics. The portfolio of investments is managed and performance is evaluated on a fair value basis in accordance with the Funds' investment strategy. The Funds are primarily focused on fair value information and use that information to assess performance and to make decisions. The contractual cash flows of the Funds' debt securities are generally principal and interest, however, the collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, all investments are measured at FVTPL. Subsequent to initial recognition, investments, including derivatives, are measured at FVTPL. Gains and losses arising from changes in the fair value are included in the Statements of Comprehensive Income for the years in which they arise.

The Funds' obligation for net assets attributable to holders of redeemable units is measured at FVTPL, with fair value being the redemption amount at the reporting date.

Cash is measured at fair value upon recognition and subsequently at amortized cost.



# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

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Other financial assets and liabilities, such as accrued interest and dividends receivable, accounts receivable for investment transactions, subscriptions receivable, amounts receivable for securities lending transactions, distributions payable, accounts payable for investment transactions and redemptions payable are recognized initially at fair value, net of transaction costs, and subsequently stated at amortized cost using the effective interest rate method. Under this method, these financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contracts' effective interest rate.

## NET ASSETS VERSUS NET ASSET VALUE

The Funds' accounting policies for measuring the fair value of their investments and derivatives are identical to those used in measuring the net asset value (NAV) for transactions with unitholders in accordance with Part 14 of National Instruments 81-106 Investment Funds for Continuous Disclosure ("NI 81-106").

## INCOME RECOGNITION

Gains and losses arising from changes in fair value of non-derivative financial assets are shown in the Statements of Comprehensive Income as "Change in unrealized appreciation (depreciation) of investments" and as "Net realized gain (loss) on sale of investments" when positions are sold.

Gains and losses arising from changes in fair value of derivatives are shown in the Statements of Comprehensive Income as "Change in unrealized appreciation (depreciation) on derivative instruments" and as Net realized gain (loss) on derivative instruments" when positions are closed out or have expired, where applicable.

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds, accounted for on an accrual basis. Dividend income and distributions to unitholders are recorded on the ex-dividend date. Distributions from underlying funds out of interest, foreign income and related withholding taxes, Canadian dividends and net realized capital gains are recognized when declared. Realized gains or losses from investment transactions and the unrealized appreciation or depreciation of investments are computed on an average cost basis, which exclude brokerage commissions and other trading expenses. Brokerage commissions and other trading expenses are charged to income as incurred.

## OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when the Funds currently have a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Funds may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Financial assets and liabilities that are subject to master netting or comparable agreements and the related potential effect of offsetting are disclosed in the respective Fund Specific Notes.

Transactions with counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Fund and respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all open contracts on a net basis in the event of default of the other party.

## NON-CASH TRANSACTIONS

Non-cash transactions on the Statements of Cash Flows include reinvested distributions from the underlying mutual funds and stock dividends from equity investments. These amounts represent non-cash income recognized in the Statements of Comprehensive Income. In addition, reclassifications between series of the same fund are also non-cash in nature and have been excluded from "Proceeds from issue of redeemable units" and "Cash paid on redemption of redeemable units" on the Statements of Cash Flows.

## FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are categorized as FVTPL and are recorded at fair value. In the case of securities traded in an active market, fair value is based on quoted market prices at the close of trading on the reporting date as provided by independent pricing services. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. In the case of investments not traded in an active market, or for those securities for which the Manager feels the latest market prices are not reliable, fair value is estimated based on valuation techniques established by the Manager. Valuation techniques established by the Manager are based on observable market data except in situations where there is no relevant or reliable market data. The value of securities estimated using valuation techniques not based on observable market data, if any, is disclosed in the Financial Instruments Risks section of the financial statements.

## FINANCIAL DERIVATIVES INSTRUMENTS

A derivative is a financial contract between two parties, the value of which is derived from the value of an underlying asset such as an equity, bond, commodity, interest rate or currency. Certain Funds may use derivatives, such as options, futures, forward contracts, swap contracts, and other similar instruments, in a manner considered appropriate to achieving the Fund's investment objectives. Derivatives may be used to protect a security price, currency exchange rate or interest rate from negative changes (hedging) or to provide exposure to securities, indices, or currencies without investing in them directly (non-hedging). Derivatives contain various risks including the potential inability for the counterparty to fulfill their obligations under the terms of the contract, the potential for illiquid markets and the potential price risk which may expose the Funds to gains and/or losses in excess of the amounts shown on the Statements of Financial Position. Derivatives with unrealized gains are reported as financial derivative instruments under current assets and derivatives with unrealized losses are reported as financial derivative instruments under current liabilities.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

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## **Forward Currency Contracts**

Certain Funds may enter into forward currency contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities. A forward currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. Investments in forward currency contracts are entered into with approved counterparties and are recorded at fair value. The fair value of a forward currency contract fluctuates with changes in foreign currency exchange rates. The fair value of forward currency contracts is reported as financial derivative instruments in the Statements of Financial Position. Forward currency contracts are marked to market daily and the changes in fair value of forward currency contracts are recorded in "Change in unrealized appreciation (depreciation) of derivative instruments". Upon closing of the contracts, the accumulated gains or losses are reported in "Net realized gain (loss) on sale of derivative instruments". The contractual amounts of open contracts are disclosed in the Schedule of Investment Portfolio in the Schedule of Derivative Instruments.

