

# Annual Report 2010

Financial Statements  
*Audited*

McLean Budden  
Canadian Equity Fund



# McLean Budden Mutual Funds

## Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by McLean Budden Limited as Manager on behalf of McLean Budden Mutual Funds. McLean Budden Limited is responsible for the information contained within these financial statements.

The Manager maintains suitable processes to ensure that timely, relevant, and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and they include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 of the Generic Notes to the Financial Statements. The Board of Directors of McLean Budden Limited is responsible for reviewing and approving the financial statements and overseeing management's financial reporting responsibilities.

Deloitte & Touche LLP are the external auditors of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.



Roger J. Beauchemin, CFA  
President & Chief Executive Officer  
McLean Budden Limited  
February 18, 2011

## Independent Auditor's Report

To the Unitholders of:

McLean Budden Balanced Growth Fund  
McLean Budden Balanced Value Fund  
McLean Budden Canadian Equity Growth Fund  
McLean Budden Canadian Equity Fund  
McLean Budden Canadian Equity Value Fund  
(collectively referred to as the "Funds")

McLean Budden American Equity Fund  
McLean Budden Global Equity Fund  
McLean Budden High Income Equity Fund  
McLean Budden International Equity Fund  
McLean Budden Fixed Income Fund

McLean Budden Money Market Fund  
McLean Budden LifePlan® 2020 Fund  
McLean Budden LifePlan® 2030 Fund  
McLean Budden LifePlan® Retirement Fund

We have audited the accompanying financial statements of the Funds, which comprise the statement of investment portfolio as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009, and the statements of operations and changes in net assets for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2010 and 2009, and the results of their operations and the changes in their net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Licensed Public Accountants  
February 18, 2011  
Toronto, Ontario

## McLean Budden Canadian Equity Fund for the year ended December 31<sup>st</sup>, 2010

### Statements of Net Assets

As at December 31<sup>st</sup>

	2010	2009
<b>Assets</b>		
Investments, at fair value	\$ 22,112,679	\$ 17,699,093
Cash	123,214	273,326
Subscriptions receivable	412	10,000
Due from broker	—	10,227
Accrued interest and dividends receivable	31,613	39,034
	<u>22,267,918</u>	<u>18,031,680</u>
<b>Liabilities</b>		
Distributions payable	979	156
Accrued expenses	13,975	10,042
Redemptions payable	60,868	30,000
	<u>75,822</u>	<u>40,198</u>
<b>Total net assets</b>	<u>22,192,096</u>	<u>17,991,482</u>
<b>Unitholders' equity</b>		
Class A <sup>††</sup>	\$ 738,059	\$ 16
Class B <sup>†††</sup>	—	1,657,470
Class C	8,043,291	5,295,147
Class D <sup>†</sup>	10,444,073	8,513,026
Class F	370,715	19
Class O	2,595,958	2,525,804
	<u>\$ 22,192,096</u>	<u>\$ 17,991,482</u>
<b>Units outstanding (Note C)</b>		
Class A <sup>††</sup>	48,063	1
Class B <sup>†††</sup>	—	120,834
Class C	519,166	390,091
Class D <sup>†</sup>	677,474	628,900
Class F	24,385	1
Class O	167,536	186,058
	<u>1,436,624</u>	<u>1,325,885</u>
<b>Net assets per unit</b>		
Class A <sup>††</sup>	\$ 15.36	\$ 13.54
Class B <sup>†††</sup>	\$ —	\$ 13.72
Class C	\$ 15.49	\$ 13.57
Class D <sup>†</sup>	\$ 15.42	\$ 13.54
Class F	\$ 15.20	\$ 13.35
Class O	\$ 15.49	\$ 13.58
<b>Net asset value per unit</b>		
Class A <sup>††</sup>	\$ 15.38	\$ 13.57
Class B <sup>†††</sup>	\$ —	\$ 13.76
Class C	\$ 15.51	\$ 13.61
Class D <sup>†</sup>	\$ 15.44	\$ 13.57
Class F	\$ 15.22	\$ 13.38
Class O	\$ 15.52	\$ 13.61
<b>Investments, at average cost</b>	<u>\$ 18,016,543</u>	<u>\$ 15,866,505</u>

<sup>†</sup> Prior to April 1, 2009, Class D was known as Class A.<sup>††</sup> Class AA was created on April 1, 2009, and renamed Class A on March 26, 2010.<sup>†††</sup> The Class B series of this Fund was closed on January 5, 2010.

