

Annual Report 2010

Financial Statements

Audited

McLean Budden

International 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 International Equity Fund

for the year ended December 31st, 2010

Statements of Net Assets

As at December 31st

	2010	2009
Assets		
Investments, at fair value	\$ 39,116,755	\$ 45,278,375
Cash	833,059	399,757
Subscriptions receivable	904	38,702
Accrued interest and dividends receivable	174,162	180,663
	<u>40,124,880</u>	<u>45,897,497</u>
Liabilities		
Distributions payable	1,258	429
Accrued expenses	8,201	9,876
Redemptions payable	8,160	53
	<u>17,619</u>	<u>10,358</u>
Total net assets	\$ 40,107,261	\$ 45,887,139
Unitholders' equity		
Class A ^{††}	\$ 56,980	\$ 26
Class B ^{†††}	—	8,297,651
Class C	7,101,189	5,090,044
Class D [†]	6,513,535	6,842,075
Class F	121,979	36,310
Class O	26,313,578	25,621,033
	<u>\$ 40,107,261</u>	<u>\$ 45,887,139</u>
Units outstanding (Note C)		
Class A ^{††}	6,185	3
Class B ^{†††}	—	889,074
Class C	761,251	533,638
Class D [†]	702,978	722,269
Class F	13,920	4,041
Class O	2,822,938	2,688,214
	<u>4,307,272</u>	<u>4,837,239</u>
Net assets per unit		
Class A ^{††}	\$ 9.21	\$ 9.48
Class B ^{†††}	\$ —	\$ 9.33
Class C	\$ 9.33	\$ 9.54
Class D [†]	\$ 9.27	\$ 9.47
Class F	\$ 8.76	\$ 8.99
Class O	\$ 9.32	\$ 9.53
Net asset value per unit		
Class A ^{††}	\$ 9.22	\$ 9.48
Class B ^{†††}	\$ —	\$ 9.34
Class C	\$ 9.33	\$ 9.55
Class D [†]	\$ 9.27	\$ 9.48
Class F	\$ 8.76	\$ 8.99
Class O	\$ 9.32	\$ 9.54
Investments, at average cost	\$ 38,640,398	\$ 45,230,576

[†] Prior to April 1, 2009, Class D was known as Class A.^{††} Class AA was created on April 1, 2009, and renamed Class A on March 26, 2010.^{†††} The Class B series of this Fund was closed on February 1, 2010.

Statements of Operations

For the year ended December 31st

	2010	2009
Income		
Interest	\$ 5,256	\$ 4,256
Dividends	1,143,760	1,334,733
	<u>1,149,016</u>	<u>1,338,989</u>
Less: Foreign withholding taxes	(137,222)	(160,748)
	<u>1,011,794</u>	<u>1,178,241</u>
Expenses		
Management fees	94,042	94,293
Independent review committee fees	5,090	2,834
	<u>99,132</u>	<u>97,127</u>
Net investment income (loss)	912,662	1,081,114
Net realized gain (loss) on sale of investments*	(971,777)	(3,849,150)
Transaction costs	(59,324)	(57,562)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	430,372	9,516,351
	<u>(600,729)</u>	<u>5,609,639</u>
Net gain (loss) on investments from operations	\$ 311,933	\$ 6,690,753
Increase (decrease) in net assets from operations per class		
Class A ^{††}	\$ 3,429	\$ 6
Class B ^{†††}	\$ (192,006)	\$ 1,190,388
Class C	\$ 26,106	\$ 733,489
Class D [†]	\$ (70,266)	\$ 860,534
Class F	\$ 2,108	\$ 5,320
Class O	\$ 542,562	\$ 3,901,016
Increase (decrease) in net assets from operations per unit (Note D)		
Class A ^{††}	\$ 0.78	\$ 2.25
Class B ^{†††}	\$ (0.26)	\$ 1.32
Class C	\$ 0.04	\$ 1.40
Class D [†]	\$ (0.10)	\$ 1.36
Class F	\$ 0.19	\$ 1.35
Class O	\$ 0.18	\$ 1.45
*Net realized gain (loss) on sale of investments		
Cost of investments held at beginning of year [^]	\$ 43,682,822	\$ 48,771,164
Cost of investments purchased during the year [^]	18,852,419	16,020,186
	<u>62,535,241</u>	<u>64,791,350</u>
Investments at cost at end of the year [^]	38,192,135	43,682,822
Cost of investments sold during the year [^]	24,343,106	21,108,528
Proceeds from sale of investments [^]	<u>23,371,329</u>	<u>17,259,378</u>
Net realized gain (loss) on sale of investments	\$ (971,777)	\$ (3,849,150)

