



**MD Financial  
Management Inc.**

## **MD Family of Funds**

# 2023 Annual Management Report of Fund Performance

### **DISCLOSURE**

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can obtain a copy of the annual financial statements at your request, and at no cost, by calling 1 800 267-2332, by writing to us at MD Financial Management Inc., 1870 Alta Vista Drive, Ottawa, Ontario, K1G 6R7, or by visiting our website at [md.ca](http://md.ca) or SEDAR+ at [sedarplus.ca](http://sedarplus.ca). Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

# A Message to MD Family of Funds Investors

Dear MD Family of Funds Investor:

As part of our commitment to keeping you informed about your MD Fund investments, please find attached the 2023 Annual Management Report of Fund Performance (MRFP). If you also opted to receive the fund's financial statements, they are included in this package.

The annual MRFP is a regulatory document that supplements the annual financial statements. The document includes a brief discussion and analysis of the fund's investment activities, performance and financial highlights, as well as an explanation of how the markets and overall asset mix have affected the fund.

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

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. The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Standard performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges payable by any securityholder which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. You may obtain a copy of the prospectus before investing by calling your MD Advisor or the MD Trade Centre at 1 800 267-2332.

# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2023)

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### Investment Objectives and Strategies

The MDPIM Canadian Equity Pool (the "Fund") seeks to achieve long-term capital growth. The Fund invests in Canadian equity securities issued primarily large capitalization companies.

The Fund employs a multi-manager approach which seeks to deliver excess returns compared to the benchmark and to provide diversification by avoiding overconcentration in any single style, sector or market trend. Fund assets are allocated to a combination of the investment advisers for the Fund, based on the Manager's assessment of the investment advisers' skills, the predicted capital market environment, and the anticipated risk inherent in each investment adviser's strategy.

The Fund primarily invests in equity securities of quality Canadian companies, at reasonable prices, across the market capitalization spectrum, and may invest up to 30% of its portfolio in non-Canadian securities.

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

### Risk

At times, a portfolio can be subject to any number of investment risks. The risk level of the Fund did not change significantly during the year. Investment risks continue to be managed by the Adviser and the Fund remains well diversified by both industry and company. Descriptions of the investment risks associated with this Fund are detailed in the Simplified Prospectus.

### Results of Operations

For the period ended December 31, 2023, the Fund had total returns of 13.8% (Series PT), and 12.2% (Series A).

The Canadian equity market ended the 12-month period in positive territory as the S&P/TSX Composite Index returned 11.8%. We witnessed the Bank of Canada (BoC) raising interest three times in 2023 compared to seven times in 2022. This was a result of tapering inflation; we saw inflation decline from 5.9% in January 2023 to 3.1% in November 2023.

Investors sense we have reached the peak of the interest rate cycle and likely expect cuts to occur in 2024. The BoC reiterated on getting inflation to its target rate of 2% before any discussion of cutting interest rates. While inflation is close to the target range, BoC Governor is still concerned about inflation as 'there's a certain stubbornness in the stickiness of inflation.' One culprit is housing. Rents are now the biggest concern on the inflation front, it recently spiked up 8.2% last October marking the highest increase in rents in over 40 years.

On the economic front, GDP growth remained flat as consumers continue to feel the effect of higher costs – interest rates and inflation – impacting their spending habits. Despite muted economic growth, equity markets, which is seen as a leading indicator, responded positive on the central bank's pause, rallying the S&P/TSX Composite Index 8.1% in the fourth quarter in anticipation of potential rate cuts in 2024.

Nine of the 11 GICS (Global Industry Classification Standard) sectors posted positive returns over the 12-month period. The best performing sectors were Information Technology, Health Care and Financials. The worst performing sectors were Communication Services, Materials and Utilities.

Over the period, the Canadian dollar strengthened against the Japanese yen and U.S. dollar, while weakening against the British pound.

Out of the eleven GICS sectors represented in the Fund, the Financials and Industrials sectors retained the highest portfolio weightings, while Utilities and Healthcare received the lowest allocation. The majority of sectors contributed positively to performance, with the most robust contributions coming from the IT, Industrials and Financials sectors.