### Statements of Operations

For the year ended December 31<sup>st</sup>

	2010	2009
<b>Income</b>		
Interest	\$ 6,132	\$ 16,958
Dividends	437,108	392,971
	<u>443,240</u>	<u>409,929</u>
<b>Expenses</b>		
Management fees	140,937	103,743
Independent review committee fees	3,927	1,079
	<u>144,864</u>	<u>104,822</u>
<b>Net investment income (loss)</b>	<u>298,376</u>	<u>305,107</u>
Net realized gain (loss) on sale of investments*	376,863	89,294
Transaction costs	(10,685)	(7,554)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	2,263,545	4,301,910
<b>Net gain (loss) on investments</b>	<u>2,629,723</u>	<u>4,383,650</u>
<b>Increase (decrease) in net assets from operations</b>	<u>\$ 2,928,099</u>	<u>\$ 4,688,757</u>
<b>Increase (decrease) in net assets from operations per class</b>		
Class A <sup>††</sup>	\$ 99,070	\$ 4
Class B <sup>†††</sup>	\$ 18,208	\$ 498,652
Class C	\$ 1,084,198	\$ 1,230,900
Class D <sup>†</sup>	\$ 1,296,527	\$ 2,097,802
Class F	\$ 45,550	\$ 5
Class O	\$ 384,546	\$ 861,394
<b>Increase (decrease) in net assets from operations per unit (Note D)</b>		
Class A <sup>††</sup>	\$ 2.61	\$ 3.35
Class B <sup>†††</sup>	\$ 0.15	\$ 3.72
Class C	\$ 2.06	\$ 3.50
Class D <sup>†</sup>	\$ 1.98	\$ 3.33
Class F	\$ 1.94	\$ 3.51
Class O	\$ 2.21	\$ 3.74
<b>*Net realized gain (loss) on sale of investments</b>		
Cost of investments held at beginning of year <sup>^</sup>	\$ 15,616,894	\$ 16,221,688
Cost of investments purchased during the year <sup>^</sup>	6,313,404	3,374,843
	<u>21,930,298</u>	<u>19,596,531</u>
Investments at cost at end of the year <sup>^</sup>	17,069,494	15,616,894
Cost of investments sold during the year <sup>^</sup>	4,860,804	3,979,637
Proceeds from sale of investments <sup>^</sup>	<u>5,237,667</u>	<u>4,068,931</u>
<b>Net realized gain (loss) on sale of investments</b>	<u>\$ 376,863</u>	<u>\$ 89,294</u>

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

On behalf of the Manager, McLean Budden Limited.


Roger Beauchemin,  
Director

Alan Daxner,  
Director

Statements of Changes in Net Assets  
For the year ended December 31st

	Class A <sup>††</sup>		Class B <sup>†††</sup>		Class C	
	2010	2009	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 16	\$ –	\$ 1,657,470	\$ 1,566,349	\$ 5,295,147	\$ 3,365,030
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	99,070	4	18,208	498,652	1,084,198	1,230,900
CAPITAL TRANSACTIONS						
Proceeds from issue of units	744,947	12	–	338,985	3,258,442	1,097,209
Distributions reinvested	2,264	–	–	24,026	117,846	81,412
Redemption of units	(105,806)	–	(1,675,678)	(746,014)	(1,584,601)	(389,978)
	641,405	12	(1,675,678)	(383,003)	1,791,687	788,643
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(2,432)	–	–	(24,528)	(127,741)	(89,426)
NET ASSETS, END OF YEAR	\$ 738,059	\$ 16	\$ –	\$ 1,657,470	\$ 8,043,291	\$ 5,295,147

