

# Annual Manager's Report on Fund Performance 2010

McLean Budden  
LifePlan® 2030 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](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 LifePlan<sup>®</sup> 2030 Fund for the year ended December 31<sup>st</sup>, 2010

### Investment Objective and Strategies

The Fund aims to provide a high rate of return consistent with an investment policy emphasizing long-term capital growth and modest exposure to fixed income securities by investing in a mix of equity, fixed income and money market mutual funds. From inception, through to the target date of 2030 and for a period of up to 12 months after the target date, the Fund's assets will increasingly be invested in fixed income funds and money market funds.

To achieve its investment objectives the Fund will invest up to 100% of its assets in other mutual funds managed by McLean Budden (the "underlying funds"). The underlying funds will invest in a portfolio of common stocks, bonds and short term investments. The stock component of the underlying funds generally consists of common shares of large capitalization companies (including equity securities of income trusts) listed on the Toronto Stock Exchange and the New York Stock Exchange. The fixed income component of the underlying funds consists of corporate securities and government securities, rated not less than BBB, by Dominion Bond Rating Service. The commitment is to long-term, high-quality bonds and short-term investments.

### Risk

The portfolio construction process for the Fund has remained consistent over the period and therefore the level of risk associated with each underlying asset class in the Fund: cash, bonds, Canadian and global equities has not changed.

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 year ended December 31, 2010 was 5.30%\* versus 10.02% for the benchmark\*\*.

The Fund produced a strong positive result buoyed by the upswing in Canadian equity and bond markets. Ultimately, weakness within the Fund's global equity portfolio led to its underperformance relative to the benchmark.

Within Canadian equities, an overweight in the weaker information technology sector combined with an underweight in the top-performing materials sector to hinder relative results. However, this was partially offset by favourable security selection within the consumer discretionary (Magna International), materials (Teck Resources, First Quantum Minerals, Equinox Minerals), telecommunication services (TELUS), and industrials (Finning International) sectors, which added value. The foreign equity portion hindered results due to an overweight position in energy companies Transocean and BP. The latter was particularly hard hit following the Gulf of Mexico explosion and oil spill.

The team sold the position as uncertainty and political influences continued to pressure its valuation.

Within the bond portion of the portfolio, long-term bonds helped bolster the portfolio's return, as longer-term issues generally produced superior returns versus short-term bonds across sectors. Corporate bonds performed strongly over the period, and a consistent over weight in the sector also resulted in a significant positive contribution. The U.S. dollar underperformed over the period due to a fresh round of quantitative easing and looming fiscal austerity at all levels of government, closing the year at par with its Canadian counterpart. At year end, the portfolio held a 3.5% weighting in U.S. denominated bonds. The portfolio's duration target, which began the year moderately longer than that of the Index, was gradually decreased over the year, ending in line with Index following the rally in longer-term bonds.

We moved to a modestly overweight equity position, versus the benchmark, early in the fourth quarter and maintained it through year-end. Despite ongoing stress in Europe, global leading economic indicators have turned higher and the U.S. economy should continue to be supported by renewed fiscal and monetary stimulus. Within the total equity position, our preference is global equities with a tilt toward the U.S. market. We reduced our bond exposure during the quarter but remained overweight. Ongoing balance sheet de-leveraging and excess capacity suggests limited inflation pressure in the major economies, while the recent back-up in long-term rates has restored considerable value to this segment of the yield curve. Cash is being maintained below benchmark with money market yields near historic lows.

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

\*\* The McLean Budden LifePlan<sup>®</sup> 2030 Fund blended benchmark is made up of 32.05% BMO/TSX Cap 10, 30.75% DEX Universe Bond Index, 32.05% MSCI World Index, and 5.15% DEX 91 day T-Bill.

### Recent Developments

The Canadian economy remains a G7 growth leader, with employment fully recovering from the recession. However, the housing market and high levels of household debt is likely to emerge as a constraint on consumer spending. Improving U.S. and global growth bodes well for exports, but the overvalued 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.

