

# Semi-annual Manager's Report on Fund Performance 2011

McLean Budden  
International Equity Fund



This semi-annual management report of fund performance contains financial highlights, but does not contain the complete semi-annual or annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at no cost, by calling 1-800-884-0436, by writing to us at McLean Budden Limited, 145 King Street West, 25th Floor, Toronto, Ontario, M5H 1J8; Attention: Mutual Funds Department, or by visiting our website at [www.mcleanbudden.com](http://www.mcleanbudden.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



MCLEAN BUDDEN  
LOOK FORWARD®



## McLean Budden International Equity Fund for the six months ended June 30<sup>th</sup>, 2011

### Investment Objective and Strategies

The International Equity Fund aims for long-term capital growth through investments in well-capitalized international equity securities. Portfolio construction is based upon a team-oriented, fundamental, research-driven approach to selecting securities. The EAFE (Europe, Australasia, Far East) Equity Team selects stocks with an emphasis on earnings growth and stability, management quality, financial strength, business potential and return on equity. Portfolio risk controls are managed at the individual security, sector, industry and regional levels.

### Risk

The Fund holds equities of companies situated outside of Canada and the U.S. The primary risks associated with this Fund are market, issuer, foreign security and currency.

Overall, the portfolio construction process has remained consistent over the period. The manager rates the Fund's risk as medium to high.

### Results of Operations

The Fund's return for the six months ended June 30, 2011 was 1.50%\* versus 2.14% for the benchmark\*\*.

The portfolio benefitted from strong stock selection within materials (Toray Industries, Air Liquide, Rexam), consumer discretionary (BMW, LMVH, Reed Elsevier) and industrials (Siemens, Atlas Copco). Offsetting this strength was weak stock selection in the health care (Teva Pharmaceutical), financials (CapitaLand, Mitsubishi UFJ, HSBC Holdings) and telecommunication services (Telekomunikasi Indonesia, Vodafone Group, France Telecom), as well as the significant decline in the shares of video game company, Nintendo. An overweight position in the underperforming information technology sector also weighed on the relative result.

Over the period, there were several notable additions to the portfolio as new holdings were opportunistically added across several sectors. Oversea-Chinese Banking Corporation, Singapore's second largest bank, by assets, was added as the company is well positioned to grow alongside Singapore's financial services and tourism industries and is expanding into Indonesia and China. Honda Motor was purchased as the company's sooner than anticipated recovery from the Japanese earthquake and tsunami should prove a catalyst to boost the stock's price. LMVH and InterContinental Hotels Group were both added based on their solid earnings growth potential, the latter particularly due to its significant exposure to the Chinese market. The team also initiated positions in Murata, Deutsche Telecom and Atlas Copco. Limited upside potential led to the following sell decisions: Mitsubishi UFJ was considered to be vulnerable to a slow Japanese recovery, while in the case of France Telecom there were concerns regarding increased competition in France's wireless and wireline businesses. Hoya and Rexam were also sold

to fund the addition of Honda Motor and InterContinental Hotels which offer better risk-adjusted return potential.

Maintaining a bias towards strong companies with favourable long term prospects, the portfolio is focused on growth in capital expenditures through its relative overweight in information technology and materials. The financials and utilities sectors remain underweight. Recent portfolio changes reflect opportunistic repositioning within telecommunication services and financials, and broadened exposure to consumer discretionary stocks.

\* The Fund's return is after the deduction of fees and expenses associated with Class D units. There are no fees deducted from the benchmark's return. For Class A, C, F and O returns, please refer to the Annual Returns section on page 5.

\*\* The McLean Budden International Equity Fund utilizes the following benchmark: Morgan Stanley Capital International EAFE Index (C\$).