[^] 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 ^{††}		Class B ^{†††}		Class C	
	2010	2009	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 26	\$ –	\$ 8,297,651	\$ 8,713,177	\$ 5,090,044	\$ 4,578,392
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	3,429	6	(192,006)	1,190,388	26,106	733,489
CAPITAL TRANSACTIONS						
Proceeds from issue of units	53,525	20	160,000	2,100,713	2,615,224	719,013
Distributions reinvested	707	1	–	189,063	169,342	120,788
Redemption of units	–	–	(8,265,645)	(3,704,037)	(623,481)	(933,893)
	54,232	21	(8,105,645)	(1,414,261)	2,161,085	(94,092)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(707)	(1)	–	(191,653)	(176,046)	(127,745)
NET ASSETS, END OF YEAR	\$ 56,980	\$ 26	\$ –	\$ 8,297,651	\$ 7,101,189	\$ 5,090,044

	Class D [†]		Class F		Class O	
	2010	2009	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 6,842,075	\$ 5,010,037	\$ 36,310	\$ 10,990	\$ 25,621,033	\$ 23,676,017
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(70,266)	860,534	2,108	5,320	542,562	3,901,016
CAPITAL TRANSACTIONS						
Proceeds from issue of units	911,824	2,538,740	152,797	20,000	5,500,000	2,692,000
Distributions reinvested	72,160	95,797	2,149	617	664,728	654,771
Redemption of units	(1,164,166)	(1,561,393)	(69,236)	–	(5,350,018)	(4,648,000)
	(180,182)	1,073,144	85,710	20,617	814,710	(1,301,229)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(78,092)	(101,640)	(2,149)	(617)	(664,727)	(654,771)
NET ASSETS, END OF YEAR	\$ 6,513,535	\$ 6,842,075	\$ 121,979	\$ 36,310	\$ 26,313,578	\$ 25,621,033

	Total	
	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 45,887,139	\$ 41,988,613
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	311,933	6,690,753
CAPITAL TRANSACTIONS		
Proceeds from issue of units	9,393,370	8,070,486
Distributions reinvested	909,086	1,061,037
Redemption of units	(15,472,546)	(10,847,323)
	(5,170,090)	(1,715,800)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)		
Investment income	(921,721)	(1,076,427)
NET ASSETS, END OF YEAR	\$ 40,107,261	\$ 45,887,139

[†] Prior to April 1, 2009, Class D was known as Class A.

^{††} Class AA was created on April 1, 2009, and renamed Class A on March 26, 2010.

^{†††} The Class B series of this Fund was closed on February 1, 2010.

Statements of Investment Portfolio

As at December 31st, 2010

Par Value \$/ Security No. of Shares	Issue	Total Cost	Fair Value
SHORT-TERM INVESTMENTS (2010 - 1.15%; 2009 - 3.42%)			
Treasury Bills			
450,000	Government of Canada 1.040% April 14, 2011	448,263	448,715
TOTAL SHORT-TERM INVESTMENTS		448,263	448,715
INTERNATIONAL EQUITIES (2010 - 98.85%; 2009 - 96.58%)			
Australia			
Materials			
15,000	Newcrest Mining Limited Ordinary	547,263	617,234
Brazil			
Industrials			
13,000	Embraer S-Empresa Brasileira de Aeronautica ADR (4 ORD)	507,534	379,773
China			
Information Technology			
780,000	Lenovo Group Limited HKD 0.025	528,852	496,516
France			
Consumer Staples			
25,000	L'Oréal Company ADR (0.2 ORD)	491,529	557,935
Materials			
30,000	Air Liquide ADR (0.2 ORD)	531,800	761,633
Telecommunication Services			
32,000	France Telecom SP ADR (1 ORD)	875,145	669,959
Utilities			
16,000	Électricité de France SA EUR 0.5	1,145,445	654,572
		<u>3,043,919</u>	<u>2,644,099</u>
Germany			
Consumer Discretionary			
5,000	Bayer Motoren Werke AG EUR 1	267,757	392,511
Financials			
10,000	Deutsche Boerse AG NPV	876,102	693,709
Health Care			
7,000	Bayer AG NPV (REGD)	452,413	512,844
Industrials			
7,000	Siemens AG SP ADR	626,139	863,532
Information Technology			
15,000	SAP AG SP ADR (1 ORD)	704,176	754,330
		<u>2,926,587</u>	<u>3,216,926</u>
Indonesia			
Telecommunication Services			
20,000	P.T. Telekomunikas Indonesia ADR (40 SER B SHRS)	733,926	708,274
Israel			
Health Care			
18,000	Teva Pharmaceutical Industries Ltd. ADR (1 ORD)	975,845	931,846
Information Technology			
9,000	Check Point Software Technologies Ordinary	243,641	412,892
		<u>1,219,486</u>	<u>1,344,738</u>
Japan			
Financials			
195,000	Mitsubishi UFJ Financial Group Inc. NPV	1,579,693	1,048,782
Industrials			
9,000	East Japan Railway Company NPV	739,245	582,187
4,000	Fanuc Ltd. NPV	447,679	610,610
39,000	NGK Insulators, Ltd. NPV	770,778	631,658

