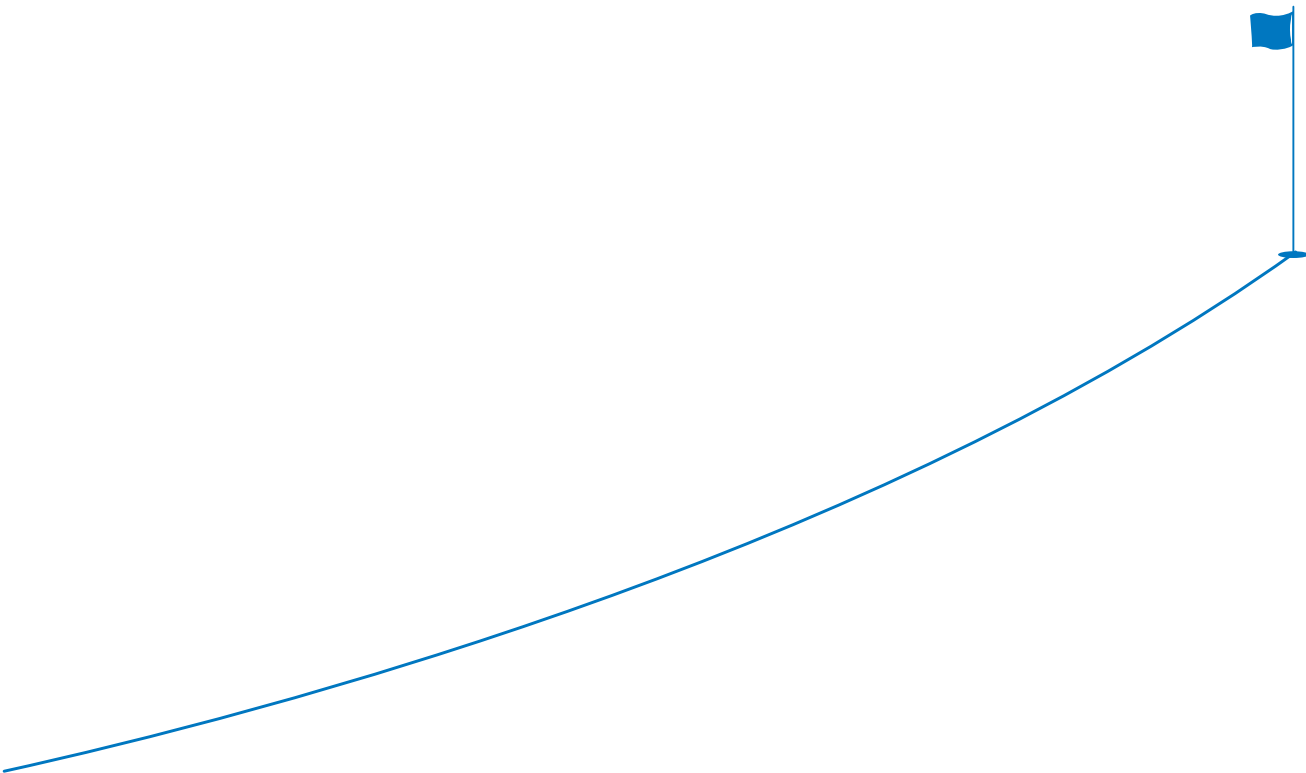


Your route should be flexible. Your goals should not.

# Separately Managed Accounts



McLEAN BUDDEN  
LOOK FORWARD™

## A Look at McLean Budden

Since opening our doors in 1947, McLean Budden has grown to become one of Canada's most respected investment management companies. From offices in Toronto, Montréal, Vancouver and Chicago, we manage over \$32 billion on behalf of pension, foundation & endowment, private wealth and mutual fund clients.

We firmly believe in long-term, balanced investing. Through a robust team-based approach, extensive research and continuous client

consultation, McLean Budden takes great care to ensure that every solution measures up to the unique requirements of each client. So when a client would like a more customizable portfolio, they can look forward to getting exactly what they need.

## Separately Managed Accounts

For over 15 years, McLean Budden has offered Separately Managed Accounts (SMAs), enabling advisors increased customization of portfolios for their individual investors. Unlike mutual funds, our SMAs extend control over the individual securities within a portfolio.