The Fund's active multi-manager structure combines complementary investment approaches. The portfolio is actively managed, with positions altered based on relative opportunities, there were no material shifts in sector positions within the Fund.

As at December 31, 2023, the total net asset value of the Fund was \$2.36 billion, an increase of 8% since the beginning of the year. The increase is due to net investment gain, partially offset by income distributions to unitholders and net redemptions.

### Recent Developments

#### STRATEGIC CHANGES

There have been no strategic changes and the Fund continues to be managed in a manner consistent with its investment mandate and is positioned to achieve its long-term objectives. The Investment Advisers have adhered to their investment disciplines and portfolio strategies.

### Related Party Transactions

MD Financial Management Inc. is the Manager, Registrar and Trustee of the Fund. As Manager, MD Financial Management Inc. manages the overall business of the MD Family of Funds and the MDPIM Pools (collectively "the Funds") and is responsible for: setting investment objectives, providing and/or retaining the services of third party service providers for fund accounting services, administration services, and promoting the sales of the Fund's units.

The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia (Scotiabank).

1832 Asset Management LP, a subsidiary of Scotiabank, is the portfolio manager of the Funds. MD Financial Management Inc., as Manager, continues to have overall responsibility for the management of the Funds. MD Financial Management Inc. is the registered portfolio manager and provides the discretionary portfolio management services to managed-account clients through MD Private Investment Counsel. 1832 Asset Management LP is responsible for the overall performance of the Funds, the management of fund assets and the selection and monitoring of the Funds' sub-advisors.

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

As Registrar, MD Financial Management Inc. keeps track of the owners of units of the MDPIM Pools, processes purchase, transfer and redemption orders, issues investor account statements, and issues annual tax reporting information.

# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2023)

As the Fund is organized as a Trust, investing in the Fund means purchasing units of the Trust. As Trustee to the Fund, MD Financial Management Inc. holds actual title to the property in the Fund—the cash and securities the Fund invests in—on behalf of the unitholders.

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

### INDEPENDENT REVIEW COMMITTEE

The Manager has established an independent review committee (the “IRC”) in accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds (“NI 81-107”) with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of the Fund. The IRC is responsible for overseeing the Manager’s decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between the Fund and other funds and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no securityholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, securityholder approval may be required to approve certain mergers.

The IRC has four members: Stephen J. Griggs (Chair), Heather A.T. Hunter, Jennifer L. Witterick and Steven Donald each of whom is independent of the Manager.

The IRC prepares and files a report to the securityholders each fiscal year that describes the IRC and its activities for securityholders, as well as contains a complete list of the standing instructions. These standing instructions enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. This report to the securityholders is available on the Manager’s website or, at no cost, by contacting the Manager.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. The compensation for the IRC is an annual flat fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

The Manager is required to advise the IRC of any breach of a condition of any standing instructions. The standing instructions require, among other things, that the investment decision in respect to a related party transaction: (a) is made by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration to any associate or affiliate of the Manager; (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) is made in compliance with the Manager’s written policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Manager, in respect of its management of the Fund relied on IRC standing instructions regarding related party transactions as set out below:

- Paying brokerage commissions and spreads to a related party for effecting security transactions on an principal basis on behalf of the Fund;
- Purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- Investments in the securities of issuers for which a related underwriter acted as an underwriter during the distribution of such securities and the 60-day period following the completion of such distribution;
- Purchases of securities of a related party;
- Investment Advisor Monitoring and Oversight

### Management Fees

MD Financial Management Inc. provides the series A units of the Fund with investment management and administrative services, including fund accounting and unitholder record-keeping. In return, MD Financial Management Inc. receives an annual management fee and an annual administration fee, both based on a fixed percentage of the daily net asset value of the Fund. Management fees are paid weekly and administration fees are paid monthly.

