

Semi-annual Report 2011

Financial Statements

Unaudited

McLean Budden

American Equity Fund



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McLean Budden American Equity Fund

June 30th, 2011

The Fund's independent auditors have not performed a review of these Semi-annual Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Statements of Net Assets

As at June 30th, 2011 (unaudited) and December 31st, 2010 (audited) (in U.S. \$)

	2011	2010
Assets		
Investments, at fair value	\$1,197,860,675	\$1,083,071,512
Cash	1,139,962	336,279
Subscriptions receivable	1,848,461	8,946,426
Due from broker	6,462,415	-
Accrued interest and dividends receivable	1,234,354	1,138,205
	<u>1,208,545,867</u>	<u>1,093,492,422</u>
Liabilities		
Distributions payable	688	185,523
Accrued expenses	107,633	106,706
Due to broker	5,963,522	-
Redemptions payable	3,842,072	774,462
	<u>9,913,915</u>	<u>1,066,691</u>
Total net assets	<u>\$1,198,631,952</u>	<u>\$1,092,425,731</u>
Unitholders' equity		
Class A [†]	\$ 1,036,893	\$ 379,390
Class C	1,104,967,774	1,001,312,256
Class D	46,623,223	47,685,931
Class F	7,495,708	6,470,389
Class O	38,508,354	36,577,765
	<u>\$1,198,631,952</u>	<u>\$1,092,425,731</u>
Units outstanding (Note C)		
Class A [†]	33,461	12,508
Class C	34,734,209	32,480,251
Class D	1,490,539	1,563,012
Class F	240,825	213,413
Class O	1,210,420	1,186,752
	<u>37,709,454</u>	<u>35,455,936</u>
Net assets per unit		
Class A [†] U.S. \$	\$ 30.99	\$ 30.33
Class C U.S. \$	\$ 31.81	\$ 30.83
Class D U.S. \$	\$ 31.28	\$ 30.51
Class F U.S. \$	\$ 31.13	\$ 30.32
Class O U.S. \$	\$ 31.81	\$ 30.82
Class A [†] CDN \$	\$ 29.91	\$ 30.14
Class C CDN \$	\$ 30.70	\$ 30.63
Class D CDN \$	\$ 30.19	\$ 30.32
Class F CDN \$	\$ 30.04	\$ 30.13
Class O CDN \$	\$ 30.70	\$ 30.63
Net asset value per unit		
Class A [†] U.S. \$	\$ 31.00	\$ 30.33
Class C U.S. \$	\$ 31.83	\$ 30.83
Class D U.S. \$	\$ 31.29	\$ 30.51
Class F U.S. \$	\$ 31.14	\$ 30.32
Class O U.S. \$	\$ 31.83	\$ 30.83
Class A [†] CDN \$	\$ 29.92	\$ 30.14
Class C CDN \$	\$ 30.72	\$ 30.64
Class D CDN \$	\$ 30.20	\$ 30.32
Class F CDN \$	\$ 30.05	\$ 30.13
Class O CDN \$	\$ 30.72	\$ 30.63
Investments, at average cost	<u>\$1,066,419,923</u>	<u>\$ 968,232,041</u>

[†] Prior to March 26, 2010, Class A was known as Class AA.

^{††} The Class B series of this Fund was closed on February 16, 2010.

On behalf of the Manager, McLean Budden Limited.



