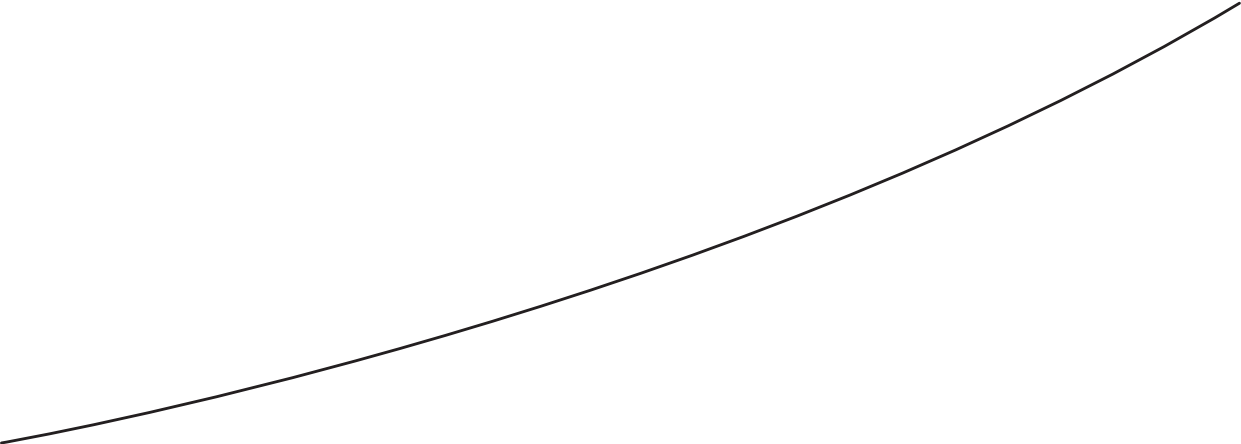


# Annual Report 2010

Financial Statements  
*Audited*

McLean Budden  
High Income 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 High Income 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	\$ 12,608,820	\$ 7,200,975
Cash	202,530	224,792
Subscriptions receivable	10,110	50
Accrued interest and dividends receivable	64,905	44,087
	<u>12,886,365</u>	<u>7,469,904</u>
<b>Liabilities</b>		
Distributions payable	58	–
Accrued expenses	4,274	2,870
Redemptions payable	5,409	40,000
	<u>9,741</u>	<u>42,870</u>
<b>Total net assets</b>	<b>\$ 12,876,624</b>	<b>\$ 7,427,034</b>
<b>Unitholders' equity</b>		
Class A <sup>††</sup>	\$ 198,571	\$ 13
Class B <sup>†††</sup>	–	2,682,805
Class C	8,598,887	1,936,382
Class D <sup>†</sup>	3,005,449	1,995,843
Class F	125,260	15
Class O	948,457	811,976
	<u>\$ 12,876,624</u>	<u>\$ 7,427,034</u>
<b>Units outstanding (Note C)</b>		
Class A <sup>††</sup>	20,802	2
Class B <sup>†††</sup>	–	307,152
Class C	896,002	221,636
Class D <sup>†</sup>	314,736	229,344
Class F	13,159	2
Class O	98,868	92,981
	<u>1,343,567</u>	<u>851,117</u>
<b>Net assets per unit</b>		
Class A <sup>††</sup>	\$ 9.55	\$ 8.70
Class B <sup>†††</sup>	\$ –	\$ 8.73
Class C	\$ 9.60	\$ 8.74
Class D <sup>†</sup>	\$ 9.55	\$ 8.70
Class F	\$ 9.52	\$ 8.65
Class O	\$ 9.59	\$ 8.73
<b>Net asset value per unit</b>		
Class A <sup>††</sup>	\$ 9.55	\$ 8.72
Class B <sup>†††</sup>	\$ –	\$ 8.75
Class C	\$ 9.60	\$ 8.75
Class D <sup>†</sup>	\$ 9.56	\$ 8.72
Class F	\$ 9.53	\$ 8.67
Class O	\$ 9.60	\$ 8.75
<b>Investments, at average cost</b>	<b>\$ 11,902,260</b>	<b>\$ 7,537,616</b>

<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 16, 2010.