(As a percentage of management fees)

Financial Planning Services	-
Investment Management and Other	100.0%

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

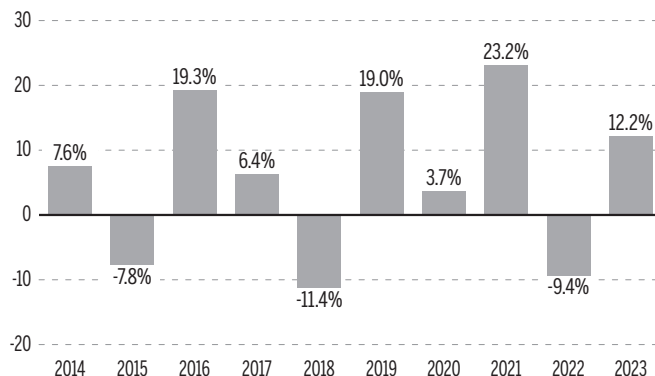
### Past Performance

The following bar chart shows the Fund’s annual performance for each of the years shown, and illustrates how the Fund’s performance changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each calendar year would have grown or decreased by the last day of each calendar year.

The performance information assumes that all distributions made by the Fund were reinvested in additional units of the Fund and does not take into account sales, redemption, distribution or other optional charges that would reduce returns. How the Fund has performed in the past does not necessarily indicate how the Fund will perform in the future.

### YEAR BY YEAR RETURNS

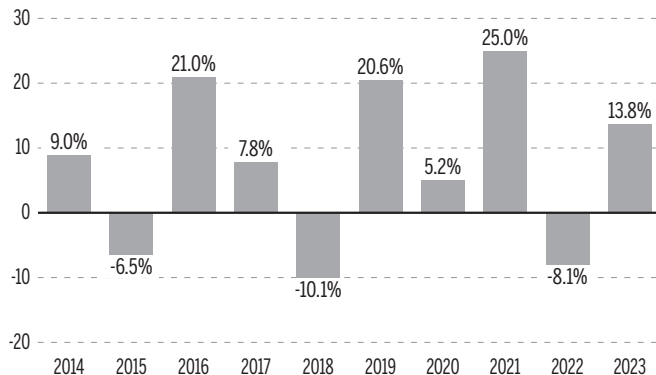
#### Series A



# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2023)

### Private Trust Series



### ANNUAL COMPOUND RETURNS

The following table shows the Fund's historical annual compound return for the past one, three, five and ten year periods ended on December 31, as compared to the return of the S&P/TSX Capped Composite Index.

	1 year	3 years	5 years	10 years
The MDPIM Canadian Equity Pool – PT Series	13.78%	9.31%	10.62%	7.06%
The MDPIM Canadian Equity Pool – Series A	12.25%	7.82%	9.12%	5.61%
S&P/TSX Capped Composite Index	11.75%	9.59%	11.30%	7.62%

Management uses the S&P/TSX Capped Composite Index as the benchmark for this Fund because it represents the aggregate common share returns of Canada's largest companies. Although index returns are hypothetical—as they do not reflect the true cost of owning or managing the underlying stocks—they are one of several useful indicators. By comparing the Fund's performance to the movements of the benchmark, we are able to assess how the Fund is doing. For example, some short-term deviations can signal the need for change while others confirm the expectations of a longer-term strategy. If Management were to ascertain that the Fund's over or under performance was the result of excessive risk-taking or deviation from the investment mandate, we would, on behalf of all our unitholders, address these issues with the Investment Adviser, and make changes if necessary.

As illustrated in the above table, the Fund finished 2023 ahead of its benchmark, the S&P/TSX Capped Composite Index. The biggest winners over the past year have come from the Fund's material overweights in engineering firms SNC-Lavalin and Stantec, which ended the year up 79% and 65%, respectively. A lack of Enbridge, Nutrien and BCE also contributed strongly as the names fell 3%, 22% and 6%, respectively. Additionally, a material overweight in Celestica, which rose 154% in 2023, contributed very positively.

### Regarding Forward-Looking Statements

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as "plan", "anticipate", "intend", "expect", "estimate", or other similar wording.

These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices; fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated. Actual results may differ materially from the results anticipated in these forward-looking statements.

# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2023)

### Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years, if applicable. This information is derived from the Fund's audited annual financial statements.