Roger Beauchemin,
Director



Alan Daxner,
Director

Statements of Operations

For the six months ended June 30th (unaudited) (in U.S. \$)

	2011	2010
Income		
Interest	\$ 30,012	\$ 20,643
Dividends	11,295,384	7,864,431
	<u>11,325,396</u>	<u>7,885,074</u>
Less: Foreign withholding taxes	(1,665,793)	(1,163,600)
	<u>9,659,603</u>	<u>6,721,474</u>
Expenses		
Management fees	663,676	570,460
Independent review committee fees	25,581	25,181
	<u>689,257</u>	<u>595,641</u>
Net investment income (loss)	<u>8,970,346</u>	<u>6,125,833</u>
Net realized gain (loss) on sale of investments*	9,755,794	18,466,707
Transaction costs	(295,666)	(261,798)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	16,556,191	(121,101,719)
Net gain (loss) on investments	<u>26,016,319</u>	<u>(102,896,810)</u>
Increase (decrease) in net assets from operations	<u>\$ 34,986,665</u>	<u>\$ (96,770,977)</u>
Increase (decrease) in net assets from operations per class		
Class A [†]	\$ 4,075	\$ (30,675)
Class B ^{††}	\$ -	\$ 1,084,594
Class C	\$ 32,478,769	\$ (87,593,954)
Class D	\$ 1,178,157	\$ (5,042,945)
Class F	\$ 169,835	\$ (1,060,864)
Class O	\$ 1,155,829	\$ (4,127,133)
Increase (decrease) in net assets from operations per unit (Note D)		
Class A [†]	\$ 0.16	\$ (6.34)
Class B ^{††}	\$ -	\$ 0.37
Class C	\$ 0.96	\$ (3.38)
Class D	\$ 0.77	\$ (3.04)
Class F	\$ 0.76	\$ (3.17)
Class O	\$ 0.96	\$ (3.24)
*Net realized gain (loss) on sale of investments		
Cost of investments held at beginning of period [^]	\$952,484,929	\$ 727,038,153
Cost of investments purchased during the period [^]	224,182,097	207,029,005
	<u>1,176,667,026</u>	<u>934,067,158</u>
Investments at cost at end of the period [^]	1,041,761,614	839,755,556
Cost of investments sold during the period [^]	134,905,412	94,311,602
Proceeds from sale of investments [^]	<u>144,661,206</u>	<u>112,778,309</u>
Net realized gain (loss) on sale of investments	<u>\$ 9,755,794</u>	<u>\$ 18,466,707</u>

[^] Excludes short-term investments.

Statements of Changes in Net Assets

For the six months ended June 30th (unaudited) (in U.S. \$)

	Class A [†]		Class B ^{††}		Class C	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 379,390	\$ 58,031	\$ –	\$ 268,576,476	\$ 1,001,312,256	\$ 441,296,119
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	4,075	(30,675)	–	1,084,594	32,478,769	(87,593,954)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	678,501	254,047	–	556,552	131,548,207	407,070,980
Distributions reinvested	–	–	–	4,258	–	5,272
Redemption of units	(25,073)	(13,773)	–	(270,221,880)	(60,371,458)	(19,268,068)
	653,428	240,274	–	(269,661,070)	71,176,749	387,808,184
NET ASSETS, END OF PERIOD	\$ 1,036,893	\$ 267,630	\$ –	\$ –	\$ 1,104,967,774	\$ 741,510,349

	Class D		Class F		Class O	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 47,685,931	\$ 46,535,568	\$ 6,470,389	\$ 7,644,959	\$ 36,577,765	\$ 33,441,402
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	1,178,157	(5,042,945)	169,835	(1,060,864)	1,155,829	(4,127,133)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	3,899,777	4,790,481	2,325,850	3,045,399	1,081,568	5,828,137
Distributions reinvested	–	121	–	–	–	–
Redemption of units	(6,140,642)	(5,390,299)	(1,470,366)	(672,543)	(306,808)	(42)
	(2,240,865)	(599,697)	855,484	2,372,856	774,760	5,828,095
NET ASSETS, END OF PERIOD	\$ 46,623,223	\$ 40,892,926	\$ 7,495,708	\$ 8,956,951	\$ 38,508,354	\$ 35,142,364

	Total	
	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 1,092,425,731	\$ 797,552,555
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	34,986,665	(96,770,977)
CAPITAL TRANSACTIONS		
Proceeds from issue of units	139,533,903	421,545,596
Distributions reinvested	–	9,651
Redemption of units	(68,314,347)	(295,566,605)
	71,219,556	125,988,642
NET ASSETS, END OF PERIOD	\$ 1,198,631,952	\$ 826,770,220

[†] Prior to March 26, 2010, Class A was known as Class AA.