### Recent Developments

We believe that there are three main factors behind the pullback in U.S. equities over the past few months—a slowdown in global growth, tightening monetary policy in emerging markets due to rising inflation and Europe's sovereign debt crisis. Part of the slowdown is due to cyclical reasons such as the prior jump in oil prices and dislocations resulting from Japan's earthquake. These factors are ebbing, which is positive. However economic risks remain to the downside, with the end of the Federal Reserve's second round of quantitative easing (QE2), emerging markets tightening, the European Central Bank raising rates and global fiscal austerity a major theme courtesy of Greece. Furthermore, easy macro policy is fading at a time when balance sheet de-leveraging is ongoing. At the moment, global leading indicators point to slow, but positive, growth and a global recovery that will remain sub-par. In the near-term, it is our opinion that a lot of bad news is priced into the market, assuming no recession and no imminent Greek default. U.S. equity valuations appear to be reasonable, even accounting for some further cuts to earnings estimates, and global economic growth expectations seem to be at levels where positive surprises may occur sooner than later.

**Related Party Transactions**

As Portfolio Advisor, McLean Budden Limited (MBL) carries out research and selects, purchases and sells portfolio securities for the Fund. As Manager, MBL provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations.

As a result of providing the aforementioned services for the Fund, MBL receives a monthly management fee based on the average net assets of each Class. Effective July 1, 1998, the Manager, at its discretion, has assumed responsibility for payment of all administrative expenses, except for those related to the Independent Review Committee (IRC), and will continue to absorb these expenses until unitholders receive at least 60 days written notice of change.

MBL is an indirect subsidiary of Sun Life Financial Inc., which holds approximately 67% of MBL's shares. In compliance with National Instrument 81-107, which came into effect November 1, 2007, MBL has appointed an IRC to review and possibly make recommendations regarding all conflict of interest matters brought to it by MBL including, but not limited to, holdings of Sun Life. Each year, the IRC will provide a report, free of charge, to unitholders. The reports can be obtained by contacting MBL at (416) 862-9800 and will be posted at [www.mcleanbudden.com](http://www.mcleanbudden.com).

**Management Fees**

The following table shows the Fund's annual management fee and trailer fee rates. The management fee for each class is an annualized management fee calculated based on the Net Asset Value of that class. The management fee is accrued daily and paid out at month-end. HST is payable on all management fees.

McLean Budden pays trailer fees to authorized distributors and dealers of Class A and D units. Trailer fees are calculated as a percentage of the average daily value of the fund. McLean Budden pays these fees quarterly to the distributors and dealers out of the management fees. For the period ended June 30, 2011, McLean Budden paid 12.78% of the total management fee revenues received from all McLean Budden Mutual Funds that were used to fund distribution related costs paid to registered dealers and brokers.

	Annually				
	Class A	Class C	Class D	Class F	Class O
Management Fee (%)	1.95	0.05	1.25	1.00	0.00
Trailer Fee (%)	1.00	N/A	0.25	N/A	N/A

For services as Manager, MBL receives an annual management fee for Class D units of 1.25%, that is not to exceed a maximum of 2%, excluding taxes, of the average Net Asset Value of the Fund:

Management fee	1.25%
As a percentage of Management Fee:	
Trailer Fees	20%
Investment Management and Administration	80%

This actual fee will remain in effect until unitholders receive at least 60 days written notice of an increase.

A management fee of 1.95%, excluding taxes, was payable by each Class A unitholder. Your advisor may charge you a separate fee in addition to the Management Fee.

A management fee of 0.05%, excluding taxes, was payable by each Class C unitholder. In addition, holders of Class C units or an intermediary pay a management fee of up to a maximum of 1.50% payable directly to the Manager.

A management fee of 1.00%, excluding taxes, was payable by each Class F unitholder. Your advisor will charge you a separate fee in addition to the Management Fee.

There is no management fee applicable to Class O units. You will pay the manager directly if you hold this class of units.

The Fund is responsible for its management fee, the cost of investments and related brokerage fees and for any borrowing costs, bank charges, taxes and administrative expenses. Effective July 1, 1998, the Manager has assumed responsibility for payment of all administrative expenses of the Funds. These expenses include the cost of complying with regulatory requirements, the fees or expenses charged to the Manager for calculation of Net Asset Value, the fees of the Trustee, custodian, auditors and legal counsel and other administrative costs arising in the ordinary course of the operation of the Fund. The Manager will continue to assume responsibility for the payment of the administrative expenses until unitholders receive at least 60 days written notice of a change.

