

# Semi-annual Financial Statements (Unaudited)

## McLean Budden American Equity Fund

June 30th, 2007

(in U.S. \$)

### STATEMENTS OF NET ASSETS

As at June 30th, 2007 (unaudited) and December 31st, 2006 (audited) (in U.S. \$)

	2007	2006
<b>ASSETS</b>		
Investments, at fair value	\$ 713,189,022	\$ 612,815,944
Cash	201,024	794,353
Subscriptions receivable	220,845	23,691
Due from broker	-	2,028,180
Accrued interest and dividends receivable	388,025	451,180
	<u>713,998,916</u>	<u>616,113,348</u>
<b>LIABILITIES</b>		
Distributions payable	201	137,034
Accrued expenses	159,898	151,278
Redemptions payable	357,941	81,010
	<u>518,040</u>	<u>369,322</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 713,480,876</b>	<b>\$ 615,744,026</b>
<b>UNITHOLDERS EQUITY</b>		
Class A	\$ 85,743,782	\$ 78,189,165
Class B	251,458,554	247,596,077
Class C	376,278,540	289,958,784
	<u>\$ 713,480,876</u>	<u>\$ 615,744,026</u>
<b>UNITS OUTSTANDING (Note D)</b>		
Class A	2,345,263	2,345,547
Class B	6,722,780	7,296,586
Class C	10,056,825	8,551,030
	<u>19,124,868</u>	<u>18,193,163</u>
<b>NET ASSET VALUE PER UNIT</b>		
Class A US \$	\$ 36.56	\$ 33.34
Class B US \$	\$ 37.40	\$ 33.93
Class C US \$	\$ 37.42	\$ 33.91
Class A CDN \$	\$ 38.89	\$ 38.79
Class B CDN \$	\$ 39.79	\$ 39.49
Class C CDN \$	\$ 39.80	\$ 39.46
Investments, at average cost	<u>\$ 603,770,167</u>	<u>\$ 536,114,052</u>

### STATEMENTS OF OPERATIONS

For the six months ended June 30th (unaudited) (in U.S. \$)


	2007	2006
<b>INCOME</b>		
Interest	\$ 449,234	\$ 503,092
Dividends	7,059,474	4,479,106
	<u>7,508,708</u>	<u>4,982,198</u>
Less: Foreign withholding taxes	799,240	647,566
	<u>6,709,468</u>	<u>4,334,632</u>
<b>EXPENSES</b>		
Management fees (Note C)	945,493	868,504
<b>NET INVESTMENT INCOME (LOSS)</b>	<u>5,763,975</u>	<u>3,466,128</u>
Net realized gain (loss) on sale of investments*	26,892,928	9,005,641
Transaction costs	(287,419)	-
Net change in unrealized appreciation (depreciation) of investments and foreign currency	32,992,083	11,277,252
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<u>59,597,592</u>	<u>20,282,893</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 65,361,567</b>	<b>\$ 23,749,021</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER CLASS</b>		
Class A	7,467,092	3,376,610
Class B	23,445,952	10,926,243
Class C	34,448,523	9,446,168
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (Note E)</b>		
Class A	\$ 3.21	\$ 1.35
Class B	\$ 3.51	\$ 1.55
Class C	\$ 3.53	\$ 1.43
<b>*NET REALIZED GAIN (LOSS) ON SALE OF INVESTMENTS</b>		
Cost of investments held at beginning of period <sup>^</sup>	\$ 516,755,395	\$ 435,834,408
Cost of investments purchased during the period <sup>^</sup>	153,729,669	90,159,940
	<u>670,485,064</u>	<u>525,994,348</u>
Investments at cost at end of the period <sup>^</sup>	587,925,940	476,399,530
Cost of investments sold during the period <sup>^</sup>	82,559,124	49,594,818
Proceeds from sale of investments <sup>^</sup>	<u>109,452,052</u>	<u>58,600,459</u>
<b>NET REALIZED GAIN (LOSS) ON SALE OF INVESTMENTS</b>	<b>\$ 26,892,928</b>	<b>\$ 9,005,641</b>

<sup>^</sup> Excludes short-term investments.

On behalf of the Manager, McLean Budden Limited.