## **Futures Contracts**

Futures contracts are valued on each valuation day using the closing market price posted on the related public exchange. The fair value of future contracts is reported as "Financial Derivative Instruments" in the Statements of Financial Position. All gains or losses arising from futures contracts are recorded as part of "Change in unrealized appreciation (depreciation) of derivative instruments" in the Statements of Comprehensive Income until the contracts are closed out or expire, at which time the gains or losses are realized and reported as "Net realized gain (loss) on derivative instruments".

## **Credit Default Swaps**

Certain Funds may enter into credit default swap contracts, primarily to manage and/or gain exposure to credit risk where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities. A credit default swap is an agreement between the Fund and a counterparty whereby the buyer of the contract receives credit protection and the seller of the contract guarantees the credit worthiness of a referenced debt obligation. The underlying referenced debt obligation may be a single issuer of corporate or sovereign debt, a credit index, or a tranche of a credit index. The credit risk exposure of a Fund to the referenced asset is comparable to the exposure that would have resulted if the Fund were invested directly in the referenced debt obligation. If the Funds are buyers of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Funds will either (i) receive the notional amount of the credit default swap contract from the seller in exchange for the referenced debt obligation or (ii) receive a net settlement amount equal to the notional amount of the credit default swap contract less the recovery amount of value of the referenced debt obligation. If the Funds are sellers of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Funds will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. The maximum credit risk to the Fund as a seller of protection is the notional amount of the contract.

Over the term of the contract, the buyer pays the seller a periodic stream of payments, provided that no event of default has occurred. Such periodic payments paid or received are accrued daily and are included in the Statements of Comprehensive Income in Net Interest Income (Expense) from Swap Contracts. Credit Default Swaps are disclosed in the Schedule of Derivative Instruments. The change in value of a credit default swap contract and any upfront premium paid or received is included in the Statements of Financial Position as Financial Derivative Instruments. When the credit default swap contracts are closed out, gains or losses, including upfront premiums, are realized and included in the Statements of Comprehensive Income in "Net realized gain (loss) on derivative instruments". Pursuant to the terms of the credit default swap contract, cash or securities may be required to be deposited as collateral.

## **Interest Rate Swaps**

Certain Funds may enter into interest rate swap contracts, primarily to manage and/or gain exposure to fluctuations in interest rates. An interest rate swap is an agreement between the Fund and a counterparty whereby the parties agree to exchange a fixed payment for a floating payment that is linked to an interest rate and an agreed upon notional amount.

Over the term of the contract, each party will pay to the other party a periodic stream of payments. Such periodic payments paid or received are accrued daily and are included in the Statements of Comprehensive Income in Net Interest Income (Expense) from Swap Contracts. Interest Rate Swaps are disclosed in the Schedule of Derivative Instruments. The change in value of an interest rate swap contract and any upfront premium paid or received is included in the Statements of Financial Position as Financial Derivative Instruments. When the interest rate swap contracts are closed out, gains or losses, as well as any upfront premiums, are realized and included in the Statements of Comprehensive Income in Net realized gain (loss) on derivative instruments.

## **Total Return Swaps**

Certain Funds may enter into total return swap contracts primarily to manage and/or gain exposure to the underlying reference asset. A total return swap is an agreement between the Fund and a counterparty where single or multiple cash flows are exchanged based on the price of an underlying reference asset and based on a fixed or variable rate.

Over the term of the contract, the Funds will pay to the counterparty a periodic stream of payments based on fixed or variable rate. Such periodic payments paid are accrued daily and are included in the Statements of Comprehensive Income in Net Interest Income (Expense) from Swap Contracts. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference asset less a financing rate, if any. As a receiver, the Funds would receive payments based on any net positive total return and would owe payments in the event of a net negative total return. Total return swaps are disclosed in the Schedule of Derivative Instruments. The change in value of an total return swap contract is included in the Statements of Financial Position as Financial Derivative Instruments. When the total return swap contracts are closed out, gains or losses are realized and included in the Statements of Comprehensive Income in Net realized gain (loss) on derivative instruments.

## **Cross Currency Swaps**

Certain Funds may enter into cross currency swap contracts, primarily to manage and/or gain exposure to currency risk. A cross currency swap is an agreement between the Fund and a counterparty whereby the parties agree to exchange interest payments and principal on loans denominated in two different currencies.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

Over the term of the contract, each party will pay to the other party a periodic stream of payments. Such periodic payments paid or received are accrued daily and are included in the Statements of Comprehensive Income in Net Interest Income (Expense) from Swap Contracts. Cross currency swaps are disclosed in the Schedule of Derivative Instruments. The change in value of a cross currency swap contract and any upfront premium paid or received is included in the Statements of Financial Position as Financial Derivative Instruments. When the cross currency swap contracts are closed out, gains or losses, as well as any upfront premiums, are realized and included in the Statements of Comprehensive Income in Net realized gain (loss) on derivative instruments.

## **Foreign Currency Option Contracts**

Certain Funds may purchase foreign currency options. Purchasing foreign currency options gives the Fund the right, but not the obligation to buy or sell the currency and will specify the amount of currency and a rate of exchange that may be exercised by a specified date. These options may be used as a hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

Foreign currency option contracts are disclosed in the Schedule of Derivative Instruments. The change in value of a foreign currency option contract and any premiums paid are included in the Statements of Financial Position as Financial Derivative Instruments. When the foreign currency option contracts are closed out, gains or losses, as well as any premiums paid, are realized and included in the Statements of Comprehensive Income in Net realized gain (loss) on derivative instruments.