U.S. economic growth gained momentum in the fourth quarter, with real GDP likely to come in with a gain of 3.5% to 4%, compared with the roughly 2% pace in the middle of 2010. Though consumers are still de-leveraging their debt-bloated balance sheets, the pace has ebbed and this has led to firmer consumer spending. Exports and capital spending remain the other bright spots. In contrast, the housing market continues to be exceptionally weak and home prices are falling once again—but at a much more modest

pace than during the recession. Furthermore, the crisis in state & local budgets is acting as a drag on growth as budgets are curtailed and taxes raised.

Despite firmer growth, the job market is lagging. The unemployment rate averaged 9.6% in Q4, barely budging all year. The jobless rate dipped in December to 9.4%, but it had as much to do with a rise in discouraged workers as it did better job conditions. There remain large amounts of excess capacity in both labour and product markets and as a result, underlying inflation pressures are muted. To be sure, rising commodity prices have lifted headline inflation, but core inflation remains near record lows at 0.8%.

In light of this relatively poor economic performance, as compared to the early phases of past recoveries, policymakers sprang into action once again. The Federal Reserve resumed its bond-buying program—dubbed “QE2”—while the Obama Administration and Congress agreed to new fiscal stimulus by extending the Bush-era tax cuts and reducing the payroll tax. Thus far, it is difficult to assess any success. Bond yields have risen in the wake of QE2 which is the opposite of the Fed’s intentions. While partly related to firmer growth, yields are also higher because of concerns over rising fiscal deficits. Meanwhile, food and gasoline prices rose as the U.S. dollar declined in the wake of QE2, hurting consumers’ real incomes.

#### 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](http://www.mcleanbudden.com).

The Fund may invest in securities of other McLean Budden Mutual Funds. Currently, the Fund owns Class O units of the McLean Budden Canadian Equity Fund, McLean Budden Global Equity Fund and McLean Budden Fixed Income Fund.

#### Management Fees

The following table shows the Fund’s annual management fee, and a breakdown of services. The management fee is an annualized management fee calculated based on the Net Asset Value of the Fund. 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 VMD 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 79.07% 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 F	Class O	Class VMD
Management Fee (%)	1.65	0.90	0.00	2.15
Trailer Fee (%)	0.75	N/A	N/A	1.45

For services as Manager, MBL receives an annual management fee for Class A units of 1.65%, that is not to exceed a maximum of up to 2.50%, excluding taxes, of the average Net Asset Value of the Fund:

Management fee	1.65%
As a percentage of Management Fee:	
Trailer Fees	45%
Investment Management and Administration	55%

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

In addition, your advisor may charge you a separate fee in addition to the Management Fee.

A management fee of 0.90%, 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.

A management fee of 2.15%, excluding taxes, was payable by each Class VMD unitholder. In addition, your advisor may charge you a separate fee in addition to the Management Fee.

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 31<sup>st</sup>, 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 A¹¹	Dec 2010	8.84	0.29	(0.19)	0.01	0.64	0.75	0.06	0.03	–	0.09	9.22
	Dec 2009	7.50	0.46	(0.11)	(0.04)	0.03	0.34	0.04	0.09	–	0.13	8.84
Class F¹¹¹	Dec 2010	8.86	–	–	–	0.73	0.73	0.13	0.04	–	0.17	9.38
	Dec 2009	7.50	–	–	–	1.50	1.50	0.05	0.12	–	0.17	8.86
Class O¹¹¹¹	Dec 2010	8.86	0.29	–	–	0.61	0.90	0.12	0.04	–	0.16	9.34
	Dec 2009	7.50	–	–	–	1.50	1.50	0.05	0.12	–	0.17	8.86
Class VMD¹	Dec 2010	8.82	0.21	(0.27)	(0.01)	0.43	0.36	0.05	0.02	–	0.07	9.17
	Dec 2009	7.76	0.24	(0.19)	(0.18)	1.26	1.13	0.02	0.04	–	0.06	8.82
	Dec 2008	9.46	0.23	(0.12)	(0.07)	(1.58)	(1.54)	0.08	0.03	–	0.11	7.76
	Dec 2007⁴	10.00	0.16	–	0.20	(0.61)	(0.25)	0.15	–	0.20	0.35	9.46