Roger Beauchemin,  
Director



Mary Hallward,  
Director

McLean Budden American Equity Mutual Fund

**STATEMENTS OF CHANGES IN NET ASSETS**

For the six months ended June 30th (unaudited) (in U.S. \$)

	Class A		Class B	
	2007	2006	2007	2006
NET ASSETS, BEGINNING OF PERIOD	\$ 78,130,208	\$ 77,665,588	\$ 247,411,599	\$ 218,801,131
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	7,467,092	3,376,610	23,445,952	10,926,243
CAPITAL TRANSACTIONS				
Proceeds from issue of units	8,792,375	3,288,916	21,591,493	28,936,433
Distributions reinvested	—	52	—	1,468
Redemption of units	(8,645,893)	(10,326,221)	(40,990,490)	(24,448,375)
	146,482	(7,037,253)	(19,398,997)	4,489,526
DISTRIBUTIONS TO UNITHOLDERS (Note 3)				
Investment income	—	—	—	—
Realized gains	—	—	—	—
	—	—	—	—
NET ASSETS, END OF PERIOD	\$ 85,743,782	\$ 74,004,945	\$ 251,458,554	\$ 234,216,900

	Class C		Total	
	2007	2006	2007	2006
NET ASSETS, BEGINNING OF PERIOD	\$ 289,743,227	\$ 185,876,625	\$ 615,285,034	\$ 482,343,344
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	34,448,523	9,446,168	65,361,567	23,749,021
CAPITAL TRANSACTIONS				
Proceeds from issue of units	66,782,961	43,612,914	97,166,829	75,838,263
Distributions reinvested	—	—	—	1,520
Redemption of units	(14,696,171)	(7,498,956)	(64,332,554)	(42,273,552)
	52,086,790	36,113,958	32,834,275	33,566,231
DISTRIBUTIONS TO UNITHOLDERS (Note 3)				
Investment income	—	—	—	—
Realized gains	—	—	—	—
	—	—	—	—
NET ASSETS, END OF PERIOD	\$ 376,278,540	\$ 231,436,751	\$ 713,480,876	\$ 539,658,596

McLean Budden *American Equity Mutual Fund*

**STATEMENTS OF INVESTMENT PORTFOLIO**

as at June 30th, 2007 (unaudited) (in U.S. \$)

Par Value \$/ No. of Shares	Security	Issue	Total Cost	Fair Value
<b>SHORT-TERM INVESTMENTS (2007 – 2.23%; 2006 – 3.07%)</b>				
CANADA PAY				
TERM DEPOSITS				
1,200,000	Royal Bank of Canada	4.250% July 3, 2007	\$1,128,085	\$1,128,085
U.S. PAY				
TERM DEPOSITS				
800,000	Royal Bank of Canada	(US Pay) 5.250% July 3, 2007	800,000	800,000
CANADA GOVERNMENT GUARANTEED				
2,700,000	Business Development Bank	(US Pay) 5.144% July 26, 2007	2,665,278	2,689,821
8,400,000	Export Development Bank	(US Pay) 5.119% August 30, 2007	8,291,304	8,327,256
3,000,000	Export Development Bank	(US Pay) 5.108% October 2, 2007	2,959,560	2,959,560
			<u>13,916,142</u>	<u>13,976,637</u>
	<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>15,844,227</b>	<b>15,904,722</b>
<b>EQUITIES (2007 – 97.77%; 2006 – 96.93%)</b>				
<b>U.S. EQUITIES</b>				
<b>ENERGY</b>				
230,000	Apache Corporation	Common	11,917,198	18,742,700
135,000	Peabody Energy Corporation	Common	6,677,945	6,519,150
310,000	Schlumberger Ltd.	Common	12,909,436	26,312,800
120,000	Transocean Sedco Forex Inc.	Ordinary	4,578,851	12,694,800
155,000	Valero Energy Corporation	Common	4,983,483	11,445,200
			<u>41,066,913</u>	<u>75,714,650</u>
<b>MATERIALS</b>				
470,000	Alcoa Inc.	Common	12,656,245	19,025,600
90,000	Freeport-McMoRan	Common	7,366,342	7,453,800
	Copper & Gold Inc.	Common	<u>20,022,587</u>	<u>26,479,400</u>
<b>INDUSTRIALS</b>				
165,000	3M Company	Common	12,271,620	14,320,350
110,000	Avery Dennison Corporation	Common	6,257,507	7,299,600
240,000	Burlington Northern	Common	15,085,455	20,404,800
200,000	Caterpillar Inc.	Common	14,365,933	15,644,000
455,000	General Electric Company	Common	15,369,582	17,417,400
180,000	Honeywell International Inc.	Common	6,005,411	10,123,200
400,000	Tyco International Ltd.	Common Par \$0.20	10,234,302	13,512,000
245,000	United Technologies	Common	10,969,243	17,365,600
	Corporation		<u>90,559,053</u>	<u>116,086,950</u>
<b>CONSUMER DISCRETIONARY</b>				
225,000	PetSmart Inc.	Common	6,239,438	7,294,500
840,000	Time Warner Inc.	Common	14,532,528	17,665,200
310,000	Viacom Inc.	Class B	12,371,443	12,889,800
			<u>33,143,409</u>	<u>37,849,500</u>
<b>CONSUMER STAPLES</b>				
100,000	Altria Group Inc.	Common	5,678,482	7,005,000
260,000	Colgate Palmolive Company	Common	14,490,985	16,850,600
490,000	CVS Caremark Corporation	Common	15,322,001	17,840,900
305,000	Estée Lauder Company Inc.	Class A	11,970,922	13,862,250
315,000	Kraft Foods Inc.	Class A	9,939,587	11,100,600
210,000	PepsiCo Inc.	Common	11,645,505	13,608,000