## Financial Highlights

For the six months ended June 30<sup>th</sup>, 2011

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years, or for the period since inception.

### The Fund's Net Assets Per Unit (\$)¹

		Net assets, beginning of year²	Increase (Decrease) from Operations				Distributions				Net assets, at end of year shown	
			Total revenue	Total expenses	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations²	From income excluding dividends	From dividends	From capital gains		Total annual distribution³
Class A <sup>†††</sup>	June 2011	9.21	0.17	(0.15)	(0.11)	0.37	0.28	–	–	–	–	9.31
	Dec 2010	9.48	0.20	(0.18)	(0.15)	0.91	0.78	–	0.12	–	0.12	9.21
	Dec 2009	7.54	0.37	–	(0.37)	2.25	2.25	–	0.25	–	0.25	9.48
Class C	June 2011	9.33	0.18	–	(0.18)	0.21	0.21	–	–	–	–	9.53
	Dec 2010	9.54	0.22	(0.02)	(0.20)	0.04	0.04	–	0.24	–	0.24	9.33
	Dec 2009	8.31	0.25	(0.02)	(0.80)	1.97	1.40	–	0.25	–	0.25	9.54
	Dec 2008	11.24	0.42	(0.01)	(0.80)	(2.23)	(2.62)	–	0.40	–	0.40	8.31
	Dec 2007 <sup>4</sup>	12.83	0.29	(0.02)	0.62	(2.30)	(1.41)	–	0.30	–	0.30	11.24
Class D <sup>†††</sup>	June 2011	9.27	0.18	(0.10)	(0.15)	0.21	0.14	–	–	–	–	9.40
	Dec 2010	9.47	0.22	(0.13)	(0.20)	0.01	(0.10)	–	0.11	–	0.11	9.27
	Dec 2009	8.27	0.24	(0.12)	(0.74)	1.98	1.36	–	0.14	–	0.14	9.47
	Dec 2008	10.81	0.41	(0.15)	(0.63)	(2.95)	(3.32)	–	–	–	–	8.27
	Dec 2007 <sup>4</sup>	12.34	0.29	(0.17)	0.60	(2.11)	(1.39)	–	0.14	–	0.14	10.81
Class F <sup>†</sup>	June 2011	8.76	0.17	(0.07)	(0.16)	0.21	0.15	–	–	–	–	8.90
	Dec 2010	8.99	0.22	(0.10)	(0.13)	0.20	0.19	–	0.16	–	0.16	8.76
	Dec 2009	7.85	0.23	(0.10)	(0.75)	1.97	1.35	–	0.16	–	0.16	8.99
	Dec 2008	10.14	0.15	(0.08)	(3.07)	11.28	8.28	–	0.38	–	0.38	7.85
Class O <sup>††</sup>	June 2011	9.32	0.18	–	(0.19)	0.21	0.20	–	–	–	–	9.52
	Dec 2010	9.53	0.22	(0.01)	(0.22)	0.19	0.18	–	0.24	–	0.24	9.32
	Dec 2009	8.31	0.25	(0.01)	(0.83)	2.04	1.45	–	0.25	–	0.25	9.53
	Dec 2008	8.25	0.02	–	(0.31)	1.19	0.90	–	0.40	–	0.40	8.31

<sup>1</sup> This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the Net Asset Value calculated for fund pricing purposes. (An explanation of these differences can be found in the notes to the financial statements.)

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. The above calculations include combined actual and average data; therefore, the table will not total accordingly.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>4</sup> Net assets beginning of the year were adjusted to reflect changes in Canadian GAAP.