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 (\$)	Net Asset Value per Unit (\$)	Number of units outstanding²	Management Expense Ratio (MER) (%)³	Management Expense Ratio Before Absorption (MER)(%)³	Portfolio turnover rate (%)⁴	Trading expense ratio (%)⁵
		Asset Value (\$)	per Unit (\$)	outstanding²	Ratio (MER) (%)³	Before Absorption (MER)(%)³	rate (%)⁴	ratio (%)⁵
Class A¹¹	Dec 2010	105,190	9.22	11,412	2.12	2.12	19	0.06
	Dec 2009	26,475	8.84	2,995	1.73	1.73	16	0.04
Class F¹¹¹	Dec 2010	13	9.38	1	–	–	19	0.06
	Dec 2009	12	8.86	1	–	–	16	0.04
Class O¹¹¹¹	Dec 2010	1,153,069	9.34	123,500	–	–	19	0.06
	Dec 2009	12	8.86	1	–	–	16	0.04
Class VMD¹	Dec 2010	325,180	9.17	35,468	3.05	3.05	19	0.06
	Dec 2009	415,239	8.82	47,105	2.27	2.27	16	0.04
	Dec 2008	305,928	7.76	39,449	2.61	2.63	26	0.08
	Dec 2007	309,686	9.46	32,747	1.11	1.11	17	0.06

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.

¹¹ The LifePlan® 2030 Fund Class VMD (formerly VMD-McLean Budden LifePlan™ 2030 Fund) was created on March 30, 2007.

¹¹¹ The LifePlan® 2030 Fund Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010.

¹¹¹¹ The LifePlan® 2030 Fund Class F was created on April 1, 2009; however there were no unitholders in this class as of December 31, 2010.

¹¹¹¹¹ The LifePlan® 2030 Fund Class O was created on April 1, 2009.

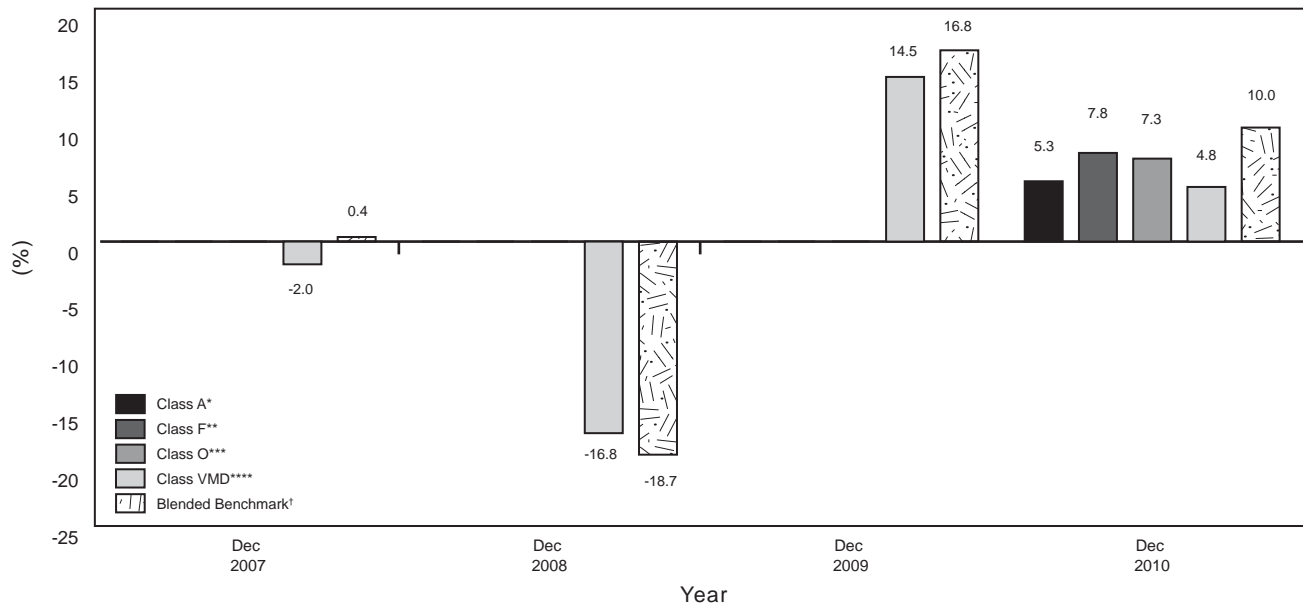
## Past Performance

For the year ended December 31<sup>st</sup>, 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 LifePlan® 2030 Fund Class AA was created on April 1, 2009 and renamed Class A on March 26, 2010. There were no unitholders in this class as of December 31, 2010.