Number of Shares	Security	Issue	Total Cost	Fair Value
300,000	SYSCO Corporation	Common	\$10,034,291	\$9,885,000
350,000	Wal-Mart Stores, Inc.	Common	16,662,874	16,831,500
			<u>95,744,647</u>	<u>106,983,850</u>
<b>HEALTH CARE</b>				
105,000	Beckman Coulter Inc.	Common	5,976,274	6,780,900
430,000	Boston Scientific Corporation	Common	13,273,490	6,591,900
155,000	Eli Lilly & Company	Common	8,503,084	8,653,650
220,000	Johnson & Johnson	Common	13,075,036	13,545,400
625,000	Pfizer Inc.	Common	19,197,729	15,956,250
250,000	Wyeth	Common	10,630,056	14,335,000
			<u>70,655,669</u>	<u>65,863,100</u>
<b>FINANCIALS</b>				
335,000	American International	Common	22,109,485	23,450,000
565,000	Citigroup Inc.	Common	25,310,815	28,950,600
120,000	Federal National	Common	7,660,128	7,833,600
65,000	Goldman Sachs Group, Inc.	Common	9,845,087	14,085,500
200,000	The NASDAQ Stock Market, Inc.	Common	6,373,511	5,930,000
495,000	Wells Fargo & Company	Common	17,471,012	17,399,250
			<u>88,770,038</u>	<u>97,648,950</u>
<b>INFORMATION TECHNOLOGY</b>				
795,000	Cisco Systems Inc.	Common	17,020,137	22,108,950
220,000	Electronic Arts Inc.	Common	10,361,346	10,403,800
245,000	Hewlett Packard Company	Common	5,346,388	10,919,650
810,000	Intel Corporation	Common	17,856,220	19,229,400
185,000	MEMC Electronic Materials Inc.	Common	8,499,663	11,288,700
900,000	Microsoft Corporation	Common	24,278,141	26,505,000
685,000	Motorola Inc.	Common	12,865,168	12,110,800
500,000	Yahoo! Inc.	Common	13,977,303	13,555,000
			<u>110,204,366</u>	<u>126,121,300</u>
<b>TELECOMMUNICATION SERVICES</b>				
170,100	AT&T Inc.	Common	4,106,289	7,059,150
331,000	Verizon Communications Inc.	Common	11,433,312	13,620,650
			<u>15,539,601</u>	<u>20,679,800</u>
<b>UTILITIES</b>				
140,000	Exelon Corporation	Common	8,078,139	10,152,800
400,000	Southern Company	Common	14,440,183	13,704,000
			<u>22,518,322</u>	<u>23,856,800</u>
	<b>TOTAL U.S. EQUITIES</b>		<b>588,224,605</b>	<b>697,284,300</b>
	<b>ADJUSTMENTS FOR TRANSACTION COSTS</b>		<b>(298,665)</b>	<b>—</b>
	<b>TOTAL INVESTMENTS IN U.S. DOLLARS</b>		<b>\$603,770,167</b>	<b>\$713,189,022</b>

# McLean Budden American Equity Mutual Fund

## Fund Specific Notes to the Financial Statements

*For the six months ended June 30th, 2007 and 2006 (unaudited)  
(These notes should be read along with the Generic Notes to the Financial Statements)*

### A. ORGANIZATION

This McLean Budden Fund was established under the laws of the Province of Ontario by trust agreements between McLean Budden Limited (“MBL”), as Manager, and RBC Dexia Investor Services Trust, as Trustee, dated as follows:

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>
McLean Budden American Equity Fund (“American Equity Fund”)	July 15, 1988	April 1, 2000	June 13, 2003

The Fund is authorized to issue an unlimited number of Class A, B and C units which rank equally in all respects on a pro-rata basis in the net assets of the Fund.

The unaudited information provided in these financial statements is for the 6 months ended June 30, 2007. Data for funds established during 2007 is presented from the date of inception.