### Statements of Operations

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

	2010	2009
<b>Income</b>		
Interest	\$ 120,578	\$ 132,050
Dividends	329,162	304,479
	<u>449,740</u>	<u>436,529</u>
Less: Foreign withholding taxes	(8,647)	(7,677)
	<u>441,093</u>	<u>428,852</u>
<b>Expenses</b>		
Management fees	35,795	30,909
Independent review committee fees	3,397	515
	<u>39,192</u>	<u>31,424</u>
<b>Net investment income (loss)</b>	<b>401,901</b>	<b>397,428</b>
Net realized gain (loss) on sale of investments*	(153,718)	(1,175,406)
Transaction costs	(5,038)	(6,601)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	1,042,189	2,521,323
<b>Net gain (loss) on investments</b>	<b>883,433</b>	<b>1,339,316</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 1,285,334</b>	<b>\$ 1,736,744</b>
<b>Increase (decrease) in net assets from operations per class</b>		
Class A <sup>††</sup>	\$ 12,558	\$ 3
Class B <sup>†††</sup>	\$ 12,104	\$ 594,722
Class C	\$ 828,145	\$ 542,217
Class D <sup>†</sup>	\$ 291,538	\$ 447,309
Class F	\$ 11,489	\$ 3
Class O	\$ 129,500	\$ 152,490
<b>Increase (decrease) in net assets from operations per unit (Note D)</b>		
Class A <sup>††</sup>	\$ 1.64	\$ 2.03
Class B <sup>†††</sup>	\$ 0.04	\$ 1.47
Class C	\$ 1.30	\$ 1.96
Class D <sup>†</sup>	\$ 1.16	\$ 2.09
Class F	\$ 1.52	\$ 1.78
Class O	\$ 1.22	\$ 2.09
<b>*Net realized gain (loss) on sale of investments</b>		
Cost of investments held at beginning of year <sup>^</sup>	\$ 7,437,761	\$ 10,328,884
Cost of investments purchased during the year <sup>^</sup>	5,353,312	1,737,958
	<u>12,791,073</u>	<u>12,066,842</u>
Investments at cost at end of the year <sup>^</sup>	11,703,030	7,437,761
Cost of investments sold during the year <sup>^</sup>	1,088,043	4,629,081
Proceeds from sale of investments <sup>^</sup>	934,325	3,453,675
<b>Net realized gain (loss) on sale of investments</b>	<b>\$ (153,718)</b>	<b>\$ (1,175,406)</b>

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

On behalf of the Manager, McLean Budden Limited.

Roger Beauchemin,  
Director

Alan Daxner,  
Director

Annual Financial Statements (Audited), continued  
McLean Budden High Income Equity Fund

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	\$ 13	\$ –	\$ 2,682,805	\$ 4,093,828	\$ 1,936,382	\$ 2,096,851
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	12,558	3	12,104	594,722	828,145	542,217
CAPITAL TRANSACTIONS						
Proceeds from issue of units	206,000	10	–	452,229	6,985,294	56,698
Distributions reinvested	2,633	1	–	118,479	191,403	113,455
Redemption of units	(20,000)	–	(2,694,909)	(2,414,105)	(1,088,876)	(747,005)
	188,633	11	(2,694,909)	(1,843,397)	6,087,821	(576,852)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(2,633)	(1)	–	(162,348)	(253,461)	(125,834)
NET ASSETS, END OF YEAR	\$ 198,571	\$ 13	\$ –	\$ 2,682,805	\$ 8,598,887	\$ 1,936,382

	Class D <sup>†</sup>		Class F		Class O	
	2010	2009	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 1,995,843	\$ 1,161,229	\$ 15	\$ 12	\$ 811,976	\$ 477,486
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	291,538	447,309	11,489	3	129,500	152,490
CAPITAL TRANSACTIONS						
Proceeds from issue of units	1,053,597	1,017,569	116,617	–	189,000	325,000
Distributions reinvested	53,645	56,551	1	1	38,685	33,292
Redemption of units	(321,179)	(607,574)	–	–	(182,019)	(143,000)
	786,063	466,546	116,618	1	45,666	215,292
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(67,995)	(79,241)	(2,862)	(1)	(38,685)	(33,292)
NET ASSETS, END OF YEAR	\$ 3,005,449	\$ 1,995,843	\$ 125,260	\$ 15	\$ 948,457	\$ 811,976

	Total	
	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 7,427,034	\$ 7,829,406
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	1,285,334	1,736,744
CAPITAL TRANSACTIONS		
Proceeds from issue of units	8,550,508	1,851,506
Distributions reinvested	286,367	321,779
Redemption of units	(4,306,983)	(3,911,684)
	4,529,892	(1,738,399)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)		
Investment income	(365,636)	(400,717)
NET ASSETS, END OF YEAR	\$ 12,876,624	\$ 7,427,034

<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 16, 2010.