	Class D <sup>†</sup>		Class F		Class O	
	2010	2009	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 8,513,026	\$ 6,797,688	\$ 19	\$ 14	\$ 2,525,804	\$ 2,880,010
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	1,296,527	2,097,802	45,550	5	384,546	861,394
CAPITAL TRANSACTIONS						
Proceeds from issue of units	2,372,884	2,171,653	443,588	–	660,205	603,400
Distributions reinvested	50,908	51,690	3,037	–	42,429	43,625
Redemption of units	(1,738,210)	(2,554,078)	(118,442)	–	(974,597)	(1,819,000)
	685,582	(330,735)	328,183	–	(271,963)	(1,171,975)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(51,062)	(51,729)	(3,037)	–	(42,429)	(43,625)
NET ASSETS, END OF YEAR	\$ 10,444,073	\$ 8,513,026	\$ 370,715	\$ 19	\$ 2,595,958	\$ 2,525,804

	Total	
	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 17,991,482	\$ 14,609,091
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	2,928,099	4,688,757
CAPITAL TRANSACTIONS		
Proceeds from issue of units	7,480,066	4,211,259
Distributions reinvested	216,484	200,753
Redemption of units	(6,197,334)	(5,509,070)
	1,499,216	(1,097,058)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)		
Investment income	(226,701)	(209,308)
NET ASSETS, END OF YEAR	\$ 22,192,096	\$ 17,991,482

<sup>†</sup> Prior to April 1, 2009, Class D was known as Class A.

<sup>††</sup> Class AA was created on April 1, 2009, and renamed Class A on March 26, 2010.

<sup>†††</sup> The Class B series of this Fund was closed on January 5, 2010.