\*\* The LifePlan® 2030 Fund Class F was created on April 1, 2009; however, there were no unitholders in this class as of December 31, 2010.

\*\*\* The LifePlan® 2030 Fund Class O was created on April 1, 2009.

\*\*\*\* The LifePlan® 2030 Fund Class VMD (formerly VMD-McLean Budden LifePlan™ 2030 Fund) was created on March 30, 2007.

## 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					Blended Benchmark <sup>1</sup>	BMO/TSX Cap 10% Index <sup>††</sup>	DEX Universe Bond Index <sup>†††</sup>	MSCI World Index <sup>††††</sup>	Start Date
	1 Year	3 Years	5 Years	10 Years	Since Inception	Since Inception	Since Inception	Since Inception	Since Inception	
Class A*	5.30	-	-	-	14.07	17.58	31.78	6.05	16.91	April 1, 2009
Class F**	7.79	-	-	-	15.23	17.58	31.78	6.05	16.91	April 1, 2009
Class O***	7.29	-	-	-	15.70	17.58	31.78	6.05	16.91	April 1, 2009
Class VMD****	4.80	-0.08	-	-	-0.60	1.27	3.53	5.68	-5.54	March 30, 2007
Blended Benchmark <sup>1</sup>	10.02	1.46	-	-	-	-	-	-	-	-
BMO/TSX Cap 10% Index <sup>††</sup>	17.61	2.09	6.51	7.04	-	-	-	-	-	-
DEX Universe Bond Index <sup>†††</sup>	6.74	6.19	5.25	6.33	-	-	-	-	-	-
MSCI World Index <sup>††††</sup>	6.76	-4.08	-0.23	-1.32	-	-	-	-	-	-

<sup>1</sup> The VMD 2030 Blended Benchmark is made up of 32.05% BMO/TSX Cap 10, 30.75% DEX Universe Bond Index, 32.05% MSCI World Index and 5.15% DEX 91 day T-Bill. This blended benchmark will be a moving benchmark over time.

<sup>††</sup> The BMO/TSX Cap 10% Index is a broad sector, market value weighted index where the constituents are made up of the largest Canadian companies to provide an indication as to the performance of Canadian equities, but limits any one company to being weighted no more than 10% of the index.

<sup>†††</sup> The DEX Universe Bond Index can be defined as a broad measure of the total return of Canadian bonds that consist of all marketable Canadian bonds with terms to maturity of more than one year and contains approximately 900 federal, provincial, municipal and corporate bonds that are rated BBB or higher.

<sup>††††</sup> The Morgan Stanley Capital International World Index (MSCI) is an index of approximately 1,600 companies listed on exchanges in the 23 countries that make up the MSCI national indices.

## 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 31<sup>st</sup>, 2010

**Top Twenty-Five Positions**

	% of Total Net Assets
<b>Security</b>	
McLean Budden Global Equity Class O	34.1
McLean Budden Fixed Income Class O	33.3
McLean Budden Canadian Equity Class O	30.6
Cash and Short-Term Investments	2.0
<b>Total</b>	<b>100.0</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.

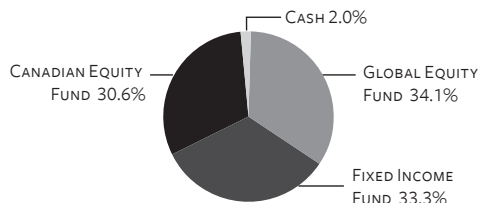
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**Asset Mix (%)**



**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

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