^{††} The Class B series of this Fund was closed on February 16, 2010.

Statement of Investment Portfolio

As at June 30th, 2011 (unaudited) (in U.S. \$)

Par Value \$/ Security No. of Shares	Issue	Total Cost	Fair Value	Number of Shares	Security	Issue	Total Cost	Fair Value		
SHORT-TERM INVESTMENTS (2011 - 2.06%; 2010 - 1.45%)				Financials						
Term Deposit				615,000	ACE Limited	Common	28,279,747	40,467,000		
450,000	Royal Bank of Canada	0.950% July 4, 2011	<u>466,273</u>	466,273	3,570,000	Bank of America Corporation	Common	50,732,916	39,091,500	
Treasury Bills				40,000	CME Group Inc.	Class A	11,000,918	11,663,200		
6,300,000	Province of Ontario	0.140% July 12, 2011	<u>6,297,984</u>	6,299,937	240,000	Goldman Sachs Group, Inc.	Common	38,572,576	31,922,400	
Provincial Guaranteed				1,000,000	JPMorgan Chase & Co.	Common	37,101,744	40,910,000		
1,700,000	Province of Ontario	0.160% July 5, 2011	1,699,320	1,699,993	900,000	Wells Fargo & Company	Common	<u>25,732,660</u>	<u>25,245,000</u>	
7,800,000	Province of Ontario	0.101% August 11, 2011	7,798,416	7,799,696						
6,000,000	Province of Quebec	0.129% October 14, 2011	5,997,540	5,998,620						
2,400,000	Province of Quebec	0.149% October 31, 2011	<u>2,398,776</u>	<u>2,398,776</u>						
				<u>17,894,052</u>	<u>17,897,085</u>					
TOTAL SHORT-TERM INVESTMENTS				24,658,309	24,663,295					
U.S. EQUITIES (2011 - 97.94%; 2010 - 98.55%)				Information Technology						
Energy				50,000	Apple Inc.	Common	7,262,392	16,770,500		
290,000	Apache Corporation	Common	24,793,009	35,768,600	825,000	Applied Materials, Inc.	Common	10,879,782	10,733,250	
415,000	Exxon Mobil Corporation	Common	29,403,110	33,743,650	570,000	Corning Incorporated	Common	10,051,126	10,339,800	
285,000	Peabody Energy Corporation	Common	17,822,894	16,783,650	550,000	eBay Inc.	Common	8,880,545	17,743,000	
345,000	Schlumberger Ltd.	Common	19,504,405	29,790,750	645,000	Electronic Arts Inc.	Common	17,393,429	15,222,000	
650,000	Spectra Energy Corporation	Common	12,647,139	17,810,000	43,000	Google Inc.	Class A	20,114,415	21,762,730	
370,000	Ultra Petroleum Corporation	Common	<u>19,755,980</u>	<u>16,923,800</u>	1,000,000	Hewlett-Packard Company	Common	38,834,128	36,400,000	
				<u>123,926,537</u>	<u>150,820,450</u>	1,650,000	Microsoft Corporation	Common	43,318,650	42,867,000
Materials				Telecommunication Services						
215,000	Freeport-McMoRan Copper & Gold Inc.	Common	11,747,364	11,369,200	1,150,000	AT&T Inc.	Common	<u>32,643,928</u>	<u>36,098,500</u>	
770,000	International Paper Co.	Common	20,500,405	22,938,300	475,000	Verizon Communications Inc.	Common	<u>14,276,392</u>	<u>17,674,750</u>	
335,000	Monsanto Company	Common	<u>23,940,073</u>	<u>24,297,550</u>						
				<u>56,187,842</u>	<u>58,605,050</u>					
Industrials				Utilities						
280,000	Avery Dennison Corporation	Common	11,983,486	10,810,800	285,000	Exelon Corporation	Common	<u>16,191,263</u>	<u>12,206,550</u>	
240,000	The Boeing Company	Common	14,858,646	17,743,200						
230,000	General Dynamics Corporation	Common	16,139,874	17,141,900						
1,475,000	General Electric Company	Common	27,548,840	27,789,000						
300,000	Honeywell International Inc.	Common	10,223,615	17,865,000						
275,000	United Technologies Corporation	Common	<u>14,707,766</u>	<u>24,337,500</u>						
				<u>95,462,227</u>	<u>115,687,400</u>					
Consumer Discretionary				TOTAL U.S. EQUITIES						
325,000	Coach, Inc.	Common	12,059,453	20,777,250						
560,000	General Motors Company	Common	19,200,577	17,007,200						
145,000	Johnson Controls, Inc.	Common	5,963,522	6,036,350						
325,000	Kohl's Corporation	Common	15,263,343	16,253,250						
400,000	Viacom Inc.	Class B	14,849,194	20,388,000						
350,000	YUM! Brands, Inc.	Common	<u>13,346,694</u>	<u>19,323,500</u>						
				<u>80,682,783</u>	<u>99,785,550</u>					
Consumer Staples				ADJUSTMENTS FOR TRANSACTION COSTS						
365,000	Colgate-Palmolive Company	Common	25,941,811	31,893,700						
125,000	Estée Lauder Company Inc.	Class A	4,398,143	13,148,750						
530,000	PepsiCo Inc.	Common	31,158,772	37,301,400						
660,000	Wal-Mart Stores, Inc.	Common	<u>33,465,324</u>	<u>35,052,600</u>						
				<u>94,964,050</u>	<u>117,396,450</u>					
Health Care				TOTAL INVESTMENTS						
430,000	Amgen Inc.	Common	23,794,692	25,081,900						
135,000	Becton, Dickinson and Company	Common	9,448,444	11,631,600						
275,000	Johnson & Johnson	Common	16,371,151	18,276,500						
1,250,000	Merck & Co., Inc.	Common	45,795,429	44,087,500						
1,975,000	Pfizer Inc.	Common	37,685,793	40,665,250						
545,000	UnitedHealth Group Inc.	Common	<u>18,814,540</u>	<u>28,116,550</u>						
				<u>151,910,049</u>	<u>167,859,300</u>					