## **CAPITAL RISK MANAGEMENT**

Units issued and outstanding are considered to be the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription. The Funds' units are offered for sale on any business day and may be redeemed or issued at the Net Asset Value (NAV) per unit for the respective series on that business day. A business day refers to any day the Toronto Stock Exchange is open for business. The NAV for each series is computed daily by calculating the value of that series' proportionate share of net assets and liabilities of the Fund common to all series less liabilities attributable to that series. Expenses directly attributable to a series are charged to that series. Assets, common liabilities, revenues and other expenses are allocated proportionately to each series based upon the relative NAVs of each series. The NAV per unit is determined by dividing the NAV of each series of a Fund by the total number of units of that series outstanding.

## **INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT**

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statements of Comprehensive Income represents the increase or decrease in net assets attributable to holders of redeemable units attributable to each series of units for the year, divided by the weighted average units outstanding in that series during the year.

## **SECURITIES LENDING TRANSACTIONS**

A Fund may lend portfolio securities to earn additional income through a securities lending agreement with its custodian. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund receives collateral in the form of securities deemed acceptable under National Instrument 81-102, "Mutual Funds" ("NI81-102") of at least 102% of the fair value of securities on loan. Collateral held is typically government and corporate bonds.

Income from securities lending is recorded as "Securities lending" on a monthly basis when it is receivable. Securities lending details are listed in Securities on Loan included in the Fund Specific Notes to the financial statements. The securities lending agent earns 20% of the gross income generated through any securities lending transactions in the Funds.

## **REDEEMABLE UNITS**

Certain Funds issue different series of redeemable units, which are redeemable at the holder's option and do not have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Funds at any date for cash equal to a proportionate share of the Funds' net asset value attributable to the series. The redeemable units are carried at the redemption amount that is payable at the Statements of Financial Position date if the holder exercises the right to put the unit back to the Funds. Funds with only one series do not meet the criteria to be classified as equity as they impose on the Fund the obligation to deliver cash other than on redemption. Each such Fund must distribute its taxable income to unitholders annually and has provided unitholders the option to receive such distributions in cash.

## **INVOLVEMENT IN UNCONSOLIDATED STRUCTURED ENTITIES**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Certain Funds' investment strategy entails trading in other funds on a regular basis. The Funds consider all of their investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Funds invest in Investee Funds whose objectives range from conserving principal to maximizing dividend income to long-term capital growth and whose investment strategies do not include leverage. The Investee Funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportionate stake in the respective Investee Fund's net assets. The Funds hold redeemable units in each of their Investee Funds and the Funds have the right to request redemption of their investment in Investee Funds daily. The Funds' investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation. The change in fair value of each Investee Fund is included in the Statements of Comprehensive Income in "Change in unrealized appreciation (depreciation) of investments". The Funds' maximum exposure to loss from their interest in Investee Funds is equal to the fair value of their investments in Investee Funds. Once a Fund has disposed of its shares in an Investee Fund the Fund ceases to be exposed to any risk from that investee fund.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

Certain Funds invest in Exchange Traded Funds (“ETFs”) which are disclosed on the Schedule of Investment Portfolio and these Funds have determined that their investments in such ETFs are deemed unconsolidated structured entities. These ETFs replicate, to the extent possible, the performance of the applicable benchmark indices, or seek to provide long-term capital growth or income, as applicable, by investing primarily in and holding the constituent securities of the applicable benchmark indices in substantially the same proportion as they are reflected in the applicable benchmark indices or seek to track the investment results of applicable benchmark indices. The ETFs finance their operations by issuing redeemable shares which are puttable at the holder’s option and entitle the holder to a proportional stake in the respective ETF’s net asset value. The underlying ETFs are listed on a recognized public stock exchange.

Certain Funds invest in mortgage-related and other asset-backed securities (“MBS”). These securities include mortgage pass-through securities, collateralized mortgage obligations, commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The debt and equity securities issued by these securities may include tranches with varying levels of subordination. These securities may provide a monthly payment which consists of both interest and principal payments. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans. The Funds’ maximum exposure to loss from their interest in MBS is equal to the fair value of their investments in such securities as disclosed on the Schedule of Investment Portfolio.

A table has been included in the Fund Specific Notes which describes the types of structured entities that the Funds do not consolidate but in which they hold an interest.

## CHANGES IN ACCOUNTING POLICIES

The funds adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies and made updates to the information disclosed within Note 3 in certain instances in line with the amendments.

## 4. Expenses

### MANAGEMENT FEES

Certain series of the Funds pay the Manager a management fee. The management fees cover the cost of managing the Funds, arranging for investment analysis, recommendations and investment decision making for the Funds, arranging for distribution of the Funds, marketing and promotion of the Funds and providing or arranging for others services for the Funds. The management fee is an annualized rate based on the net asset value of each series of the Funds. The management fees paid by the Funds are calculated and accrued daily and payable weekly.