Statements of Investment Portfolio

As at December 31<sup>st</sup>, 2010

Par Value \$/ Security No. of Shares	Issue	Total Cost	Fair Value	Number of Shares	Security	Issue	Total Cost	Fair Value		
<b>SHORT-TERM INVESTMENTS (2010 - 4.29%; 2009 - 1.41%)</b>				<b>Financials</b>						
<b>Treasury Bills</b>				5,000	Bank of Montreal	Common	310,800	287,200		
300,000	Government of Canada	0.947% February 3, 2011	299,340	299,740	8,100	Bank of Nova Scotia	Common	333,288	462,105	
300,000	Government of Canada	0.952% March 3, 2011	299,181	299,515	9,350	Brookfield Asset Management Inc.	Class A Ltd Vtg	257,646	310,140	
350,000	Government of Canada	1.020% April 28, 2011	348,527	348,839	600	Canadian Western Bank	Common	15,632	17,016	
<b>TOTAL SHORT-TERM INVESTMENTS</b>				<b>947,048</b>	<b>948,094</b>	3,800	Industrial Alliance Insurance & Financial Services Inc.	Common	100,356	139,612
<b>CANADIAN EQUITIES (2010 - 95.71%; 2009 - 98.59%)</b>				<b>Information Technology</b>						
<b>Energy</b>				22,700	Manulife Financial Corporation	Common	572,945	388,170		
4,200	Athabasca Oil Sands Corporation	Common	75,600	63,000	4,700	National Bank of Canada	Common	263,703	321,574	
21,500	Cameco Corporation	Common	625,392	865,375	10,900	Power Corporation of Canada	Sub Vtg	285,850	301,167	
18,000	Canadian Natural Resources Ltd.	Common	496,517	797,220	24,900	Royal Bank of Canada	Common	1,200,099	1,300,277	
20,300	Cenovus Energy Inc.	Common	506,900	672,945	2,700	TMX Group Inc.	Common	95,779	99,765	
1,800	Enbridge Inc.	Common	66,459	101,214	18,000	Toronto Dominion Bank	Common	1,061,277	1,333,800	
19,800	EnCana Corporation	Common	536,455	574,992	<b>4,497,375 4,960,826</b>					
36,816	Suncor Energy Inc.	Common	1,116,291	1,406,003	<b>Information Technology</b>					
37,500	Talisman Energy Inc.	Common	593,406	829,500	5,800	CGI Group Inc.	Class A Sub Vtg	51,075	99,760	
6,600	TransCanada Corporation	Common	220,696	250,404	9,000	Open Text Corporation	Common	358,740	411,570	
17,700	Trinidad Drilling Ltd.	Common	146,574	111,510	18,400	Research In Motion Ltd.	Common	1,057,565	1,067,016	
2,900	Vermilion Energy Inc.	Common	93,278	134,009	<b>1,467,380 1,578,346</b>					
<b>4,477,568 5,806,172</b>				<b>Telecommunication Services</b>						
<b>Materials</b>				7,100	BCE Inc.	Common	172,055	250,914		
6,100	Agrium Inc.	Common	291,402	558,150	4,800	Rogers Communication Inc.	Class B Non Vtg	133,056	165,648	
14,651	Barrick Gold Corporation	Common Cad	555,153	777,236	6,500	TELUS Corporation	Common	286,309	295,620	
5,300	CCL Industries Inc.	Class B Non Vtg	134,639	156,350	<b>591,420 712,182</b>					
17,500	Equinox Minerals Limited	Common	63,716	106,925	<b>Utilities</b>					
2,400	First Quantum Minerals Ltd.	Common	168,014	258,792	4,500	TransAlta Corporation	Common	92,443	95,175	
3,000	Goldcorp Inc.	Common	95,932	137,430	<b>TOTAL CANADIAN EQUITIES</b>					
11,800	IAMGOLD Corporation	Common	135,447	209,096	<b>17,082,576 21,164,585</b>					
1,300	Inmet Mining Corporation	Common	98,046	100,438	<b>ADJUSTMENTS FOR TRANSACTION COSTS</b>					
3,900	Potash Corporation of Saskatchewan Inc.	Common	498,024	601,809	<b>(13,081)</b>					
10,300	Teck Resources Ltd.	Class B Sub Vtg	282,891	634,995	<b>TOTAL INVESTMENTS</b>					
<b>2,323,264 3,541,221</b>				<b>18,016,543 22,112,679</b>						
<b>Industrials</b>				<b>Consumer Discretionary</b>						
133,600	Bombardier Inc.	Class B Sub Vtg	607,358	668,000	1,600	Canadian Tire Corporation Ltd.	Class A Non Vtg	88,933	109,088	
18,000	CAE Inc.	Common	158,863	206,280	3,500	Dollarama Inc.	Common	88,082	100,730	
8,300	Canadian National Railway Company	Common	372,481	550,124	10,700	Gildan Activewear Inc.	Common	174,973	303,238	
4,100	Finning International Inc.	Common	72,500	110,864	5,000	Linamar Corporation	Common	101,831	101,750	
7,900	WestJet Airlines Ltd.	Common	89,792	110,837	15,000	Magna International Inc.	Common	478,904	777,300	
<b>1,300,994 1,646,105</b>				5,800	RONA Inc.	Common	108,632	81,896		
<b>Consumer Staples</b>				8,300	Thomson Reuters Corporation	Common	341,867	308,428		
7,900	Alimentation Couche-Tard Inc.	Class B Sub Vtg	141,041	213,616	3,900	Tim Hortons Inc.	Common	120,525	160,290	
2,600	Loblaw Companies Ltd.	Common	117,236	104,754	<b>1,503,747 1,942,720</b>					
10,600	Shoppers Drug Mart Corporation	Common	422,272	418,700	<b>Consumer Staples</b>					
15,600	Viterra Inc.	Common	147,836	144,768	7,900	Alimentation Couche-Tard Inc.	Class B Sub Vtg	141,041	213,616	
<b>828,385 881,838</b>				2,600	Loblaw Companies Ltd.	Common	117,236	104,754		



## McLean Budden Canadian Equity Fund

### Fund Specific Notes to the Financial Statements

December 31, 2010 and 2009

(These notes should be read along with the Generic Notes to the Financial Statements)

#### A. Investment Objective

The Fund aims for long-term capital growth by investing in a diversified portfolio of Canadian equities. Unitholder approval is required prior to a change of fundamental investment objectives.

#### B. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by regularly monitoring the Fund's positions, market events and diversifying the investment portfolio within the constraints of the investment objective.

Significant risks that are relevant to the Fund are discussed below:

##### *Credit Risk*

As at December 31, the Fund invested in debt securities, such as short-term investments and bonds, with the following Standard and Poor's credit ratings:

Portfolio by rating category	As a % of Net Assets	
	December 31, 2010	December 31, 2009
AAA	4.3%	1.4%

As at December 31, 2010 and 2009, none of these assets are impaired or past due and the percentages represent the maximum credit risk exposure.