McLean Budden American Equity Fund

Fund Specific Notes to the Financial Statements

June 30th, 2011 (unaudited) (in U.S.\$)

(These notes should be read along with the Generic Notes to the Financial Statements)

A. Investment Objective

The Fund aims for long-term capital growth by investing primarily in companies domiciled in the United States or whose primary stock exchange listing is in the United States. Unitholder approval is required prior to a change of fundamental investment objectives.

B. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by regularly monitoring the Fund's positions, market events and diversifying the investment portfolio within the constraints of the investment objective.

Significant risks that are relevant to the Fund are discussed below:

Credit Risk

As at June 30, 2011 and December 31, 2010, the Fund invested in debt securities, such as short-term investments and bonds, with the following Standard and Poor's credit ratings:

Portfolio by rating category	As a % of Net Assets	
	June 2011	December 2010
AAA	—	0.1%
AA	2.0%	1.4%
Total	2.0%	1.5%

As at June 30, 2011 and December 31, 2010, none of these assets are impaired or past due and the percentages represent the maximum credit risk exposure.

Interest Rate Risk

As at June 30, 2011, approximately \$24,663,000 (2010: \$15,751,000) was invested in debt securities with term to maturity of less than 1 year.

The Fund has minimal sensitivity to changes in interest rates since these debt securities are usually held to maturity and are short-term in nature.