### Ratios and Supplemental Data

		Total Net	Net Asset Value	Number of units	Management Expense	Management Expense Ratio	Portfolio turnover	Trading expense
		Asset Value (\$)¹	per Unit (\$)²	outstanding²	Ratio (MER) (%)³	Before Absorption (MER) (%)³	rate (%)⁴	ratio (%)⁵
Class A <sup>†††</sup>	June 2011	89,201	9.32	9,571	2.12	2.12	16	0.12
	Dec 2010	56,994	9.21	6,185	2.14	2.14	47	0.12
	Dec 2009	26	9.48	3	–	–	41	0.14
Class C	June 2011	6,639,004	9.53	696,421	0.06	0.06	16	0.12
	Dec 2010	7,102,919	9.33	761,251	0.06	0.06	47	0.12
	Dec 2009	5,093,594	9.55	533,638	0.05	0.05	41	0.14
	Dec 2008	4,585,021	8.33	550,688	0.07	0.07	58	0.11
	Dec 2007	6,234,884	11.29	552,452	0.07	0.07	29	0.10
Class D <sup>†††</sup>	June 2011	6,241,760	9.41	663,524	1.38	1.38	16	0.12
	Dec 2010	6,515,124	9.27	702,978	1.35	1.35	47	0.12
	Dec 2009	6,846,850	9.48	722,269	1.31	1.31	41	0.14
	Dec 2008	5,017,278	8.29	605,493	1.33	1.33	58	0.11
	Dec 2007	42,689,824	10.86	3,931,804	1.35	1.35	29	0.10
Class F <sup>†</sup>	June 2011	148,172	8.91	16,632	1.10	1.10	16	0.12
	Dec 2010	122,008	8.76	13,920	1.08	1.08	47	0.12
	Dec 2009	36,335	8.99	4,041	1.05	1.05	41	0.14
	Dec 2008	11,006	7.86	1,401	0.12	0.12	58	0.11
Class O <sup>††</sup>	June 2011	27,186,330	9.53	2,853,176	–	–	16	0.12
	Dec 2010	26,319,982	9.32	2,822,938	–	–	47	0.12
	Dec 2009	25,638,901	9.54	2,688,214	–	–	41	0.14
	Dec 2008	23,710,250	8.32	2,850,123	–	–	58	0.11

<sup>1</sup> The information is provided at June 30 or December 31 of the year shown, as applicable and represents the NAV.

<sup>2</sup> The information is provided at June 30 or December 31 of the year shown, as applicable.

<sup>3</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period, plus HST.

<sup>4</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>5</sup> The trading expense ratio represents total commissions and other portfolio transactions costs expressed as an annualized percentage of daily average Net Asset Value during the period.

<sup>†</sup> The International Equity Fund Class F was created on February 13, 2008.

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

<sup>†††</sup> The International Equity Fund Class O was created on November 28, 2008.

