

Annual Manager's Report on Fund Performance 2010

McLean Budden
High Income Equity Fund



This annual management report of fund performance contains financial highlights, but does not contain the complete 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 High Income Equity Fund for the year ended December 31st, 2010

Investment Objective and Strategies

The Fund aims for income generation and moderate capital appreciation by investing primarily in high yielding Canadian equity securities and income trusts, which include royalty trusts, real-estate investment trusts and limited partnership units. The Fund may also invest in foreign equities as well as Canadian preferred shares and debt securities. Our High Income Equity Team selects companies which possess proven management, financial strength and consistent payouts with the ability to grow over the longer term.

Risk

This Fund holds both Canadian and foreign equities. Additionally, the Fund can also hold fixed income securities and preferred shares. The primary risks associated with this Fund are market, issuer, credit, interest rate, foreign security and currency risks.

Overall, the portfolio construction process has remained consistent over the period and the manager believes that the risk profile has not changed, nor has the suitability profile been affected.

The manager is not aware of any other Fund changes during the period that have affected the overall level of risk associated with an investment in the Fund.

Results of Operations

The Fund's return for the twelve month period ended December 31st, 2010 was 12.84%* versus 17.61% for the benchmark**.

As the year progressed investors began to shake off the uncertainties of the equity market, resulting in an increasing appetite for risk which buoyed markets. The portfolio's focus on income generation caused it to lag the Index in this environment, however, the Fund was providing a 4.7% portfolio yield at year end. Underperformance relative to the benchmark was a product of its considerably more defensive positioning, versus the benchmark, and weak stock selection in health care and utilities.

There was a modest amount of activity during the period as the team took advantage of increasing yield opportunities amid a backdrop of gradually improving dividend payouts. Earlier in the year the team added Cenovus Energy to the portfolio. The company is focused on the development of bitumen assets in northeast Alberta and refinery interests in the United States. Crescent Point Energy and Spectra Energy were also added due to their impressive growth prospects, linked to a potential recovery in natural gas prices, and attractive yields. In the fourth quarter Spectra Energy was increased based on sustainable cash flow and an attractive payout. Husky Energy and TransAlta were reduced and in light of the serious accident in the Gulf of Mexico, we reviewed our position in BP, which we held because of its steady dividend yield, continued operational turnaround and strong balance sheet. We concluded that, the suspension of the dividend and uncertainties surrounding the extent of the liabilities

arising from the costs of containment, clean up and eventual litigation warranted its sale. In the fourth quarter the team reallocated capital within the financials sector. Bank of Montreal, Bank of Nova Scotia, Royal Bank and TD Bank were increased given their scope to hike dividends, while CI Financial Group was eliminated given the challenging environment for asset managers. BCE was also increased in the fourth quarter.

The team's focus on income generation and modest capital appreciation has resulted in a diversified portfolio of equities (common & preferred) and income trusts. The team continues to select holdings based on strong management and attractive yield profile. Dividend income offers a stabilizing effect on relative results should market volatility continue into the future.

* 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 High Income Equity Fund utilizes the following benchmark: BMO/TSX Comp. CAP 10%.

Recent Developments

The Canadian economy remains a G7 growth leader, with employment fully recovered from the recession. However, the housing market and high levels of household debt are likely to emerge as a constraint on consumer spending. Improving U.S. and global growth bodes well for exports, but the high Canadian dollar will dent external sales. The Bank of Canada kept its overnight interest target rate at 1% during the quarter and will likely remain on hold for some time with inflation pressures muted and the Canadian dollar at overvalued levels.

Global equities rallied in the fourth quarter and rose to new cycle-highs. Global economic activity gained momentum, led by a modest improvement in the U.S. economy and ongoing strength in emerging markets. On the surface it appears that the global economy is in the early stages of an economic expansion, however, significant regional disparities exist. In Europe, fiscal austerity will likely hold back growth while in much of the emerging world, inflation pressures are building and policy is tightening. Security, sector and regional selection may re-emerge as an important theme for equities in this environment, even as major world indices grind higher.

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 a 66.9% owned indirect subsidiary of Sun Life Financial Inc. 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 December 31, 2010, McLean Budden paid 12.89% 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 up to 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 year ended December 31st, 2010