No management fee is charged by the Manager of the Funds in respect of: the Private Trust Series of MDPI Canadian Equity Pool and MDPI US Equity Pool and Series A of MDPI S&P/TSX Capped Composite Index Pool, MDPI S&P 500 Index Pool, MDPI International Equity Index Pool and MDPI Emerging Markets Equity Pool, since investors in these units and series of units have agreed to pay a separate scaled managed account fee based on assets under management directly to MD Private Investment Counsel. No management fee is charged in respect of Series I. Management fees for Series I units are paid directly by investors.

There is no duplication of management fees between the Funds and the Underlying Funds held directly by them, if any. The Manager is entitled to an annual management fee, exclusive of sales taxes, as follows:

Fund	Series A	Series D	Series F	Series F2	Private Trust Units
MD Precision Canadian Balanced Growth Fund	1.24%	0.89%	0.29%	n/a	n/a
MD Bond Fund	0.84%	0.50%	0.04%	n/a	n/a
MD Short-Term Bond Fund	0.84%	0.45%	0.04%	n/a	n/a
MD Growth Investments Limited	1.24%	0.84%	0.29%	n/a	n/a
MD Precision Canadian Moderate Growth Fund	1.24%	0.89%	0.29%	n/a	n/a
MD Equity Fund	1.24%	0.70%	0.29%	n/a	n/a
MD Dividend Growth Fund	1.24%	0.85%	0.29%	n/a	n/a
MD International Growth Fund	1.59%	0.87%	0.64%	n/a	n/a
MD International Value Fund	1.59%	0.87%	0.64%	n/a	n/a
MD Money Fund	0.49%	0.23%	n/a	0.04%	n/a
MD Canadian Equity Fund	1.24%	0.70%	0.29%	n/a	n/a
MD American Growth Fund	1.24%	0.72%	0.29%	n/a	n/a
MD American Value Fund	1.44%	0.72%	0.49%	n/a	n/a
MD Strategic Yield Fund*	1.39%	0.45%	0.44%	n/a	n/a
MD Strategic Opportunities Fund*	1.64%	0.46%	0.69%	n/a	n/a
MD Precision Conservative Portfolio	1.13%	0.52%	0.18%	0.18%	n/a
MD Precision Balanced Income Portfolio	1.18%	0.59%	0.23%	0.23%	n/a

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

Fund	Series A	Series D	Series F	Series F2	Private Trust Units
MD Precision Moderate Balanced Portfolio	1.25%	0.68%	0.30%	0.30%	n/a
MD Precision Moderate Growth Portfolio	1.30%	0.72%	0.35%	0.35%	n/a
MD Precision Balanced Growth Portfolio	1.32%	0.80%	0.37%	0.37%	n/a
MD Precision Maximum Growth Portfolio	1.35%	0.81%	0.40%	0.40%	n/a
MD Fossil Fuel Free Bond Fund	0.84%	0.50%	0.04%	n/a	n/a
MD Fossil Fuel Free Equity Fund	1.24%	0.87%	0.29%	n/a	n/a

\*The fee disclosed for Series A and Series F is the maximum management fee as disclosed in the simplified prospectus. There was a discretionary reduction in fees for these series and the Manager charged the following: MD Strategic Yield Fund Series A: 0.99% and Series F: 0.04%, MD Strategic Opportunities Fund Series A: 0.99% and Series F: 0.04%.

## ADMINISTRATION FEES

The Manager pays certain operating expenses of the Funds in return for administration fees, calculated as a fixed annual percentage of the Funds' net asset value. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, audit fees, legal fees custodial fees, all expenses related to the prospectus and to meetings of unitholders, expenses related to fund accounting, fund valuation, unitholder reporting and record keeping, IRC fees and other expenses.

No administration fee is charged in respect of Series I. Administration fees for Series I units are paid directly by investors.

The administration fee are accrued daily and paid monthly. The annual rates of the administration fee, which are a percentage of the net asset value for each series of units of each Fund, are as follows:

Fund	Series A	Series D	Series F	Series F2	Private Trust Units
MD Precision Canadian Balanced Growth Fund	0.13%	0.13%	0.13%	n/a	n/a
MD Bond Fund	0.07%	0.07%	0.07%	n/a	n/a
MD Short-Term Bond Fund	0.07%	0.07%	0.07%	n/a	n/a
MD Growth Investments Limited	0.20%	0.20%	0.20%	n/a	n/a
MD Precision Canadian Moderate Growth Fund	0.13%	0.13%	0.13%	n/a	n/a
MD Equity Fund	0.15%	0.15%	0.15%	n/a	n/a
MD Dividend Growth Fund	0.15%	0.15%	0.15%	n/a	n/a
MD International Growth Fund	0.20%	0.20%	0.20%	n/a	n/a

Fund	Series A	Series D	Series F	Series F2	Private Trust Units
MD International Value Fund	0.20%	0.20%	0.20%	n/a	n/a
MD Money Fund	0.05%	0.05%	n/a	0.05%	n/a
MD Canadian Equity Fund	0.15%	0.15%	0.15%	n/a	n/a
MD American Growth Fund	0.15%	0.15%	0.15%	n/a	n/a
MD American Value Fund	0.15%	0.15%	0.15%	n/a	n/a
MD Strategic Yield Fund	0.10%	0.10%	0.10%	n/a	n/a
MD Strategic Opportunities Fund	0.10%	0.10%	0.10%	n/a	n/a
MD Precision Conservative Portfolio	0.13%	0.13%	0.13%	0.13%	n/a
MD Precision Balanced Income Portfolio	0.13%	0.13%	0.13%	0.13%	n/a
MD Precision Moderate Balanced Portfolio	0.13%	0.13%	0.13%	0.13%	n/a
MD Precision Moderate Growth Portfolio	0.13%	0.13%	0.13%	0.13%	n/a
MD Precision Balanced Growth Portfolio	0.13%	0.13%	0.13%	0.13%	n/a
MD Precision Maximum Growth Portfolio	0.13%	0.13%	0.13%	0.13%	n/a
MD Fossil Fuel Free Bond Fund	0.07%	0.07%	0.07%	n/a	n/a
MD Fossil Fuel Free Equity Fund	0.20%	0.20%	0.20%	n/a	n/a