Initially known as WRAP programs, McLean Budden's professional management was offered through the advisor network as a charter member of Canada's first managed solution platform.

Today, McLean Budden offers over 20 portfolio strategies across 16 different platforms to fee-based advisors and their clients throughout Canada and internationally. McLean Budden provides advisors with direct contact to a portfolio manager, providing a unique collaborative approach to meeting client needs.

At McLean Budden, teamwork is the cornerstone of our corporate culture. It is ingrained in every facet of our business.

We firmly believe that a group of talented individuals with both varied and complementary skills, a common interest, working cohesively towards a singular goal, will ultimately achieve the results we strive to accomplish.

## A Firm Commitment

McLean Budden has been managing investment portfolios for over half a century. More importantly, Canadian and international investors have entrusted their assets with McLean Budden from one generation to the next. These long-term relationships are a testament to our tradition of thorough succession planning, ensuring that the firm's reputation for consistency in long-term performance and personalized service will be maintained for the benefit of future generations.

We believe fostering a stable and challenging working environment enhances our ability to deliver consistency in performance and service for the benefit of our clients. This commitment goes well beyond words, as the investment professionals and senior staff collectively own approximately 40% of the firm, providing a strong incentive to maintain superior investment results and excellent service.

As McLean Budden is evolving from its third to fourth generation of management, our experience with succession planning provides the assurance of continuity in style

and methodology. We have always stressed the importance of hiring highly qualified investment, marketing and administrative professionals. As part of the succession planning process, McLean Budden hires senior personnel well in advance of potential retirements. As the firm is well regarded, it is able to attract highly motivated and experienced professionals.

At McLean Budden, teamwork is the cornerstone of our corporate culture. It is ingrained in every facet of our business. Our portfolio models are constructed by small, multi-generational management teams, which operate in a disciplined and democratic fashion. These teams are supported by the insight and fundamental analysis provided by our global research team.

# Why Invest with McLean Budden

## Decision

Selecting an investment manager is one of life's important decisions. Accordingly, we consider it a privilege to be entrusted and selected to manage clients' assets. A long-term successful relationship is invariably based on trust and discretion. As markets ebb and flow, clients can expect straightforward answers. They can rest assured that both feedback and responses will be accurate, honest and unembellished. We firmly believe that all clients, and their portfolios, large or small, are worthy of the best we have to offer.

## Our service

At McLean Budden, clients entrust their assets to the firm rather than an individual. When your investment advisor selects McLean Budden as the manager of choice, we ensure that your advisor has a portfolio manager acting as a key contact at our firm. This client service offering will help facilitate service and address specific questions you might have regarding your portfolio.

## Reporting and Monitoring

McLean Budden sends regular reports detailing each portfolio's status to your investment professional head office. The firm believes keeping clients well informed is essential; therefore our quarterly reports include the latest activity and market updates.

## Review

We encourage clients to set some time aside for review meetings at a reasonable interval with their investment advisors. These meetings provide a forum to discuss performance and expectations as well as any personal changes that should be reflected in the policy, management or structure of their portfolio.

## McLean Budden Investment Philosophy

A team approach to portfolio management is a McLean Budden hallmark. Individual teams meet on a weekly basis to implement any changes to the model portfolios.

As for our philosophy, there is one word that best sums it up: balance. The basic objective of our investment management is to exceed client objectives without incurring unnecessary risk in pursuit of this goal.

More specifically, our balance-based principles of investment are:

- > To add value in the management of each asset category
- > To add value and lessen volatility in asset mix management
- > To manage portfolios within the long-term risk/reward profile of each client

We believe superior equity investing is, over time, the largest potential source of “added value” to a fund. Our equity management focuses on security selection to add most of the value. Companies with strong management teams and sound balance sheets are emphasized.



# McLean Budden Investment Philosophy

## Research Structure

In-depth fundamental analysis is essential to superior stock selection. As McLean Budden concentrates on larger capitalization companies, our research coverage is segmented by global industry sectors, thus providing a greater comparative knowledge base.

