MB Money Market Fund

Central banks act to calm markets

Central banks undertook coordinated damage control in response to the ongoing credit crisis. The Federal Open Market Committee continued to assuage credit fears by cutting the federal funds rate to 4.25%, a reduction of 100 basis points since September.

INVESTMENT PROCESS

- **Formal weekly team meetings**
- **Average term to maturity between 15 to 180 days**
- **Minimum credit rating of R1 Low**
- **Corporate weight 0 to 70%**
- **Government weight 30 to 100%**

LONG-TERM PERFORMANCE

	3mo	1yr	2yrs	3yrs	4yrs	5yrs	7yrs	10yrs
Total Port	**1.2**	**4.6**	**4.2**	**3.7**	**3.4**	**3.3**	**3.5**	**4.0**
Benchmark*	1.1	4.4	4.2	3.7	3.3	3.2	3.3	3.8

*DEX 91 Day T Bill

PORTFOLIO DISTRIBUTION

	09/30/07	12/31/07
Floating Rate Notes/Cash	2.60	3.86
Treasury Bills	34.30	34.45
Bankers' Acceptances and Commercial Paper	63.10	61.69
Total	100.00 %	100.00 %
Average Term (days)	114	98
Yield	4.72 %	4.47 %

PERFORMANCE AND STRATEGY: BANK OF CANADA CUTS RATES

The Bank of Canada addressed credit fears, as well as the strong Canadian dollar, by cutting its overnight lending rate by 25 basis points to 4.25%. This action helped stabilize the “traditional” commercial paper market in Canada, albeit at high levels. Non-bank ABCP, which is still in limbo, is an asset class that McLean Budden has always avoided. The 3-month Bankers’ Acceptance/Treasury Bill spread is very wide at about 95 basis points, justifying a high corporate weight in the portfolio.