## AUDIT FEES

The fees paid or payable to KPMG LLP as the external auditor of all Funds managed by the Manager, for the fiscal years of the funds are as follows:

	(\$)
Audit fees	236,635
Fees for the services other than audit	26,285

## 5. Related Party Transactions

The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank"). Scotiabank also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc. (which includes Scotia McLeod and Scotia iTRADE), an investment dealer.

The Manager, on behalf of the Funds, may enter into transactions or arrangements with other members of Scotiabank or certain companies that are related or connected to the Manager (each a "related party"). All transactions between the Funds and the related parties are in the normal course of business and are carried out at arm's length terms.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

- The Manager earns management fees for acting as trustee and manager of the Funds, as applicable and an administration fee in return for paying certain operating expenses as detailed in Note 4. The management fee and administration fee are disclosed in separate lines in the Statements of Comprehensive Income.
- Decisions about the purchase and sale of each Fund's portfolio investments are made by appointed Portfolio Managers of each Fund. Provided that the pricing, service and other terms are comparable to those offered by other dealers, a portion of the portfolio transactions may be executed for the Funds by a related party to the Funds. In such cases, the related party will receive commissions from the Funds. Brokerage fees paid to related parties for the years ended December 31, 2023 and 2022 are as follows (in \$'000's):

Fund	December 31, 2023	December 31, 2022
MD Precision Canadian Balanced Growth Fund	20	13
MD Precision Canadian Moderate Growth Fund	21	7
MD Equity Fund	82	73
MD Dividend Growth Fund	10	4
MD Canadian Equity Fund	63	54
MD Strategic Yield Fund	1	3
MD Strategic Opportunities Fund	3	1
MD American Growth Fund	1	5
MD American Value Fund	2	4
MD Growth Investments Limited	6	-

- The Manager received approval from the Independent Review Committee to invest the Funds' overnight cash with Scotiabank with interest paid by Scotiabank to the Funds based on prevailing market rates. The interest earned by the Funds is included in "Interest for distribution purposes" in the Statements of Comprehensive Income.
- The Funds may invest in investment funds managed by the Manager, which are disclosed in the Schedule of Investment Portfolio for the respective Funds.
- The Manager has received approval from the Independent Review Committee for the Funds to purchase securities of related parties, such as investments in securities of Scotiabank. Any related party securities held by the Funds are disclosed in the Schedule of Investment Portfolio for the respective Funds. The Funds are also permitted to enter into derivative transactions with Scotiabank as counterparty.
- Distributions received from related party funds are included in "Income from Underlying Funds" in the Statements of Comprehensive Income.

## INDEPENDENT REVIEW COMMITTEE

The Manager has established an Independent Review Committee ("IRC") as required under National Instrument 81-107, "Independent Review Committee for Investment Funds" ("81-107"). The IRC reviews conflict of interest matters related to the operations of the Funds. In addition, in some circumstances, in place of obtaining unitholder approval, a Fund may be reorganized with or its assets transferred to another mutual fund managed by the Manager or an affiliate. This requires IRC approval, and that unitholders are sent a written notice at least 60 days before the effective date. The approval of the IRC is also required for a change of auditor.

The IRC is composed of four persons who are independent of the Manager, the Funds and entities related to the Manager.

The Manager pays all IRC fees on behalf of the Funds and allocates these fees equally across each Fund. The Manager recovers these costs via the administration fee charged to the Funds. For the year ended December 31, 2023, each Fund managed by the Manager paid approximately \$4,000 in IRC Fees.

## SHORT-TERM TRADING/EARLY REDEMPTION FEE

Clients who redeem or switch units or shares of an MD Fund are charged an early redemption fee equal to 2.00% of the amount redeemed or switched if the redemption or switch occurs within thirty (30) days of the date that the units or shares were purchased or switched. Redemption fees are recorded as income in the period of early redemption.

The early redemption fee does not apply to redemptions or switches:

- of units of MD Money Fund;
- made in connection with any systematic and scheduled withdrawal program;
- where the amount of the redemption or switch is less than \$10,000; or
- made as a result of the recommendation of an MD Financial Consultant or MD Portfolio Manager related to a financial plan.

## 6. Redeemable units

With the exception of MD Growth Investments Limited, the Funds' capital is represented by an unlimited number of authorized units without nominal or par value. All series of units are redeemable on demand by unitholders at the redemption amount represented by respective NAV of that series. Each unit entitles the unitholder to one vote at unitholder meetings and participates equally, with respect to other units of the same series, in any dividends or distributions, liquidation or other rights of that series. Distributions on units of a Fund are reinvested in additional units or at the option of the unitholder, paid in cash. The Funds' capital is managed in accordance with each of the Funds' investment objectives, policies and restrictions as outlined in the Funds' prospectus or offering documents, as applicable. The Funds have no specific restrictions or specific capital requirements on the subscription or redemption of units, other than minimum subscription requirements.

