

Annual Report 2010

Financial Statements
Audited

McLean Budden
LifePlan[®] Retirement Fund



MCLEAN BUDDEN
LOOK FORWARD[®]

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 LifePlan[®] Retirement Fund

for the year ended December 31st, 2010

Statements of Net Assets

As at December 31st

	2010	2009
Assets		
Investments, at fair value	\$ 10,895,693	\$ 6,297,669
Cash	65,802	8,635
Due from broker	—	70,000
	<u>10,961,495</u>	<u>6,376,304</u>
Liabilities		
Redemptions payable	11,000	14,500
Accrued expenses	16,665	9,737
	<u>27,665</u>	<u>24,237</u>
Total net assets	\$ 10,933,830	\$ 6,352,067
Unitholders' equity		
Class A [†]	\$ 98,112	\$ 11
Class F ^{††}	12	11
Class O ^{†††}	4,830	11
Class VMD ^{††††}	10,830,876	6,352,034
	<u>\$ 10,933,830</u>	<u>\$ 6,352,067</u>
Units outstanding (Note C)		
Class A [†]	9,957	1
Class F ^{††}	1	1
Class O ^{†††}	485	1
Class VMD ^{††††}	1,092,214	662,002
	<u>1,102,657</u>	<u>662,005</u>
Net assets per unit		
Class A [†]	\$ 9.85	\$ 9.54
Class F ^{††}	\$ 9.96	\$ 9.54
Class O ^{†††}	\$ 9.96	\$ 9.54
Class VMD ^{††††}	\$ 9.92	\$ 9.60
Net asset value per unit		
Class A [†]	\$ 9.85	\$ 9.54
Class F ^{††}	\$ 9.96	\$ 9.54
Class O ^{†††}	\$ 9.96	\$ 9.54
Class VMD ^{††††}	\$ 9.92	\$ 9.60
Investments, at average cost	\$ 10,782,273	\$ 6,500,662

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

^{†††} Class O was created on April 1, 2009.
^{††††} Prior to April 1, 2009 Class VMD was known as Class A.

Statements of Operations

For the year ended December 31st

	2010	2009
Income		
Underlying funds' distributions	\$ 289,200	\$ 230,018
Expenses		
Management fees	138,581	111,249
Independent review committee fees	3,346	434
	<u>141,927</u>	<u>111,683</u>
Net investment income (loss)	147,273	118,335
Net realized gain (loss) on sale of investments [*]	(7,438)	(185,137)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	316,413	591,135
Net gain (loss) on investments	308,975	405,998
Increase (decrease) in net assets from operations	\$ 456,248	\$ 524,333
Increase (decrease) in net assets from operations per class		
Class A [†]	\$ 4,108	\$ 1
Class F ^{††}	\$ 1	\$ 1
Class O ^{†††}	\$ 319	\$ 1
Class VMD ^{††††}	\$ 451,820	\$ 524,330
Increase (decrease) in net assets from operations per unit (Note D)		
Class A [†]	\$ 0.71	\$ 0.88
Class F ^{††}	\$ 0.85	\$ 0.88
Class O ^{†††}	\$ 0.73	\$ 0.88
Class VMD ^{††††}	\$ 0.57	\$ 0.78
*Net realized gain (loss) on sale of investments		
Cost of investments held at beginning of year [^]	\$ 6,500,662	\$ 7,006,380
Cost of investments purchased during the year [^]	6,223,649	937,419
	<u>12,724,311</u>	<u>7,943,799</u>
Investments at cost at end of the year [^]	10,782,273	6,500,662
Cost of investments sold during the year [^]	1,942,038	1,443,137
Proceeds from sale of investments [^]	1,934,600	1,258,000
Net realized gain (loss) on sale of investments	\$ (7,438)	\$ (185,137)

[^] 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 F ^{††}		Class O ^{†††}	
	2010	2009	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 11	\$ –	\$ 11	\$ –	\$ 11	\$ –
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	4,108	1	1	1	319	1
CAPITAL TRANSACTIONS						
Proceeds from issue of units	94,124	10	–	10	4,500	10
Distributions reinvested	1,400	–	–	–	123	–
Redemption of units	(131)	–	–	–	–	–
	95,393	10	–	10	4,623	10
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
Investment income	(1,400)	–	–	–	(123)	–
NET ASSETS, END OF YEAR	\$ 98,112	\$ 11	\$ 12	\$ 11	\$ 4,830	\$ 11

	Class VMD ^{††††}		Total	
	2010	2009	2010	2009
NET ASSETS, BEGINNING OF YEAR	\$ 6,352,034	\$ 6,237,055	\$ 6,352,067	\$ 6,237,055
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	451,820	524,330	456,248	524,333
CAPITAL TRANSACTIONS				
Proceeds from issue of units	5,755,510	287,695	5,854,134	287,725
Distributions reinvested	162,788	114,466	164,311	114,466
Redemption of units	(1,721,726)	(691,809)	(1,721,857)	(691,809)
	4,196,572	(289,648)	4,296,588	(289,618)
DISTRIBUTIONS TO UNITHOLDERS (Note 5)				
Investment income	(169,550)	(119,703)	(171,073)	(119,703)
NET ASSETS, END OF YEAR	\$ 10,830,876	\$ 6,352,034	\$ 10,933,830	\$ 6,352,067

[†] Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010.