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

SERIES A	Year ended December 31				
	2023	2022	2021	2020	2019
Net assets – beginning of the year	\$ 23.26	\$ 27.53	\$ 23.83	\$ 23.20	\$ 19.77
Increase (decrease) from operations:					
Total revenue	\$ 0.67	\$ 0.66	\$ 0.69	\$ 0.60	\$ 0.63
Total expenses	\$ (0.34)	\$ (0.35)	\$ (0.37)	\$ (0.30)	\$ (0.30)
Net realized gains (losses) for the year	\$ 0.60	\$ 1.32	\$ 2.44	\$ (0.32)	\$ 1.67
Net unrealized gains (losses) for the year	\$ 1.92	\$ (4.21)	\$ 2.82	\$ 0.70	\$ 1.95
Total increase (decrease) from operations <sup>2</sup>	\$ 2.85	\$ (2.58)	\$ 5.58	\$ 0.68	\$ 3.95
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	\$ (0.24)	\$ (0.24)	\$ (0.19)	\$ (0.20)	\$ (0.32)
From capital gains	\$ -	\$ (1.44)	\$ (1.63)	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -
Total annual distributions <sup>3</sup>	\$ (0.24)	\$ (1.68)	\$ (1.82)	\$ (0.20)	\$ (0.32)
Net assets – end of the year	\$ 25.86	\$ 23.26	\$ 27.53	\$ 23.83	\$ 23.20

PRIVATE TRUST SERIES	Year ended December 31				
	2023	2022	2021	2020	2019
Net assets – beginning of the year	\$ 22.33	\$ 26.06	\$ 22.26	\$ 21.73	\$ 18.56
Increase (decrease) from operations:					
Total revenue	\$ 0.58	\$ 0.56	\$ 0.58	\$ 0.50	\$ 0.54
Total expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Net realized gains (losses) for the year	\$ 0.55	\$ 1.24	\$ 2.27	\$ (0.23)	\$ 1.59
Net unrealized gains (losses) for the year	\$ 1.92	\$ (3.92)	\$ 2.71	\$ 1.05	\$ 2.20
Total increase (decrease) from operations <sup>2</sup>	\$ 3.05	\$ (2.12)	\$ 5.56	\$ 1.32	\$ 4.33
Distributions:					
From income (excluding dividends)	\$ (0.04)	\$ (0.04)	\$ (0.02)	\$ (0.03)	\$ (0.03)
From dividends	\$ (0.53)	\$ (0.55)	\$ (0.53)	\$ (0.46)	\$ (0.60)
From capital gains	\$ (0.21)	\$ (1.02)	\$ (1.16)	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -
Total annual distributions <sup>3</sup>	\$ (0.78)	\$ (1.61)	\$ (1.71)	\$ (0.49)	\$ (0.63)
Net assets – end of the year	\$ 24.60	\$ 22.33	\$ 26.06	\$ 22.26	\$ 21.73

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

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial year. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

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

# MDPIM Canadian Equity Pool

## Management Report of Fund Performance (December 31, 2023)

### Financial Highlights (continued)

#### RATIOS AND SUPPLEMENTAL DATA

SERIES A	Year ended December 31				
	2023	2022	2021	2020	2019
Total net assets, end of the year <sup>1</sup>	\$ 5,207,507	\$ 5,491,298	\$ 6,625,709	\$ 5,964,889	\$ 6,584,413
Number of units outstanding	201,382	236,046	240,666	250,347	283,826
Management expense ratio <sup>2</sup>	1.37%	1.37%	1.37%	1.37%	1.36%
Management expense ratio before tax	1.25%	1.25%	1.25%	1.25%	1.25%
Management expense ratio before waivers or absorptions	1.38%	1.39%	1.39%	1.39%	1.37%
Trading expense ratio <sup>3</sup>	0.18%	0.18%	0.16%	0.22%	0.20%
Portfolio turnover rate <sup>4</sup>	66.71%	71.57%	61.50%	76.29%	117.90%
Net assets per unit	\$ 25.86	\$ 23.26	\$ 27.53	\$ 23.83	\$ 23.20

