

Semi-annual Manager's Report on Fund Performance 2011

McLean Budden
Real Return Bond 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 or SEDAR at 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 Real Return Bond Fund for the six months ended June 30th, 2011

Investment Objective and Strategies

The Real Return Bond Fund seeks to provide inflation adjusted income through active bond management by investing primarily in high-quality Canadian government real return bonds as well as those issued by other governments and corporations, foreign or domestic. The Fixed Income Team bases its decisions upon internal research and valuation models as a support to a portfolio construction process that adheres to a strict risk control regimen. The Team may employ strategies that seek to hedge against fluctuations between foreign currencies and the Canadian dollar. A capital preservation approach is emphasized.

Risk

The Fund holds a diversified portfolio of real return bonds issued by Canadian governments. Real return bonds, also known as inflation-linked bonds, are securities whose interest payments and principal repayment are adjusted for inflation, typically in relation to a measure such as the Consumer Price Index. Unlike traditional bonds, this feature ensures that purchasing power is maintained regardless of future inflation rates.

As a result, the principal risks applicable to the Fund are issuer, interest rate, credit, and foreign issuer risk. The manager may purchase investment grade debt exclusively.

The Fund may employ strategies that seek to hedge against fluctuations between foreign currencies and the Canadian dollar, though the manager will not try to forecast or speculate on currency exchange rate fluctuations.

The manager rates the Fund's risk as low to medium.

Results of Operations

The Fund has been operational for two months and no year-by-year returns have been calculated.

As opposed to other bond funds that focus on duration as a measure of interest rate risk, the preferred measure for real return bonds is average term. The initial average term of the Fund matched that of its benchmark at 20.8 years. Considering the Index is made up of 85% Government of Canada issues and 15% provincials, the team decided to maintain a 100% federal exposure until either provincial spreads widen to acceptable levels or the Fund grows to a point where it can broaden diversification. Security selection had a positive impact on performance.

* 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 Real Return Bond Fund utilizes the following benchmark: DEX Real Return Bond Index.

Recent Developments

The Canadian economy slowed during the period on the back of the weakness in global activity. Inflation remains low, but showed signs of perking up in April and May, much to the dismay of the Bank of Canada (BoC). The BoC's monetary policy—the overnight interest rate target remained at 1% during the quarter—is being pulled in opposing directions. The global slowdown, downside risks owing to Europe's sovereign debt crisis and overvalued Canadian dollar calls for an 'on-hold' policy, but firmer inflation and worries about a housing and credit bubble suggest the BoC should hike rates. On balance, rates will go up eventually but any rise will be gradual with overall rates likely to remain low and policy accommodative for the foreseeable future.

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.

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 (%)	0.95	0.05	0.60	0.50	0.00
Trailer Fee (%)	0.50	N/A	0.10	N/A	N/A

For services as Manager, MBL receives an annual management fee for Class D units of 0.60%, that is not to exceed a maximum of 1%, excluding taxes, of the average Net Asset Value of the Fund:

Management fee	0.60%
As a percentage of Management Fee:	
Trailer Fees	17%
Investment Management and Administration	83%

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

A management fee of 0.95%, 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 0.50%, 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 30th, 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 A¹	June 2011	10.00	–	–	–	–	–	–	–	–	–	10.27
Class C¹	June 2011	10.00	0.06	–	0.02	0.30	0.38	–	–	–	0.05	10.31
Class D¹	June 2011	10.00	0.06	(0.02)	0.02	0.21	0.27	0.05	–	–	0.05	10.30
Class F¹	June 2011	10.00	–	–	–	–	–	–	–	–	–	10.27
Class O¹	June 2011	10.00	–	–	(1.29)	–	(1.29)	–	–	–	–	10.28

¹ 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.)

² 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.

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

Ratios and Supplemental Data

		Total Net Asset Value (\$)¹	Net Asset Value per Unit (\$)²	Number of units outstanding²	Management Expense Ratio (MER) (%)³	Management Expense Ratio Before Absorption (MER) (%)³	Portfolio turnover rate (%)⁴
Class A¹	June 2011	10	10.28	1	–	–	15
Class C¹	June 2011	547,839	10.32	53,107	0.06	0.06	15
Class D¹	June 2011	140,119	10.31	13,592	0.66	0.66	15
Class F¹	June 2011	10	10.28	1	–	–	15
Class O¹	June 2011	10	10.29	1	–	–	15

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

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

³ 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.

⁴ 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.

¹ The Real Return Bond Fund Classes A, C, D, F, and O were created on April 4, 2011.

Past Performance

For the six months ended June 30th, 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 (%)

Since the Fund was established on April 4, 2011, no performance data is provided.

Annual Compound Returns (%)

Since the Fund was established on April 4, 2011, no performance data is provided.

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

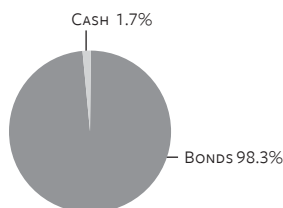
As at June 30th, 2011

Top Positions

Security	Maturity Date	% of Total Net Assets
Government of Canada	4.000% Dec 01/31	37.2
Government of Canada	4.250% Dec 01/26	35.6
Government of Canada	2.000% Dec 01/41	25.5
Cash and Short-Term Investments		1.7
Total		100.0

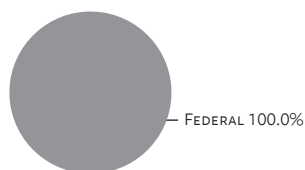
Asset Mix (%)

As of June 30th, 2011



Portfolio Composition (%)

Sector breakdown as of June 30th, 2011



Portfolio Yield*: 1.0%

Duration (Years)**: 16.3

* The Portfolio's yield is defined as the Portfolio's income divided by the Portfolio's market value.

** Duration can be defined as the weighted average maturity of the Fund's cash flows.

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.

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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

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