MD Growth Investments Limited is an incorporated company as opposed to a mutual fund trust and, as such, has issued share capital.

The units of each series of Funds are issued and redeemed at their net asset value per unit of each series which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The net asset value per unit is calculated by dividing the net asset value per series by the total number of outstanding units in each series. The number of units issued and redeemed are presented in the Fund Specific Notes.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

## 7. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These estimates are based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

### INVESTMENT ENTITIES

In accordance with IFRS 10 "Consolidated Financial Statements", the Manager has determined that the Funds meet the definition of an Investment Entity which requires the Funds obtain funds from one or more investors for the purpose of providing investment management services, commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of their investments on a fair value basis. Consequently, the Funds do not consolidate their investment in subsidiaries, if any, but instead measure these at fair value through profit or loss, as required by the accounting standard.

### FAIR VALUE MEASUREMENT OF SECURITIES AND DERIVATIVES NOT QUOTED IN AN ACTIVE MARKET

The Funds may, from time to time, hold financial instruments that are not quoted in active markets. The fair value of such securities may be determined by the Funds using reputable pricing sources or indicative prices from market makers. Broker quotes obtained from pricing sources may be indicative but not executable or binding. Where no market data is available, the Fund may value positions using internal valuation models as determined appropriate by the Manager and based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data to the extent practicable; however, the Manager may be required to make certain assumptions and/or estimates regarding risks, volatility and correlations as required. Changes in assumptions and estimates could affect the reported fair values of financial instruments. The Funds consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

### CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

In classifying and measuring financial instruments held by the Funds, the Manager is required to make judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Funds' business model and considered that the Funds' investments, including derivatives, are managed and performance evaluated as a group on a fair value basis. The Manager has concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation for the Funds' investments.

## 8. Financial instrument risk

The Funds use financial instruments in order to achieve their respective investment objectives. The Funds' investments are presented in the respective Schedule of Investment Portfolio, which groups securities by asset type, geographic region and/or market segment.

The use of financial instruments subjects the Funds to a variety of financial instrument risks. The Funds' risk management practices include setting investment policies to limit exposures to financial instrument risks and employing experienced and professional investment advisors to invest the Funds' capital in securities within the constraints of investment policies. The Manager regularly monitors the Fund advisors' performance and compliance with the investment policies.

The significant financial instrument risks, to which the Funds are exposed, along with the specific risk management practices related to those risks, are presented below. Fund specific disclosures are presented in the "Financial Instruments Risks" section of the financial statements.

Market disruptions associated with geopolitical conflicts have had a global impact, and uncertainties exist as long as to the long-term implications. Such disruptions can adversely affect the financial instrument risks associated with the Funds.

### CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will not honour its obligation under the terms of the instrument, resulting in a loss. The Funds are exposed to credit risk through domestic and foreign bonds, preferred shares, derivative contracts, cash and short-term investments, amounts due from brokers, dividends and interest receivable and other receivables. A Fund may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in the Canadian Securities Legislation. Collateral held is in the form of highly rated fixed income instruments. All securities under lending agreements are fully collateralized.

Credit risks arising from short-term investments and fixed income securities, including domestic and foreign bonds and preferred shares, are generally limited to the fair value of the investments as shown in the Schedule of Investment Portfolio. The Funds limit exposure to individual issuers/sectors and credit quality ratings. The credit worthiness of issuers in which the Funds invest are reviewed regularly and the portfolios are adjusted as required to match the minimum requirement as set forth in each Fund's prospectus. Each individual Fund's exposure to credit risk, if any, is presented in the Financial Instruments Risk section of the Financial Statements.

Credit risks arising from cash are limited to the carrying value as shown on the Statements of Financial Position, except in the case of MD Money Fund, where the credit risk is limited to the fair value of investments as shown on the Schedule of Investment Portfolio. The Funds manage credit risk on cash and short-term investments by investing in high grade short-term notes with credit ratings of R-1 (low) or higher as well as limiting exposure to any single issuer.

Certain derivative contracts are subject to netting arrangements whereby if one party to a derivative contract defaults, all amounts with the counterparty are terminated and settled on a net basis. As such, the maximum credit loss on derivative contracts is the financial derivative instrument asset in the Statements of Financial Position. Each Fund manages credit risk on derivatives by only entering into agreements with counterparties that have an approved credit rating. Credit risk on amounts due from brokers is minimal since transactions are settled through clearinghouses where securities are only delivered for payment when cash is received.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

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Credit risk related to securities lending transactions is limited by the fact that the value of cash or securities held as collateral by the Funds in connection with these transactions is at least 102% of the fair value of the securities loaned. The collateral and loaned securities are marked to market each business day. The aggregate dollar value of portfolio securities lent and collateral held is presented in the Fund Specific Notes.

## LIQUIDITY RISK

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Funds' exposure to liquidity risk arises primarily from the daily cash redemption of units. All Funds' financial liabilities come due within one year, other than those derivatives with longer maturities as disclosed in the Schedule of Investment Portfolio. To manage this liquidity requirement, the Funds invest primarily in liquid securities that can readily be sold in active markets and each Fund may borrow up to 5% of its NAV. At year end, no Fund had borrowed against its respective line of credit.