##### *Interest Rate Risk*

As at December 31, 2010, approximately \$948,000 (2009: \$250,000) was invested in debt securities with term to maturity of less than 1 year.

The Fund has minimal sensitivity to changes in interest rates since these debt securities are usually held to maturity and are short-term in nature.

##### *Other Price Risk*

Approximately 95.4% (2009: 97.0%) of the Fund's Net Assets held at December 31, 2010 were publicly traded equities. If equity prices on the exchange increased or decreased by 5% as at December 31, 2010, the Net Assets of the Fund would have increased or decreased by approximately \$1,058,000 (2009: \$872,000) respectively or 4.8% (2009: 4.8%) of the Net Assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

### C. Unitholders' Equity

Unit transactions for Class A, Class B, Class C, Class D, Class F and Class O units for the year ended December 31 were as follows:

Class	Units Outstanding Beginning of Year	Issued	Distributions Reinvested	Redemptions	Units Outstanding End of Year
<b>Class A 2010<sup>††</sup></b>	<b>1</b>	<b>55,455</b>	<b>147</b>	<b>(7,540)</b>	<b>48,063</b>
Class AA 2009 <sup>††</sup>	–	1	–	–	1
<b>Class B 2010<sup>†††</sup></b>	<b>120,834</b>	<b>–</b>	<b>–</b>	<b>(120,834)</b>	<b>–</b>
Class B 2009	151,624	31,269	1,747	(63,806)	120,834
<b>Class C 2010</b>	<b>390,091</b>	<b>236,042</b>	<b>7,596</b>	<b>(114,563)</b>	<b>519,166</b>
Class C 2009	329,085	91,356	5,981	(36,331)	390,091
<b>Class D 2010</b>	<b>628,900</b>	<b>171,422</b>	<b>3,298</b>	<b>(126,146)</b>	<b>677,474</b>
Class D 2009 <sup>†</sup>	665,761	192,179	3,808	(232,848)	628,900
<b>Class F 2010</b>	<b>1</b>	<b>33,048</b>	<b>199</b>	<b>(8,863)</b>	<b>24,385</b>
Class F 2009	1	–	–	–	1
<b>Class O 2010</b>	<b>186,058</b>	<b>47,547</b>	<b>2,734</b>	<b>(68,803)</b>	<b>167,536</b>
Class O 2009	281,729	56,832	3,205	(155,708)	186,058

<sup>†</sup> Prior to April 1, 2009 Class D was known as Class A. <sup>††</sup> Class AA was created on April 1, 2009, and renamed Class A on March 26, 2010.

<sup>†††</sup> The Class B series of this Fund was closed on January 5, 2010.

### D. 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 year divided by the average units outstanding during the year. The average number of units outstanding during the year was:

	2010	2009
Class A	37,910	1
Class B	120,834	133,868
Class C	526,373	351,488
Class D	655,177	629,631
Class F	23,437	1
Class O	173,621	230,432

### E. Related Party Transactions

As at December 31, the following Class O units of the Fund were held by other McLean Budden Funds:

	Number of Units Held	
	2010	2009
McLean Budden LifePlan® 2010 Fund*	–	48,675
McLean Budden LifePlan® 2020 Fund	78,401	92,756
McLean Budden LifePlan® 2030 Fund	31,316	9,742
McLean Budden LifePlan® Retirement Fund*	57,819	34,882

\* On August 31, 2010, the McLean Budden LifePlan® 2010 Fund was wound down and its investments were transferred to the McLean Budden LifePlan® Retirement Fund.

### F. Fair Value Disclosure

The Fund's financial assets measured at fair value have been categorized based upon a fair value hierarchy in accordance with CICA Section 3862. The following fair value hierarchy table presents information about the Fund's financial assets measured at fair value as of December 31 and there have been no transfers between levels during 2010 and 2009.

	Financial Assets at Fair Value as at December 31, 2010			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	21,164,585	–	–	21,164,585
Short-Term Investments	–	948,094	–	948,094
	21,164,585	948,094	–	22,112,679
	Financial Assets at Fair Value as at December 31, 2009			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	17,449,148	–	–	17,449,148
Short-Term Investments	–	249,945	–	249,945
	17,449,148	249,945	–	17,699,093

Investment Managers Since 1947

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

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