Number of Shares	Security	Issue	Total Cost	Fair Value
INTERNATIONAL EQUITIES (continued)				
Japan (continued)				
Information Technology				
15,000	Canon Inc.	ADR (1 ORD)	609,174	765,210
23,000	Hoya Corporation	NPV	697,019	555,675
2,000	Nintendo Co., Ltd.	NPV	590,576	582,922
Materials				
30,000	Hitachi Metals America, Ltd.	NPV	325,806	358,354
135,000	Toray Industries Inc.	NPV	803,789	802,161
Telecommunication Services				
17,000	Nippon Telegraph & Telephone Corporation	NPV	868,724	765,407
			<u>7,432,483</u>	<u>6,702,966</u>
Mexico				
Consumer Staples				
28,000	Wal-Mart De México	SP ADR (10 ORD)	410,349	795,159
Netherlands				
Consumer Discretionary				
29,000	Reed Elsevier NV	SP ADR 144A	977,913	713,769
Materials				
10,000	Akzo Nobel NV	EUR 2	575,670	619,660
			<u>1,553,583</u>	<u>1,333,429</u>
Singapore				
Financials				
250,000	CapitaLand Ltd.	SGD 1	590,919	719,416
Spain				
Financials				
105,000	Banco Santander SA	EUR 0.50 (REGD)	1,373,975	1,109,668
Sweden				
Industrials				
25,000	Volvo AB	SER'B'NPV (POST)	243,682	437,863
Information Technology				
65,000	Telefonaktiebolaget LM Ericsson	ADR (10 SER B SHRS)	797,537	744,691
			<u>1,041,219</u>	<u>1,182,554</u>
Switzerland				
Consumer Staples				
15,000	Nestlé SA	ADR (1 ORD)	506,514	876,698
Financials				
33,000	Credit Suisse Group AG	CHF 0.04 (REGD)	1,611,803	1,325,192
Health Care				
24,000	Novartis AG	ADR (1 ORD CHF)	1,269,331	1,405,817
31,000	Roche Holdings Ltd.	NEW ADR (4 ORD)	1,295,950	1,128,936
			<u>4,683,598</u>	<u>4,736,643</u>
Taiwan				
Information Technology				
50,000	Taiwan Semiconductor Manufacturing Company Ltd.	SP ADR (5 ORD)	524,811	622,522
United Kingdom				
Consumer Discretionary				
9,000	WPP plc	SP ADR(5 ORD)	296,797	553,205
Consumer Staples				
16,000	Diageo plc	SP ADR (4 ORD)	1,026,453	1,180,616
110,000	Tesco plc	Ordinary 5P	700,493	727,298
Energy				
15,000	BG Group plc	ADR (5 ORD)	1,050,017	1,520,285
40,000	Tullow Oil plc	Ordinary 10P	656,045	784,704

Statements of Investment Portfolio

As at December 31st, 2010 (continued)