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

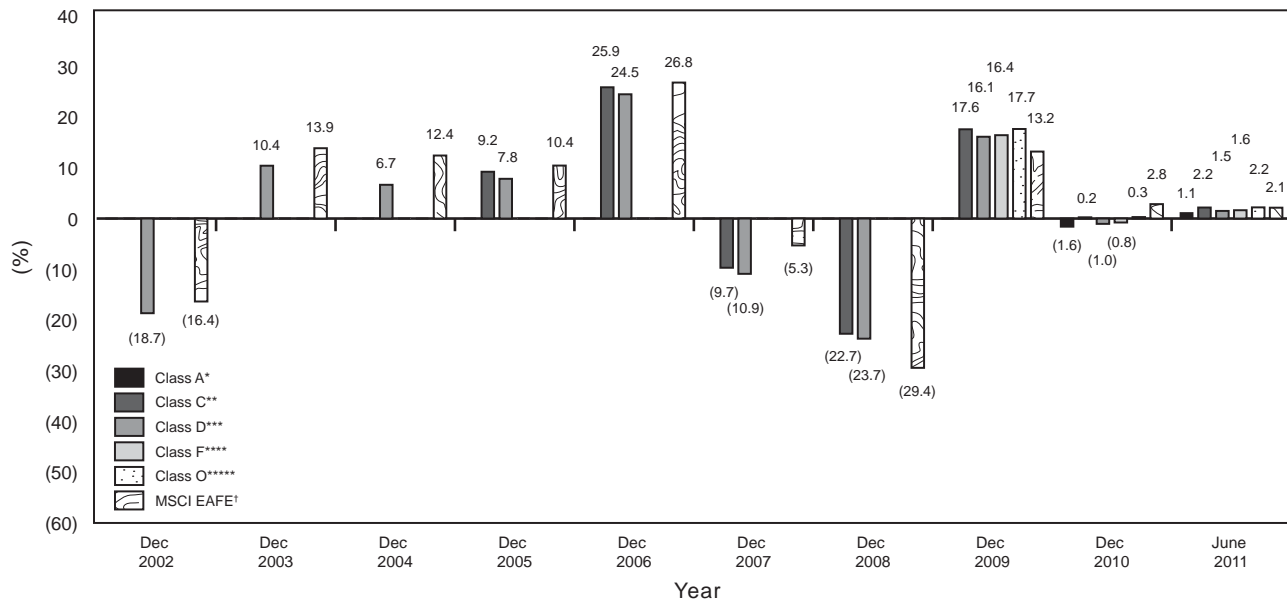
### Past Performance

For the six months ended June 30<sup>th</sup>, 2011

The performance information shown below assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. The performance information does not take into account sales, redemptions, distributions or other optional charges (which distributors other than McLean Budden may charge) that would have reduced returns or performance. How the investment fund has performed in the past does not necessarily indicate how it will perform in the future.

### Year-by-Year Returns (%)

The bar chart below shows the annual performance of each class of the Fund for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The chart below shows, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased as at the last day of each financial year.



\* The International Equity Fund Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010.  
\*\* The International Equity Fund Class C was created on April 1, 2004.  
\*\*\* Prior to April 1, 2009, the International Equity Fund Class D was known as Class A.

\*\*\*\* The International Equity Fund Class F was created on February 13, 2008.  
\*\*\*\*\* The International Equity Fund Class O was created on November 28, 2008.

### Annual Compound Returns (%)

The following table shows for each class of units of the Fund, the annual compound total return for the period ending June 30.

	Annual Compound Returns				Benchmark <sup>†</sup>		Start Date
	1 Year	3 Years	5 Years	10 Years	Since Inception	Since Inception	
Class A*	14.18	–	–	–	11.76	13.93	April 1, 2009
Class C**	16.59	(0.01)	0.11	–	2.46	2.32	April 1, 2004
Class D***	15.06	(1.28)	(1.14)	(0.48)	0.39	1.10	July 1, 1998
Class F****	15.38	(0.88)	–	–	(1.35)	(2.51)	February 13, 2008
Class O*****	16.65	–	–	–	9.88	8.95	November 28, 2008
Benchmark <sup>†</sup>	19.04	(3.09)	-0.96	1.41			

<sup>†</sup> The McLean Budden International Equity Fund has been compared with the Morgan Stanley Capital International EAFE Index (MSCI EAFE). The Morgan Stanley Capital International EAFE Index (MSCI EAFE) is an index that measures performance of developed stock markets in Europe, Asia and the Far East, excluding the USA and Canada.

### Manager's Discussion

Each mutual fund class has a different management fee which explains the differing returns of each class of a given Fund. The management fee schedule by class can be found on page 3 of this report. A discussion of the Performance of the Fund compared to the Benchmark is found in the Results of Operations section of this report.

Summary of Investment Portfolio

As at June 30<sup>th</sup>, 2011

Top Twenty-Five Positions

	% of Total Net Assets
<b>Security</b>	
Rio Tinto plc	4.7
BG Group plc	3.9
HSBC Holdings plc	3.7
Novartis AG	3.7
Banco Santander SA	3.4
Credit Suisse Group AG	3.1
Vodafone Group plc	2.8
Teva Pharmaceutical Industries Limited	2.7
Diageo plc	2.6
Nippon Telegraph & Telephone Corporation	2.5
BHP Billiton plc	2.5
Siemens AG	2.3
Roche Holdings Ltd AG	2.2
Toray Industries Inc.	2.2
Canon Inc.	2.2
LVMH Moët Hennessy Louis Vuitton SA	2.2
Nestlé SA	2.1
Air Liquide	2.1
Telefonaktiebolaget LM Ericsson	2.1
Oversea-Chinese Banking Corporation Limited	2.1
Deutsche Boerse AG	2.0
Reed Elsevier plc	2.0
Standard Chartered plc	2.0
Wal-Mart De México, S.A.B. de C.V.	1.9
Tullow Oil plc	1.9
<b>Total</b>	<b>64.9</b>

Other Material Information

The Portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis.