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

		Increase (Decrease) from Operations					Distributions					Net assets, at end of year shown
		Net assets, beginning of year²	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 A¹¹¹¹	Dec 2010	8.70	0.44	(0.20)	(0.11)	1.51	1.64	0.04	0.21	—	0.25	9.55
	Dec 2009	6.86	—	—	(0.68)	2.71	2.03	0.12	0.22	—	0.34	8.70
Class C¹	Dec 2010	8.74	0.44	(0.01)	(0.15)	1.02	1.30	0.06	0.31	—	0.37	9.60
	Dec 2009	7.18	0.44	(0.01)	(1.19)	2.72	1.96	0.11	0.36	—	0.47	8.74
	Dec 2008	10.06	0.53	(0.01)	(0.37)	(2.60)	(2.45)	0.04	0.44	—	0.48	7.18
	Dec 2007⁴	10.50	0.51	(0.01)	0.17	(0.51)	0.16	0.12	0.32	0.14	0.58	10.06
	Dec 2006	10.00	0.36	—	(0.06)	0.51	0.81	0.11	0.16	—	0.27	10.51
Class D¹¹¹¹	Dec 2010	8.70	0.43	(0.13)	(0.15)	1.01	1.16	0.04	0.22	—	0.26	9.55
	Dec 2009	7.16	0.45	(0.11)	(1.11)	2.86	2.09	0.09	0.28	—	0.37	8.70
	Dec 2008	10.00	0.51	(0.15)	(0.31)	(2.50)	(2.45)	0.02	0.32	—	0.34	7.16
	Dec 2007⁴	10.47	0.46	(0.15)	0.18	(0.47)	0.02	0.09	0.26	0.13	0.48	10.00
	Dec 2006	10.00	0.37	(0.10)	(0.07)	0.81	1.01	0.08	0.12	—	0.20	10.49
Class F¹¹	Dec 2010	8.65	0.45	(0.11)	(0.18)	1.36	1.52	0.05	0.27	—	0.32	9.52
	Dec 2009	7.09	0.59	—	(1.18)	2.37	1.78	0.12	0.37	—	0.49	8.65
	Dec 2008	9.61	0.50	—	(0.55)	(1.45)	(1.50)	0.04	0.44	—	0.48	7.09
Class O¹¹¹	Dec 2010	8.73	0.43	(0.01)	(0.15)	0.95	1.22	0.06	0.31	—	0.37	9.59
	Dec 2009	7.18	0.45	(0.01)	(1.24)	2.89	2.09	0.11	0.36	—	0.47	8.73
	Dec 2008	7.47	0.05	—	0.01	0.13	0.19	0.03	0.03	—	0.06	7.18

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.

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

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	Trading expense ratio (%)⁵
Class A¹¹¹¹	Dec 2010	198,714	9.55	20,802	2.17	2.17	11	0.04
	Dec 2009	13	8.72	2	—	—	25	0.09
Class C¹	Dec 2010	8,605,098	9.60	896,002	0.07	0.07	11	0.04
	Dec 2009	1,939,904	8.75	221,636	0.05	0.05	25	0.09
	Dec 2008	2,102,453	7.20	291,926	0.10	0.10	40	0.10
	Dec 2007	2,157,811	10.09	213,915	0.06	0.06	16	0.08
	Dec 2006	2,056,445	10.51	195,595	0.09	0.09	6	0.19
Class D¹¹¹¹	Dec 2010	3,007,623	9.56	314,736	1.37	1.37	11	0.04
	Dec 2009	1,999,476	8.72	229,344	1.31	1.31	25	0.09
	Dec 2008	1,164,333	7.18	162,149	1.36	1.36	40	0.10
	Dec 2007	2,791,923	10.03	278,403	1.33	1.33	16	0.08
	Dec 2006	1,762,063	10.49	167,993	1.34	1.34	6	0.19
Class F¹¹	Dec 2010	125,351	9.53	13,159	1.13	1.13	11	0.04
	Dec 2009	15	8.67	2	—	—	25	0.09
	Dec 2008	12	7.10	2	—	—	40	0.10
Class O¹¹¹	Dec 2010	949,140	9.60	98,868	—	—	11	0.04
	Dec 2009	813,451	8.75	92,981	—	—	25	0.09
	Dec 2008	478,761	7.20	66,506	—	—	40	0.10

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

² The information is provided at 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.

⁵ 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.

¹ The High Income Equity Fund Class C was created on March 24, 2006.

¹¹¹¹ Prior to April 1, 2009, the High Income Equity Fund Class D was known as Class A.

¹¹ The High Income Equity Fund Class F was created on February 13, 2008.

¹¹¹¹¹ The High Income Equity Fund Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010.

¹¹¹ The High Income Equity Fund Class O was created on November 28, 2008.