## CURRENCY RISK

Currency risk is the risk that the values of financial assets and liabilities denominated in foreign currencies fluctuate due to changes in foreign exchange rates. To the extent the Funds hold assets and liabilities denominated in foreign currencies, the Funds are exposed to currency risk. The Funds may also use forward contracts at the discretion of the Manager. Each individual Fund's exposure to currency risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

## INTEREST RATE RISK

Interest rate risk is the risk that the fair value (measured as the present value) of cash flows associated with interest bearing financial instruments will fluctuate due to changes in the prevailing market rates of interest. In general, as interest rates rise, the fair value of interest bearing financial instruments will fall. Financial instruments with a longer term to maturity will generally have a higher interest rate risk.

The Funds' interest-bearing financial instruments that subject the Funds to interest rate risk include domestic and foreign bonds and mortgage related and other asset back securities. The Funds' may also be exposed indirectly to interest rate risk through their position in interest rate swaps presented in the Schedule of Derivative Instruments. Short-term money market instruments are also interest bearing and therefore subject to interest rate risk. However, due to the short-term nature of the securities, the interest rate risk is generally not significant.

Interest rate risk management practices employed by the Funds include setting target durations based on the appropriate benchmark indices and monitoring the Funds' durations relative to the benchmarks. If interest rates are anticipated to rise, the Funds' durations can be shortened to limit potential losses. Conversely, if interest rates are anticipated to fall, the durations can be lengthened to increase potential gains. Each individual Fund's exposure to interest rate risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

## OTHER PRICE RISK

Other price risk is the risk that the fair value of financial instruments may decline because of changes in market prices of the financial instruments, other than declines due to interest rate risk and currency risk. Other price risk stems from financial instruments' sensitivity to changes in the overall market (market risk) as well as factors specific to the individual financial instrument. Other price risk attributable to individual investments is managed through diversification of the portfolio and security selection and adjustments to fair value when there is significant volatility in international markets after markets are closed. Each individual Fund's exposure to other price risk, if any, is presented in the "Financial Instruments Risks" section of the financial statements.

Details of each Fund's exposure to financial instruments risks including fair value hierarchy classification are available in the "Financial Instruments Risks" section of the financial statements of each Fund.

## FINANCIAL RISKS FROM UNDERLYING MUTUAL FUNDS

Certain Funds may invest in other mutual funds. The Funds' investments in mutual funds are subject to the terms and conditions of the respective mutual fund's offering documentation and are susceptible to the risks related to the underlying mutual funds' financial instruments. The Funds' maximum exposure to loss from their interests in mutual funds is equal to the total fair value of their investment in mutual funds. Once the Funds dispose of their shares in an underlying mutual fund, the Funds cease to be exposed to any risk from that mutual fund. The exposure to underlying mutual fund investments is disclosed in the "Financial Instruments Risks" section of the financial statements of each Fund.

## 9. Fair value measurement

The Funds classify fair value measurements within a hierarchy that prioritizes the inputs to Funds' valuation techniques used in measuring fair value. Under these provisions, an entity is required to classify each financial instrument into one of three fair value levels as follows:

- Level 1 - for unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 - for inputs that are based on unobservable market data.

The classification of a financial instrument is based on the lowest level of input that is significant to the determination of fair value.



# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

All fair value measurements are recurring. The carrying values of cash, receivable for investment transactions, dividends and interest receivable, subscriptions receivable, payable for investment transactions, redemptions payable, distributions payable and the Fund's obligation for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature. Fair values of securities and derivatives are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 ceases to be actively traded, it is transferred out of Level 1. In such cases, fair value is determined using observable market data (eg. transactions for similar securities of the same issuer) and the instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Changes in valuation methods may result in transfers into or out of the assets' or liabilities' assigned levels. The level summary based on the hierarchy inputs is disclosed in the "Financial Instrument Risks" section of each Fund.

Level 3 financial instruments are reviewed by the Funds' fair valuation committee. The fair valuation committee considers the appropriateness of the valuation model inputs, as well as the valuation result, using valuation methods recognized as standard within the industry. Quantitative information about the unobservable inputs, sensitivity of the fair value measurements to changes in unobservable inputs and interrelationships between those inputs are disclosed in the Fund Specific Notes under "Fair value measurement" if significant unobservable inputs are used when valuing Level 3 financial instruments.

## EQUITIES

The Funds' equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. The Funds subscribe to the services of a third-party valuation service provider to provide fair value adjustments, when a defined threshold is met, to the prices of foreign securities due to changes in the value of securities in North American markets following the closure of the foreign markets. The parameters used to apply the fair value adjustments are based on observable market data. Where applicable, the foreign securities will be considered Level 2 priced securities.

## BONDS AND SHORT-TERM INVESTMENTS

Debt securities generally trade in the OTC market rather than on a securities exchange. Bonds including government, corporate, convertible and municipal bonds and notes, bank loans, US and Canadian treasury obligations, sovereign issues and foreign bonds are normally valued by pricing service providers that use broker-dealer quotations, reported trades and valuations from their internal pricing models. These internal pricing models use inputs which are observable including interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Funds' bonds and short-term investments have been classified as Level 2, unless the determination of fair value requires significant unobservable input, in which the measurement is classified as Level 3.