**Toronto** [www.mcleanbudden.com](http://www.mcleanbudden.com)  
145 King Street West +1 800 884 0436  
25<sup>th</sup> Floor  
Toronto, ON M5H 1J8  
Tel +1 416 862 9800  
Fax +1 416 862 9624

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

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

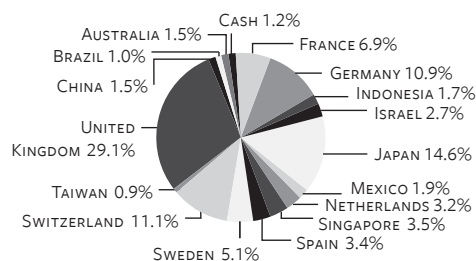
Industry Classification	% of Total Net Assets
Energy	5.8
Materials	15.2
Industrials	10.3
Consumer Discretionary	8.7
Consumer Staples	10.1
Health Care	10.1
Financials	17.7
Information Technology	11.2
Telecommunication Services	8.9
Utilities	1.0

More information about the underlying fund investments is available in the simplified prospectus and financial statements, which can be accessed on the internet at [www.sedar.com](http://www.sedar.com) or [www.mcleanbudden.com](http://www.mcleanbudden.com).

Country Classification	% of Total Net Assets
Cash	1.2
Australia	1.5
Brazil	1.0
China	1.5
France	6.9
Germany	10.9
Indonesia	1.7
Israel	2.7
Japan	14.6
Mexico	1.9
Netherlands	3.2
Singapore	3.5
Spain	3.4
Sweden	5.1
Switzerland	11.1
Taiwan	0.9
United Kingdom	29.1

More information about the underlying fund investments is available in the simplified prospectus and financial statements, which can be accessed on the internet at [www.sedar.com](http://www.sedar.com) or [www.mcleanbudden.com](http://www.mcleanbudden.com).

Asset Mix by Country (%)



Note on Forward-Looking Statements

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as “plan”, “anticipate”, “believe”, “intend”, “expect”, “estimate”, or other similar wording. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices, fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

#### Future Accounting Policy Changes

The Canadian Accounting Standards Board approved a deferral from International Financial Reporting Standards (IFRSs) adoption for investment companies applying Accounting Guideline AcG-18, *Investment Companies (AcG-18)*. Investment companies will be required to mandatorily adopt IFRS for interim and annual financial statements relating to annual periods beginning on or after January 1, 2013.

The key elements of the changeover plan deal with the requirements for financial reporting, Net Asset Value per share calculations, systems and processes, and training. The plan also sets out the timeline for implementation of the changes and the required technical training or other support required for a smooth transition.

As at June 30, 2011, some anticipated changes to financial reporting include:

- Compliance with the full body of IFRS without industry specific exemptions, unlike Canadian Generally Accepted Accounting Principles where investment fund accounting was based upon guidance in AcG-18;
- Addition of cashflow statements;
- Changes to the presentation of shareholder equity to consider puttable instruments;
- Presentation of comparative information; and
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

Due to anticipated changes in IFRS prior to the transition to IFRS, the Manager cannot conclusively determine the full impact of the transition to IFRS on the Fund's financial results at this time. Based on the Manager's current understanding and analysis of IFRS as compared to the current accounting policies under Canadian GAAP, the Manager does not anticipate that the transition to IFRS will have a material impact on the Fund's Net Assets per share, nor systems and processes, and it is expected that it will mainly result in additional note disclosure in the financial statements. Implementation of the changeover plan is progressing as scheduled. The Manager will continue to monitor ongoing changes to IFRS and adjust the changeover plan accordingly.

Investment Managers Since 1947

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