PRIVATE TRUST SERIES	Year ended December 31				
	2023	2022	2021	2020	2019
Total net assets, end of the year <sup>1</sup>	\$ 2,353,101,096	\$ 2,169,312,883	\$ 2,528,011,254	\$ 2,153,370,698	\$ 1,995,791,877
Number of units outstanding	95,652,300	97,142,289	97,013,724	96,680,671	91,828,575
Management expense ratio <sup>2</sup>	0.00%	0.00%	-	-	-
Management expense ratio before tax	0.00%	0.00%	-	-	-
Management expense ratio before waivers or absorptions	0.01%	0.01%	0.02%	0.02%	0.02%
Trading expense ratio <sup>3</sup>	0.18%	0.18%	0.16%	0.22%	0.20%
Portfolio turnover rate <sup>4</sup>	66.71%	71.57%	61.50%	76.29%	117.90%
Net assets per unit	\$ 24.60	\$ 22.33	\$ 26.06	\$ 22.26	\$ 21.73

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

<sup>2</sup> The management expense ratio ("MER") is based on total expenses for the stated period (excluding commissions, withholding taxes and other portfolio transaction costs) and the Fund's proportionate share of the MER, if applicable, of exchange traded funds ("ETFs") in which the Fund has invested, expressed as an annualized percentage of daily average net asset value during the period.

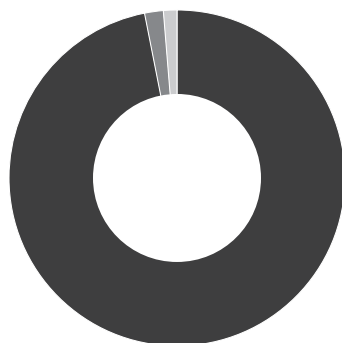
<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

<sup>4</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

# MDPIM Canadian Equity Pool

## Summary of Investment Portfolio, December 31, 2023

**NET ASSETS: \$2,358.3 MILLION**



■	96.9%	Domestic Equities
■	1.8%	Cash and Other Net Assets (Liabilities)
■	1.3%	Foreign Equities

### PORTFOLIO ALLOCATION (PERCENTAGE OF NET ASSETS)

#### DOMESTIC EQUITIES

Communication Services	1.4%
Consumer Discretionary	6.5%
Consumer Staples	7.2%
Energy	9.5%
Financials	24.0%
Health Care	0.4%
Industrials	20.1%
Information Technology	13.7%
Materials	10.1%
Real Estate	3.4%
Utilities	0.6%
<b>TOTAL DOMESTIC EQUITIES</b>	<b>96.9%</b>

#### FOREIGN EQUITIES

Australia	0.4%
Bermuda	0.4%
Jersey	0.5%
<b>TOTAL FOREIGN EQUITIES</b>	<b>1.3%</b>

#### CASH AND SHORT-TERM INVESTMENTS

1.7%

#### OTHER NET ASSETS

0.1%

#### TOTAL NET ASSETS

100.0%

The Cash and Short-Term Investments and Other Net Assets may appear negative due to the timing of cash flows between the trade date and settlement date for transactions on underlying securities.

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

Brookfield Corporation Cl. A	3.6%
Canadian National Railway Company	3.3%
Shopify Inc. Cl. A	2.8%
Alimentation Couche-Tard Inc.	2.7%
Open Text Corporation	2.4%
SNC-Lavalin Group Inc. Cl. A	2.3%
Intact Financial Corporation	2.3%
Restaurant Brands International Inc.	2.3%
Thomson Reuters Corporation	2.2%
WSP Global Inc.	2.2%
Royal Bank of Canada	2.2%
The Bank of Nova Scotia	2.2%
Stantec Inc.	2.1%
The Toronto-Dominion Bank	1.9%
TC Energy Corporation	1.7%
National Bank of Canada	1.7%
CGI Inc.	1.7%
Cash and short-term investments	1.7%
Boyd Group Services Inc.	1.7%
The Descartes Systems Group Inc.	1.5%
CCL Industries Inc. Cl. B	1.4%
Manulife Financial Corporation	1.4%
iA Financial Corporation Inc.	1.4%
CAE Inc.	1.3%
Empire Company Limited Cl. A	1.3%

Note: Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available.

The Net Assets, Portfolio Allocation and Top 25 Holdings in the tables are based on the net assets as at December 31, 2023.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. To obtain a copy of the prospectus, please call your MD Advisor, or the MD Trade Centre at 1 800 267-2332.



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