## INVESTMENTS IN MUTUAL FUNDS AND EXCHANGE TRADED FUNDS

The Funds' positions in the mutual funds and exchange traded funds are typically in positions that are actively traded and a reliable price is observable and as such is classified as Level 1.

## FINANCIAL DERIVATIVE INSTRUMENTS

Derivatives consisting of foreign currency forward contracts, interest rate swaps, credit default swaps and foreign currency options which are valued based primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency, interest rate and credit spreads. These derivative financial instruments have been classified as Level 2.

Futures contracts and options that are traded on a national securities exchange are stated at the last reported sale or settlement price on the day of valuation. To the extent these financial derivative instruments are actively traded they are categorized as Level 1.

## FAIR VALUATION OF INVESTMENTS (INCLUDING UNLISTED SECURITIES)

If the valuation methods described above are not appropriate, the Funds will estimate the fair value of an investment using established fair valuation procedures, such as consideration of public information, broker quotes, valuation models, discounts from market prices of similar securities or discounts applied due to restrictions on the disposition of securities, and external fair value service providers.

The extent of Funds' use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2), and internal models without observable market information (Level 3) in the valuation of securities is summarized in each Fund's "Financial Instruments Risks" section of the financial statements.

## 10. Income Taxes

Each of the Funds, except MD Growth, qualifies or expects to qualify as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income for the year, including net realized capital gains which are not paid or payable to its unitholders as at the end of the year. It is the intention of the Manager that all annual net investment income and sufficient net realizable taxable capital gains will be distributed to unitholders annually by December 31, such that there are no Canadian income taxes payable by the Funds. Accordingly, the Funds do not record Canadian income taxes in their financial statements.

MD Growth is a mutual fund corporation for federal income tax purposes and, accordingly, it is subject to tax at normal corporate rates applicable to mutual fund corporations on foreign dividends received and interest income, net of expenses. MD Growth is subject to a tax on taxable dividends received from taxable Canadian corporations. This tax is recorded as refundable income taxes on the Statements of Financial Position because it is refundable at a rate determined by a formula when taxable dividends are paid. MD Growth is subject to a tax on capital gains; however, this tax is refundable if sufficient capital gains are distributed to shareholders either as capital gains dividends or through the redemption of shares. The provision for income taxes in the Statements of Comprehensive Income is stated after deducting applicable refundable capital gains taxes. Income taxes are calculated using the liability method of tax accounting. Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. Deferred income tax liabilities or assets are calculated using substantively enacted tax rates expected to apply in the period that the temporary differences are expected to reverse.

# Notes to Financial Statements

For 12 months ended December 31, 2023 and 2022

## LOSSES CARRIED FORWARD

Capital losses can be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses for income tax purposes may be carried forward up to twenty years and applied against all sources of income. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Position. As of December 31, 2023, the following Funds have capital and non-capital losses available for carry forward as presented below (in \$000's):

Fund	Year of expiry	Non-Capital Loss \$	Capital Loss \$
MD Bond Fund		-	74,174
MD Growth Investments Limited		-	464,326
MD Short-Term Bond Fund		-	41,720
MD Precision Canadian Moderate Growth Fund		-	4,300
MD Precision Canadian Balanced Growth Fund		-	-
MD Equity Fund		-	-
MD Dividend Growth Fund		-	28,674
MD International Growth Fund		-	20,377
MD International Value Fund		-	78,908
MD Money Fund		-	-
MD Canadian Equity Fund		-	-
MD American Growth Fund		-	95,093
MD American Value Fund		-	-
MD Strategic Yield Fund		-	20,799
MD Strategic Opportunities Fund		-	-
MD Precision Conservative Portfolio		-	-
MD Precision Balanced Income Portfolio		-	-

Fund	Year of expiry	Non-Capital Loss \$	Capital Loss \$
MD Precision Moderate Balanced Portfolio		-	-
MD Precision Moderate Growth Portfolio		-	-
MD Precision Balanced Growth Portfolio		-	-
MD Precision Maximum Growth Portfolio		-	-
MD Fossil Fuel Free Bond Fund		-	3,455
MD Fossil Fuel Free Equity Fund		-	1,717

## WITHHOLDING TAXES

The Funds currently incur withholding taxes imposed by certain countries on investment income and in some cases, capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

## 11. Soft Dollar Commissions

Soft dollar commissions refers to the portion of total brokerage commissions paid to certain brokers that was available for payment to third party vendors for providing research, statistical or investment decision making services. These services assist the Manager and its sub-advisors with their investment decision making for the Funds. The ascertainable soft dollar commissions paid in connection with the investment portfolio transactions for the years ended December 31, 2023 and December 31, 2022 are set out below (in \$000's):

Fund	2023 \$	2022 \$
MD Precision Canadian Balanced Growth Fund	27	44
MD Growth Investments Limited	25	9
MD Precision Canadian Moderate Growth Fund	24	43
MD Equity Fund	111	222
MD Dividend Growth Fund	15	25
MD International Growth Fund	4	1
MD International Value Fund	9	6
MD Canadian Equity Fund	125	141
MD American Growth Fund	1	35
MD American Value Fund	8	45
MD Strategic Yield Fund	4	7
MD Strategic Opportunities Fund	4	4
MD Fossil Fuel Free Equity Fund	1	-





**MD Financial  
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