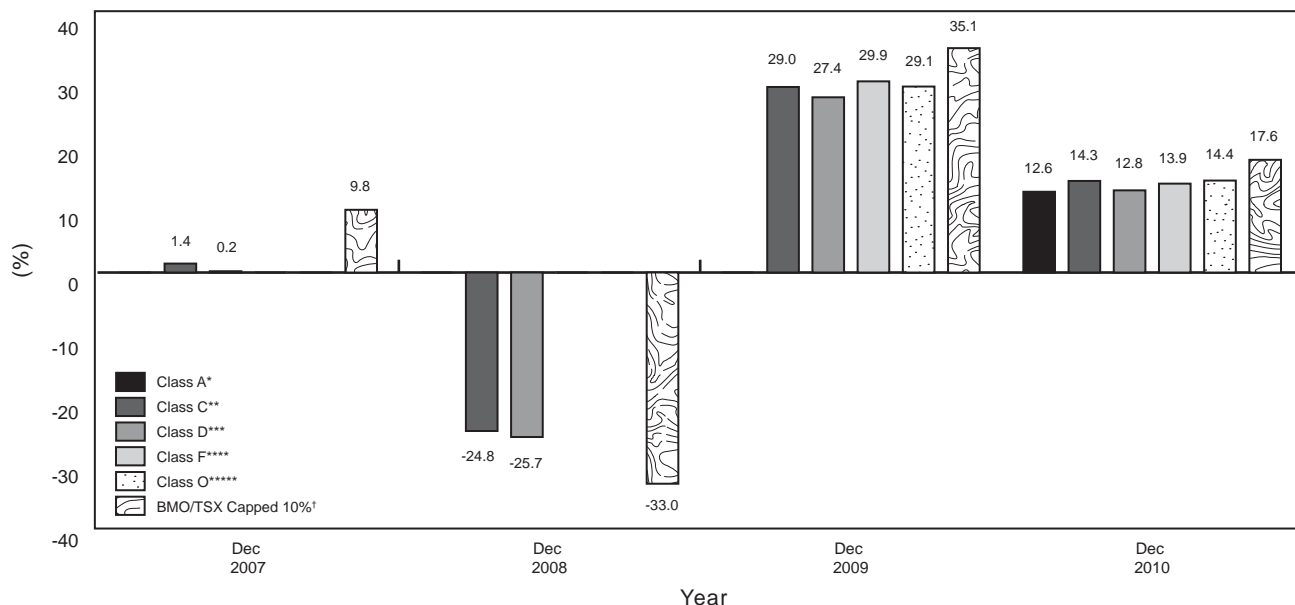
Past Performance

For the year ended December 31st, 2010

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 High Income Equity Fund Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010.

** The High Income Equity Fund Class C was created on March 24, 2006.

*** Prior to April 1, 2009, the High Income Equity Fund Class D was known as Class A.

**** The High Income Equity Fund Class F was created on February 13, 2008.

***** The High Income 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 December 31.

	Annual Compound Returns				BMO/TSX CAP 10% Index [†]		Start Date
	1 Year	3 Years	5 Years	10 Years	Since Inception	Since Inception	
Class A*	12.62	–	–	–	25.68	31.78	April 1, 2009
Class C**	14.31	3.52	–	–	4.23	5.15	March 24, 2006
Class D***	12.84	2.21	–	–	2.89	5.15	March 24, 2006
Class F****	13.89	–	–	–	4.88	2.74	February 13, 2008
Class O*****	14.37	–	–	–	18.96	23.28	November 28, 2008
BMO/TSX CAP 10% Index [†]	17.61	2.09	6.51	7.04			

[†] The McLean Budden High Income Equity Fund has been compared to the BMO/TSX Comp. CAP 10% Index. It is a broad sector index that limits any one company to being no more than 10% of the index.

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 December 31st, 2010

Top Twenty-Five Positions

	% of Total Net Assets
Security	
Enbridge Inc	5.4
BCE Inc	5.4
TransCanada Corporation	4.8
Vermilion Energy Trust	4.3
TELUS Corporation	4.3
Bank of Montreal	3.5
Royal Bank of Canada	3.4
Toronto Dominion Bank	3.4
Crescent Point Energy Trust	3.4
Cash and Short-Term Investments	3.1
Keyera Facilities Income Trust	3.0
Bell Aliant Regional Communications	2.9
Verizon Communications	2.9
Fortis Inc	2.9
Pfizer Inc	2.9
Duke Energy Corporation	2.9
Bank of Nova Scotia	2.6
Canadian Oil Sands Trust	2.5
IESI-BFC Ltd	2.4
Canadian Imperial Bank of Commerce	2.4
TransAlta Corporation	2.4
Altria Group, Inc	2.3
CML Healthcare Income Fund	2.0
Thomson Reuters Corporation	2.0
Spectra Energy Corporation	1.9
Total	79.0

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.

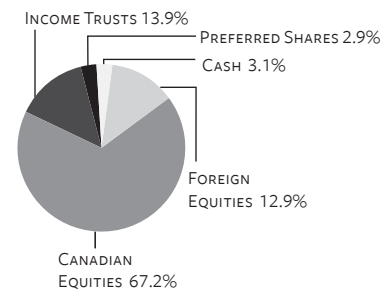
Toronto www.mcleanbudden.com
145 King Street West +1 800 884 0436
25th Floor
Toronto, ON M5H 1J8
Tel +1 416 862 9800
Fax +1 416 862 9624

Vancouver **Montréal**
595 Burrard Street 1250 René-Lévesque Blvd. West
Suite 3043, P.O. Box 49105 Suite 3010
Vancouver, BC V7X 1G4 Montréal, QC H3B 4W8
Tel +1 604 623 3430 Tel +1 514 933 0033
Fax +1 604 623 3436 Fax +1 514 933 8163

Industry Classification	% of Total Net Assets
Energy	33.4
Materials	1.5
Industrials	2.4
Consumer Discretionary	2.9
Consumer Staples	2.3
Health Care	4.8
Financials	21.2
Telecommunication Services	15.4
Utilities	10.0

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 or www.mcleanbudden.com.

Asset Mix (%)



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*. 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 December 31, 2010, 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 Accounting Guideline 18 – Investment Companies (“AcG-18”);
- Without exemption under AcG-18, a Fund must consolidate all controlling entities, or be consolidated with the entity which controls it;
- 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

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