### B. INCOME TAXES

The Fund is considered a mutual fund trust and distributes all of its net income and net-realized capital gains in order not to be subject to income taxes, other than foreign withholding taxes, if applicable.

### C. MANAGEMENT FEES AND OPERATING EXPENSES

The Fund is responsible for its management fee, the cost of investments and related brokerage fees and for any borrowing costs, bank charges, taxes and administrative expenses. Effective July 1, 1998, the Manager has assumed responsibility for payment of all administrative expenses of the Fund. These expenses include the cost of complying with regulatory requirements, the fees or expenses charged to the Manager for calculation of net asset value, the fees of the Trustee, custodian, auditors and legal counsel and other administrative costs arising in the ordinary course of the operation of the Fund. The Manager will continue to assume responsibility for the payment of the administrative expenses until unitholders receive at least 60 days written notice of a change.

For its services as Manager, MBL is entitled to an annual management fee for Class A units not exceeding 2.00%, excluding taxes, of the average net asset value of the Fund in the year. For 2007 and 2006, the actual fee was 1.25%.

A management fee of 0.25%, excluding taxes, is payable by each Class B unitholder in the Fund. In addition, holders of Class B units or an intermediary pay a management fee of up to a maximum of 1.50% directly to the Manager.

A management fee of 0.05%, excluding taxes, is payable by each Class C unitholder in the Fund. In addition, holders of Class C units or an intermediary pay a management fee of up to a maximum of 1.50% payable directly to the Manager.

Where a portion of the Fund’s assets are invested in underlying mutual funds, the Fund indirectly pays its share of the management fees of the underlying funds. In computing the management fees, the management fee payable by the Fund which holds units of another MB fund is reduced to reflect any management fee payable by the other fund in order to avoid any duplication of management fees. The management fees are the only compensation to which the Manager is entitled in respect of the Funds.

### D. UNITHOLDERS’ EQUITY

The Fund is authorized to issue an unlimited number of Class A, Class B and Class C units. Investors of each Class of units of the Fund are entitled to participate in the distribution of net income and net realized capital gains on a proportionate basis. Units are redeemable by the unitholder and entitle the holder to one vote for each whole unit held at a meeting of all unitholders of the Fund, except meetings of unitholders of a Class at which only unitholders of that Class are entitled to vote.

Units of the Fund are issued and redeemed at the then current Transactional NAV per unit at the option of the unitholder.

**D. UNITHOLDERS' EQUITY (continued)**

Unit transactions for Class A, Class B and Class C units for the period ended June 30 were as follows:

Fund	Units Outstanding Beginning of Period	Issued	Distributions Reinvested	Redemptions	Units Outstanding End of Period
<b>American Equity Fund</b>					
Class A 2007	2,345,547	247,974	—	(248,258)	2,345,263
Class A 2006	2,591,554	106,273	2	(331,638)	2,366,191
<b>Class B 2007</b>	<b>7,296,586</b>	<b>609,257</b>	<b>—</b>	<b>(1,183,063)</b>	<b>6,722,780</b>
Class B 2006	7,167,659	911,648	48	(765,883)	7,313,472
<b>Class C 2007</b>	<b>8,551,030</b>	<b>1,921,266</b>	<b>—</b>	<b>(415,471)</b>	<b>10,056,825</b>
Class C 2006	6,092,540	1,366,504	—	(235,864)	7,223,180

**E. INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT**

Increase (decrease) in Net Assets from Operations per Unit in the Statement of Operations represents the net increase (decrease) in net assets from operations for the period divided by the average units outstanding during the period. The average number of units outstanding during the period was:

	<u>June 2007</u>	June 2006
Class A	2,326,809	2,497,926
Class B	6,685,215	7,060,940
Class C	9,771,506	6,618,914

**F. BROKERAGE FEES**

Commissions paid to dealers in connection with the purchase and sale of securities during the period were allocated by management to the Fund for 2007 at \$287,419 (2006 - \$187,446).

**G. RELATED PARTY TRANSACTIONS**

As at June 30, the following outstanding units of the Fund (Class A) were held by other McLean Budden Funds:

	<u>Number of Units Held</u>	
	<u>2007</u>	2006
McLean Budden Balanced Growth Fund	461,546	539,144
McLean Budden Canadian Equity Growth Fund	241,458	253,705
McLean Budden Canadian Equity Value Fund	130,527	142,264

**H. SOFT DOLLARS**

Soft dollars are a way for investment managers to pay through trading commissions for research related products and services that support the investment decision making process.

Effective January 1, 2007, the Manager does not earn or accumulate soft dollars so the Fund accumulated soft dollar credits of \$nil (2006 - \$18,949).