Number of Shares	Security	Issue	Total Cost	Fair Value
INTERNATIONAL EQUITIES (continued)				
United Kingdom (continued)				
Financials				
26,000	HSBC Holdings plc	SP ADR (5 ORD)	1,771,175	1,318,614
20,500	Standard Chartered plc	Ordinary USD 0.50	452,503	550,141
Industrials				
29,000	Experian Group Ltd.	Ordinary USD 0.10	341,558	360,024
Materials				
16,000	BHP Billiton plc	ADR (2 ORD)	1,131,585	1,279,663
75,000	Rexam plc	Ordinary 64.28P	369,658	388,191
27,000	Rio Tinto plc	ADR (1 ORD)	1,813,477	1,923,072
Telecommunication Services				
43,000	Vodafone Group plc	ADR (10 ORD)	1,180,456	1,129,274
Utilities				
18,000	Scottish & Southern Energy plc	Ordinary 50P	<u>345,256</u>	<u>343,036</u>
			<u>11,135,473</u>	<u>12,058,123</u>
TOTAL INTERNATIONAL EQUITIES			38,253,977	38,668,040
ADJUSTMENTS FOR TRANSACTION COSTS			(61,842)	
TOTAL INVESTMENTS			38,640,398	39,116,755



McLean Budden International 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 growth by investing in international equity securities. 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	1.1%	2.9%
AA	—	0.4%
Total	1.1%	3.3%

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 \$449,000 (2009: \$1,548,000) 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. In practice, the actual trading results may differ and the difference could be material.

Currency Risk

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

	December 31, 2010		December 31, 2009	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	22,141,000	55.2	24,879,000	54.2
Japanese Yen	5,981,000	14.9	5,145,000	11.2
Euro	4,041,000	10.1	7,765,000	16.9
Pounds Sterling	3,198,000	8.0	3,396,000	7.4
Swiss Franc	1,404,000	3.5	1,340,000	2.9
Singapore Dollar	733,000	1.8	910,000	2.0
Australian Dollar	623,000	1.6	—	—
Hong Kong Dollar	518,000	1.3	—	—
Swedish Krona	450,000	1.1	686,000	1.5
Total	39,089,000	97.5	44,121,000	96.1

The amounts in the table above are based on the fair value of the Fund's foreign denominated financial instruments. For the purposes of this section, American Depositary Receipts and American Depositary Shares are reflected as U.S. currency.

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 \$1,954,000 (2009: \$2,206,000). In practice, actual trading results may differ and the difference may be material.

Other Price Risk

Approximately 96.4% (2009: 95.3%) 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 \$1,933,000 (2009: \$2,187,000) 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
Class A 2010^{††}	3	6,105	77	–	6,185
Class AA 2009 ^{††}	–	3	–	–	3
Class B 2010^{†††}	889,074	17,027	–	(906,101)	–
Class B 2009	1,071,001	260,018	20,258	(462,203)	889,074
Class C 2010	533,638	276,514	18,149	(67,050)	761,251
Class C 2009	550,688	86,781	12,655	(116,486)	533,638
Class D 2010	722,269	100,275	7,785	(127,351)	702,978
Class D 2009 [†]	605,493	297,800	10,105	(191,129)	722,269
Class F 2010	4,041	18,367	245	(8,733)	13,920
Class F 2009	1,401	2,571	69	–	4,041
Class O 2010	2,688,214	622,093	71,295	(558,664)	2,822,938
Class O 2009	2,850,123	312,179	68,652	(542,740)	2,688,214

[†] Prior to April 1, 2009 Class D was known as Class A. ^{††} Class AA was created on April 1, 2009, and renamed Class A on March 26, 2010.

^{†††} The Class B series of this Fund was closed on February 1, 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	4,396	3
Class B	739,322	901,191
Class C	728,212	524,061
Class D	717,745	633,878
Class F	11,077	3,937
Class O	3,046,452	2,690,951

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 Balanced Growth Fund	2,143,804	1,896,229
McLean Budden Canadian Equity Growth Fund	522,958	639,752
McLean Budden Canadian Equity Value Fund	156,173	152,229

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	35,309,312	3,358,728	–	38,668,040
Short-Term Investments	–	448,715	–	448,715
	35,309,312	3,807,443	–	39,116,755
	Financial Assets at Fair Value as at December 31, 2009			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	36,663,231	7,067,293	–	43,730,524
Short-Term Investments	–	1,547,851	–	1,547,851
	36,663,231	8,615,144	–	45,278,375

Investment Managers Since 1947

www.mcleanbudden.com

Toronto

145 King Street West
25th Floor
Toronto, ON M5H 1J8
Tel +1 416 862 9800
Fax +1 416 862 9624

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