Statements of Investment Portfolio

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

Par Value \$/ Security No. of Shares	Issue	Total Cost	Fair Value
<b>SHORT-TERM INVESTMENTS (2010 - 1.58%; 2009 - 1.39%)</b>			
<b>Treasury Bills</b>			
200,000	Government of Canada 1.038% April 28, 2011	199,230	199,337
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>199,230</b>	<b>199,337</b>
<b>EQUITIES (2010 - 98.42%; 2009 - 98.61%)</b>			
<b>CANADIAN PREFERRED SHARES (2010 - 2.95%; 2009 - 4.09%)</b>			
5,900	Bank of Montreal PP Cl B Sr 18	153,193	163,194
7,600	Bank of Nova Scotia Reset Prf Ser 26	194,944	209,000
		<u>348,137</u>	<u>372,194</u>
<b>TOTAL PREFERRED SHARES</b>		<b>348,137</b>	<b>372,194</b>
<b>CANADIAN EQUITIES (2010 - 82.40%; 2009 - 81.77%)</b>			
<b>Energy</b>			
7,600	ARC Energy Trust Trust Unit	163,411	193,116
12,200	Canadian Oil Sands Trust Trust Unit	360,527	322,690
3,800	Cenovus Energy Inc. Common	98,080	125,970
9,900	Crescent Point Energy Corporation Common	400,273	437,481
12,200	Enbridge Inc. Common	524,480	686,007
4,800	Husky Energy Inc. Common	166,972	127,248
10,996	Keyera Facilities Income Trust Trust Unit	233,497	386,509
7,900	Penn West Energy Trust Trust Unit	272,890	188,257
16,000	Progress Energy Trust Common	218,887	203,200
16,200	TransCanada Corporation Common	586,927	614,628
30,500	Trinidad Drilling Ltd. Common	217,745	192,150
11,900	Vermilion Energy Inc. Common	402,437	549,899
		<u>3,646,126</u>	<u>4,027,155</u>
<b>Materials</b>			
2,800	Labrador Iron Ore Royalty Income Fund Trust Unit	127,638	188,300
<b>Industrials</b>			
12,900	IESI-BFC Ltd. Common	281,763	312,051
<b>Consumer Discretionary</b>			
9,100	Groupe Aeroplan Inc. Common	118,030	124,215
6,700	Thomson Reuters Corporation Common	273,459	248,972
		<u>391,489</u>	<u>373,187</u>
<b>Health Care</b>			
22,200	CML Healthcare Income Fund Trust Unit	287,065	253,524
<b>Financials</b>			
7,900	Bank of Montreal Common	492,730	453,777
5,900	Bank of Nova Scotia Common	302,606	336,595
3,900	Canadian Imperial Bank of Commerce Common	312,150	305,097
5,700	IGM Financial Inc. Common	252,286	247,209
3,600	National Bank of Canada Common	222,543	246,312
8,400	Royal Bank of Canada Common	434,470	438,648
6,700	TMX Group Inc. Common	245,889	247,565
5,900	Toronto Dominion Bank Common	410,426	437,190
		<u>2,673,100</u>	<u>2,712,393</u>
<b>Telecommunication Services</b>			
19,400	BCE Inc. Common	545,120	685,596
14,400	Bell Aliant Regional Communications Income Fund	390,538	374,256
12,000	TELUS Corporation Common	553,471	545,760
		<u>1,489,129</u>	<u>1,605,612</u>