Currency Risk

As at June 30, 2011 and December 31, 2010, the Fund had significant exposure to the following currency:

	June 2011		December 2010	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
Canadian Dollar	2,561,000	0.2	779,000	0.1

The amounts in the table above are based on the fair value of the Fund's foreign denominated financial instruments.

As at June 30, 2011, if the U.S. dollar had strengthened or weakened by 5% in relation to foreign currencies represented in the portfolio, with all other variables remaining constant, Net Assets would have decreased or increased by approximately \$128,000 (2010: \$39,000). In practice, the actual results may differ and the difference could be material.

Other Price Risk

Approximately 97.9% (2010: 97.7%) of the Fund's Net Assets held at June 30, 2011 was publicly traded equities. If equity prices on the exchange increased or decreased by 5% as at June 30, 2011, the Net Assets of the Fund would have increased or decreased by approximately \$58,660,000 (2010: \$53,366,000) or 4.9% (2010: 4.9%) of the Net Assets, all other factors remaining constant. In practice, the actual results may differ and the difference could be material.

C. Unitholders' Equity

Unit transactions for Class A, Class B, Class C, Class D, Class F and Class O units for the period ended June 30 were as follows:

Class	Units Outstanding Beginning of Period	Issued	Distributions Reinvested	Redemptions	Units Outstanding End of Period
Class A 2011	12,508	21,761	–	(808)	33,461
Class A 2010 [†]	2,061	9,162	–	(506)	10,717
Class B 2010 ^{††}	9,452,103	19,336	148	(9,471,587)	–
Class C 2011	32,480,251	4,148,095	–	(1,894,137)	34,734,209
Class C 2010	15,571,620	14,313,683	184	(681,059)	29,204,428
Class D 2011	1,563,012	123,824	–	(196,297)	1,490,539
Class D 2010	1,658,268	170,998	4	(192,615)	1,636,655
Class F 2011	213,413	74,964	–	(47,552)	240,825
Class F 2010	275,053	110,750	–	(24,356)	361,447
Class O 2011	1,186,752	33,612	–	(9,944)	1,210,420
Class O 2010	1,180,414	203,790	–	(2)	1,384,202

[†] Prior to March 26, 2010, Class A was known as Class AA. ^{††} The Class B series of this Fund was closed on February 16, 2010.

D. Increase (Decrease) in Net Assets from Operations Per Unit

Increase (decrease) in Net Assets from Operations per unit in the Statement of Operations represents the net increase (decrease) in Net Assets from Operations for the period divided by the average units outstanding during the period. The average number of units outstanding during the period was:

	June 2011	June 2010
Class A	26,046	4,838
Class B	–	2,924,530
Class C	33,780,301	25,910,857
Class D	1,536,206	1,658,360
Class F	223,018	334,389
Class O	1,202,713	1,275,320

E. Related Party Transactions

As at June 30, 2011 and December 31, 2010 the following Class O units of the Fund were held by other McLean Budden Funds:

	Number of Units Held	
	June 2011	December 2010
McLean Budden Balanced Growth Fund	964,467	932,488
McLean Budden Canadian Equity Growth Fund	193,732	203,676
McLean Budden Canadian Equity Value Fund	52,220	50,587

F. Fair Value Disclosure

The Fund's financial assets measured at fair value have been categorized based upon a fair value hierarchy in accordance CICA Section 3862. The following fair value hierarchy tables present information about the Fund's financial assets measured at fair value as of June 30, 2011 and December 31, 2010 and there have been no transfers between levels.

	Financial Assets at Fair Value as at June 2011			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	1,173,197,380	–	–	1,173,197,380
Short-Term Investments	–	24,663,295	–	24,663,295
	1,173,197,380	24,663,295	–	1,197,860,675

	Financial Assets at Fair Value as at December 2010			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	1,067,320,400	–	–	1,067,320,400
Short-Term Investments	–	15,751,112	–	15,751,112
	1,067,320,400	15,751,112	–	1,083,071,512

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