## Process

Before modelling and forecasting earnings and cash flows, our research analysts invest significant time and effort in fully understanding each company's dynamics. This means surveying the market for the firm's products or services, the risks and opportunities concerning market share, competition, pricing power as well as profitability, analyzing the cost structure in terms of inputs such as labour and materials, leverage from variable over fixed costs as well as potential economies of scale, and finally, gauging each company's financial strength. This valuable knowledge becomes all the more critical when interviewing company management. These forums, held in our offices, on-site or at industry conferences provide key insight into the management team's capabilities and the soundness of their business plan.

Ultimately, our analysts must determine the discount (or premium) between a company's stock relative to its peers and historical norms, as well as its magnitude. Further, we must determine whether there is a catalyst that is likely to favourably impact the value of the shares (Value style) or alternatively, whether the company's growth potential is likely to exceed, match or disappoint that which is reflected in its current price (Growth style). The result of this rigorous analysis provides the portfolio management teams with a basis for investment decisions. In practical terms, the expected returns and their probabilities support the weekly decision-making process by emphasizing what should be bought, increased or alternatively, trimmed or sold.

Formal meetings are held weekly by the equity teams which are composed of between 3 to 5 equity managers. Discussions of new ideas, meetings with company management, changes in fundamentals and market movements translate into team decisions based on a majority vote.

# Fixed Income

## Methodology

Multiple strategies are employed in the composition of fixed-income portfolios. This approach allows McLean Budden to add value over a full market cycle. Interest rate anticipation, credit quality and sector research are all contributors to portfolio construction. Arbitrage modeling strategies are also employed to identify shorter-term trading opportunities.

McLean Budden employs proprietary research in evaluating the creditworthiness of bond issuers. Portfolio construction favours high quality issuers and McLean Budden has never experienced a default of a holding in its bond portfolio.

A focus on capital preservation coupled with a fair value and inflation anticipation model make McLean Budden's fixed income management ideally suited to the management of investor portfolios.

# Ethics

## Summary of McLean Budden's Code of Business Conduct

- > Employees must comply with all laws and regulations and Company rules, policies and procedures applicable to their activities for and on behalf of the Company.
- > The Company will not condone any violation of the law or any unethical business dealing by any employee.
- > Employees must not use their positions, or knowledge gained through their employment with the company, for private or personal advantage or in such a manner that a conflict or an appearance of conflict arises between the Company's interests and their personal interests.
- > Our Personal Trading Policy prohibits all McLean Budden employees, common law relationships and family members living in employees' homes from purchasing

restricted securities. Restricted securities include common and preferred shares, derivatives of a common or preferred share, convertible bonds and corporate bonds, income trusts, REIT's and similar investments. Failure to abide by Company Personal Trading Policies could seriously harm the Company's reputation in the marketplace and, consequently, any breach of the code will be dealt with severely and could lead to an employee's dismissal.

- > Personal investment decisions must not be based on material, non-public information acquired by reason of an employees connection with the Company. The decisions must not contravene the Conflict of Interest provisions of the Code, any applicable laws, or any policies or procedures established by the company.

Investment Managers Since 1947

[www.mcleanbudden.com](http://www.mcleanbudden.com)

#### Information

For more information on McLean Budden's SMA offerings, contact Ralph Daghfal: 1 877 828 3336 or [rdaghfal@mcleanbudden.com](mailto:rdaghfal@mcleanbudden.com)

#### Toronto

145 King Street West  
25<sup>th</sup> Floor  
Toronto, ON M5H 1J8  
Tel +1 416 862 9800  
Fax +1 416 862 0167

#### Montréal

1250 René-Lévesque Blvd. W.  
Suite 3010  
Montréal, QC H3B 4W8  
Tel +1 514 933 0033  
Fax +1 514 933 8163

#### Vancouver

595 Burrard Street  
Three Bentall Centre  
Suite 3043, P.O. Box 49105  
Vancouver, BC V7X 1G4  
Tel +1 604 623 3430  
Fax +1 604 623 3436

#### Chicago

4026 N. Bell Avenue  
Chicago, IL 60618  
Tel +1 773 866 9210  
Fax +1 773 866 9211