Number of Shares	Security	Issue	Total Cost	Fair Value
<b>Utilities</b>				
11,800	Brookfield Renewable Power Inc.	Unit Trust	218,593	243,434
10,900	Fortis Inc.	Common	295,138	369,619
14,400	TransAlta Corporation	Common	308,871	304,560
			<u>822,602</u>	<u>917,613</u>
<b>TOTAL CANADIAN EQUITIES</b>			<b>9,718,912</b>	<b>10,389,835</b>
<b>FOREIGN EQUITIES (2010 - 13.07%; 2009 - 12.75%)</b>				
<b>Energy</b>				
10,000	Spectra Energy Corporation	Common	235,271	248,313
<b>Consumer Staples</b>				
12,100	Altria Group, Inc.	Common	259,341	296,010
<b>Health Care</b>				
21,000	Pfizer Inc.	Common	435,716	365,375
<b>Telecommunication Services</b>				
10,500	Verizon Communications Inc.	Common	333,960	373,200
<b>Utilities</b>				
20,600	Duke Energy Corporation	Common	381,666	364,556
<b>TOTAL FOREIGN EQUITIES</b>			<b>1,645,954</b>	<b>1,647,454</b>
<b>TOTAL EQUITIES</b>			<b>11,713,003</b>	<b>12,409,483</b>
<b>ADJUSTMENTS FOR TRANSACTION COSTS</b>			<b>(9,973)</b>	
<b>TOTAL INVESTMENTS</b>			<b>11,902,260</b>	<b>12,608,820</b>

## McLean Budden High Income 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 income generation and capital appreciation by investing primarily in high yielding Canadian equity securities, income trusts, royalty trusts, real-estate investment trusts and limited partnership units. The Fund may invest in securities of other Mutual Funds. 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, 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	1.5%	1.3%
A	—	4.0%
Total	1.5%	5.3%

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 \$199,000 (2009: \$100,000) 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.

##### Currency Risk

As at December 31, the Fund had significant exposure to the following currency:

	December 31, 2010		December 31, 2009	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
U. S. Dollar	1,724,000	13.4	957,000	12.9

The amounts in the table above are based on the fair value of the Fund's foreign denominated financial instruments.

As at December 31, 2010, if the Canadian dollar had strengthened or weakened by 5% in relation to foreign currencies represented in the portfolio, with all other variables remaining constant, Net Assets would have decreased or increased by approximately \$86,000 (2009: \$48,000). In practice, actual trading results may differ and the difference may be material.

##### Other Price risk

Approximately 96.4% (2009: 91.6%) 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 \$620,000 (2009: \$340,000) respectively or 4.8% (2009: 4.6%) 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>2</b>	<b>22,803</b>	<b>288</b>	<b>(2,291)</b>	<b>20,802</b>
Class AA 2009 <sup>††</sup>	–	2	–	–	2
<b>Class B 2010<sup>†††</sup></b>	<b>307,152</b>	–	–	<b>(307,152)</b>	–
Class B 2009	570,288	54,207	15,380	(332,723)	307,152
<b>Class C 2010</b>	<b>221,636</b>	<b>774,453</b>	<b>21,174</b>	<b>(121,261)</b>	<b>896,002</b>
Class C 2009	291,926	7,208	14,639	(92,137)	221,636
<b>Class D 2010</b>	<b>229,344</b>	<b>115,248</b>	<b>5,973</b>	<b>(35,829)</b>	<b>314,736</b>
Class D 2009 <sup>†</sup>	162,149	135,462	7,256	(75,523)	229,344
<b>Class F 2010</b>	<b>2</b>	<b>13,157</b>	–	–	<b>13,159</b>
Class F 2009	2	–	–	–	2
<b>Class O 2010</b>	<b>92,981</b>	<b>21,578</b>	<b>4,313</b>	<b>(20,004)</b>	<b>98,868</b>
Class O 2009	66,506	40,702	4,230	(18,457)	92,981

<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 16, 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	7,642	1
Class B	307,152	405,506
Class C	637,257	276,901
Class D	252,111	213,739
Class F	7,559	2
Class O	106,051	72,907

### 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 <sup>®</sup> Retirement Fund*	98,868	58,120
McLean Budden LifePlan <sup>®</sup> 2010 Fund*	–	34,859

\* On August 31, 2010, the McLean Budden LifePlan<sup>®</sup> 2010 Fund was wound down and its investments were transferred over to the McLean Budden LifePlan<sup>®</sup> 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	12,409,483	–	–	12,409,483
Short-Term Investments	–	199,337	–	199,337
	12,409,483	199,337	–	12,608,820
	Financial Assets at Fair Value as at December 31, 2009			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	7,100,997	–	–	7,100,997
Short-Term Investments	–	99,978	–	99,978
	7,100,997	99,978	–	7,200,975

Investment Managers Since 1947

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

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