^{††} Class F was created on April 1, 2009.

^{†††} Class O was created on April 1, 2009.

^{††††} Prior to April 1, 2009 Class VMD was known as Class A.

Statements of Investment Portfolio

As at December 31st, 2010

Number of Units	Security	Total Cost	Fair Value
MUTUAL FUNDS			
43,616	McLean Budden Money Market Fund Class O	436,164	436,164
504,832	McLean Budden Fixed Income Fund Class O	6,564,350	6,612,492
57,819	McLean Budden Canadian Equity Fund Class O	790,700	897,147
98,868	McLean Budden High Income Equity Fund Class O	912,853	949,145
271,153	McLean Budden Global Equity Fund Class O	2,078,206	2,000,745
TOTAL INVESTMENTS		10,782,273	10,895,693



McLean Budden LifePlan® Retirement 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 to provide income and modest capital growth consistent with a conservative investment policy through an innovative asset allocation strategy by investing primarily in a mix of fixed income, equity and money market Mutual Funds. Unitholder approval is required prior to a change of fundamental investment objectives.

On August 31, 2010, McLean Budden LifePlan® 2010 Fund was wound down and 558,857 units with a fair value of \$5,466,853 were transferred over to the McLean Budden LifePlan® Retirement Fund.

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 underlying Mutual Funds which indirectly expose the Fund to credit risk from 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	27.9%	29.9%
AA	14.2%	15.5%
A	19.3%	17.4%
BBB	3.4%	2.4%
Total	64.8%	65.2%

As at December 31, 2010 and 2009, the underlying Mutual Funds did not hold debt instruments that were impaired or past due and the percentages represent the maximum credit risk exposure.

Interest Rate Risk

The Fund was exposed indirectly to interest rate risk from its investment in underlying Mutual Funds as follows:

Interest Rate Exposure	Less than 1 year (\$)	1 – 5 years (\$)	More than 5 years (\$)	Total (\$)
December 31, 2010	1,832,000	1,620,000	3,632,000	7,084,000
December 31, 2009	498,000	1,544,000	2,078,000	4,120,000

As at December 31, 2010, should interest rates have decreased or increased by 0.25% with all other variables remaining constant, the increase or decrease in Net Assets of the Fund for the year would amount to approximately \$107,000 (2009: \$63,000). In practice, the actual trading results may differ and the difference could be material.

Currency Risk

As at December 31, the Fund had significant indirect exposure from underlying Mutual Funds 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	1,925,000	17.6	1,128,000	17.8
Japanese Yen	153,000	1.4	65,000	1.0
Euro	98,000	0.9	95,000	1.5
Pounds Sterling	83,000	0.8	44,000	0.7
Swiss Franc	32,000	0.3	17,000	0.3
Singapore Dollar	19,000	0.2	12,000	0.2
Australian Dollar	18,000	0.2	–	–
Total	2,328,000	21.4	1,361,000	21.5

B. Risk Management (continued)

The amounts in the table above are based on the fair value of the Fund's foreign denominated underlying Mutual Funds.

As at December 31, 2010, if the Canadian dollar had strengthened or weakened by 5% in relation to foreign currencies represented in the underlying Mutual Funds' portfolio, with all other variables remaining constant, Net Assets would have decreased or increased by approximately \$116,000 (2009: \$68,000). In practice, actual trading results may differ and the difference may be material.

Other Price Risk

The Fund is exposed to other price risk as a result of the underlying Mutual Funds' investments in equities. Approximately 34.0% (2009: 32.4%) of the Fund's Net Assets held at December 31, 2010 were indirectly invested in 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 \$186,000 (2009: \$103,000) respectively or 1.7% (2009: 1.6%) 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 F, Class O and Class VMD 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[†]	1	9,825	145	(14)	9,957
Class AA 2009 [†]	–	1	–	–	1
Class F 2010	1	–	–	–	1
Class F 2009 ^{††}	–	1	–	–	1
Class O 2010	1	471	13	–	485
Class O 2009 ^{†††}	–	1	–	–	1
Class VMD 2010	662,002	590,270	16,597	(176,655)	1,092,214
Class VMD 2009 ^{††††}	693,571	31,051	12,239	(74,859)	662,002

[†] Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010.

^{††} Class F was created on April 1, 2009.

^{†††} Class O was created on April 1, 2009.

^{††††} Prior to April 1, 2009 Class VMD was known as Class A.

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	5,772	1
Class F	1	1
Class O	438	1
Class VMD	794,412	676,294

E. 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			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	10,895,693	–	–	10,895,693
	Financial Assets at Fair Value as at December 31, 2009			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Mutual Funds	6,297,669	–	–	6,297,669

F. Related Party Transactions

The Fund invests in Class O units of other McLean Budden Mutual Funds which are managed by MBL. The Fund does not pay duplicate management fees on the portion of assets invested in underlying McLean Budden Mutual Funds.

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