

Semi-annual Report 2011

Financial Statements

Unaudited

McLean Budden

Balanced Growth Fund



MCLEAN BUDDEN
LOOK FORWARD®

McLean Budden Balanced Growth 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)

	2011	2010
Assets		
Investments, at fair value	\$225,263,956	\$ 225,958,128
Cash	319,828	157,850
Subscriptions receivable	97,817	141,912
Due from broker	514,765	–
Accrued interest and dividends receivable	625,592	702,540
	<u>226,821,958</u>	<u>226,960,430</u>
Liabilities		
Distributions payable	250	1,322
Accrued expenses	82,499	85,795
Due to broker	508,069	–
Redemptions payable	85,025	23,755
	<u>675,843</u>	<u>110,872</u>
Total net assets	\$226,146,115	\$ 226,849,558
Unitholders' equity		
Class A [†]	\$ 1,648,813	\$ 1,308,912
Class C	138,514,445	137,067,831
Class D	85,744,871	88,240,705
Class F	237,953	232,078
Class O	33	32
	<u>\$226,146,115</u>	<u>\$ 226,849,558</u>
Units outstanding (Note C)		
Class A [†]	80,719	63,618
Class C	7,098,064	6,978,411
Class D	4,173,736	4,267,896
Class F	11,693	11,331
Class O	2	2
	<u>11,364,214</u>	<u>11,321,258</u>
Net assets per unit		
Class A [†]	\$ 20.43	\$ 20.57
Class C	\$ 19.51	\$ 19.64
Class D	\$ 20.54	\$ 20.68
Class F	\$ 20.35	\$ 20.48
Class O	\$ 19.50	\$ 19.64
Net asset value per unit		
Class A [†]	\$ 20.45	\$ 20.59
Class C	\$ 19.54	\$ 19.66
Class D	\$ 20.57	\$ 20.69
Class F	\$ 20.37	\$ 20.50
Class O	\$ 19.52	\$ 19.66
Investments, at average cost	\$218,674,753	\$ 216,136,751

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

^{††} The Class B series of this Fund was closed on December 8, 2010.

Statements of Operations

For the six months ended June 30th (unaudited)

	2011	2010
Income		
Interest	\$ 1,783,198	\$ 1,873,176
Dividends	592,575	537,486
	<u>2,375,773</u>	<u>2,410,662</u>
Expenses		
Management fees	510,395	496,382
Independent review committee fees	5,087	8,874
	<u>515,482</u>	<u>505,256</u>
Net investment income (loss)	1,860,291	1,905,406
Net realized gain (loss) on sale of investments*	1,965,467	855,345
Transaction costs	(15,030)	(12,217)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	(3,233,011)	(10,989,401)
	<u>(1,282,574)</u>	<u>(10,146,273)</u>
Net gain (loss) on investments	\$ 577,717	\$ (8,240,867)
Increase (decrease) in net assets from operations		
Increase (decrease) in net assets from operations per class		
Class A [†]	\$ (13,559)	\$ (37,344)
Class B ^{††}	\$ –	\$ (792,236)
Class C	\$ 599,247	\$ (4,201,029)
Class D	\$ (8,040)	\$ (3,195,219)
Class F	\$ 68	\$ (15,038)
Class O	\$ 1	\$ (1)
Increase (decrease) in net assets from operations per unit (Note D)		
Class A [†]	\$ (0.18)	\$ (0.93)
Class B ^{††}	\$ –	\$ (0.62)
Class C	\$ 0.09	\$ (0.70)
Class D	\$ –	\$ (0.72)
Class F	\$ 0.01	\$ (0.68)
Class O	\$ 0.60	\$ (0.62)
*Net realized gain (loss) on sale of investments		
Cost of investments held at beginning of period [^]	\$210,554,238	\$ 195,628,516
Cost of investments purchased during the period [^]	44,018,389	83,326,137
	<u>254,572,627</u>	<u>278,954,653</u>
Investments at cost at end of the period [^]	213,053,258	232,707,493
Cost of investments sold during the period [^]	41,519,369	46,247,160
Proceeds from sale of investments [^]	43,484,836	47,102,505
Net realized gain (loss) on sale of investments	\$ 1,965,467	\$ 855,345

[^] Excludes short-term investments.

On behalf of the Manager, McLean Budden Limited.



Roger Beauchemin,
Director



Alan Daxner,
Director

Statements of Changes in Net Assets

For the six months ended June 30th (unaudited)

	Class A [†]		Class B ^{††}		Class C	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 1,308,912	\$ 594,042	\$ –	\$ 26,818,142	\$ 137,067,831	\$ 92,340,074
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(13,559)	(37,344)	–	(792,236)	599,247	(4,201,029)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	463,096	289,229	–	1,555,565	5,527,681	36,819,654
Distributions reinvested	3,000	2,971	–	238,099	1,526,418	1,313,476
Redemption of units	(108,947)	(14,606)	–	(4,473,377)	(4,666,089)	(1,475,908)
	357,149	277,594	–	(2,679,713)	2,388,010	36,657,222
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
From investment income	(3,689)	(3,001)	–	(238,007)	(1,540,643)	(1,320,054)
NET ASSETS, END OF PERIOD	\$ 1,648,813	\$ 831,291	\$ –	\$ 23,108,186	\$ 138,514,445	\$ 123,476,213

	Class D		Class F		Class O	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 88,240,705	\$ 87,734,893	\$ 232,078	\$ 430,892	\$ 32	\$ 30
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(8,040)	(3,195,219)	68	(15,038)	1	(1)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	3,235,187	3,623,031	22,445	110,480	–	–
Distributions reinvested	511,701	533,126	1,320	3,031	–	–
Redemption of units	(5,714,409)	(5,433,415)	(16,336)	(93,147)	–	–
	(1,967,521)	(1,277,258)	7,429	20,364	–	–
DISTRIBUTIONS TO UNITHOLDERS (Note 5)						
From investment income	(520,273)	(543,052)	(1,622)	(3,351)	–	–
NET ASSETS, END OF PERIOD	\$ 85,744,871	\$ 82,719,364	\$ 237,953	\$ 432,867	\$ 33	\$ 29

	Total	
	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 226,849,558	\$ 207,918,073
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	577,717	(8,240,867)
CAPITAL TRANSACTIONS		
Proceeds from issue of units	9,248,409	42,397,959
Distributions reinvested	2,042,439	2,090,703
Redemption of units	(10,505,781)	(11,490,453)
	785,067	32,998,209
DISTRIBUTIONS TO UNITHOLDERS (Note 5)		
From investment income	(2,066,227)	(2,107,465)
NET ASSETS, END OF PERIOD	\$ 226,146,115	\$ 230,567,950

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

^{††} The Class B series of this Fund was closed on December 8, 2010.

Statement of Investment Portfolio

As at June 30th, 2011 (unaudited)

Par Value \$	Security	Issue	Total Cost	Fair Value
SHORT-TERM INVESTMENTS (2011 - 2.50%; 2010 - 2.47%)				
Treasury Bills				
350,000	Government of Canada	1.071% September 1, 2011	348,548	349,439
650,000	Government of Canada	0.980% October 27, 2011	647,758	647,946
1,400,000	Government of Canada	0.998% December 8, 2011	1,393,606	1,393,714
450,000	Government of Canada	1.380% March 15, 2012	444,204	446,411
			<u>2,834,116</u>	<u>2,837,510</u>
Provincial Guaranteed				
550,000	Province of Ontario	1.011% August 10, 2011	549,285	549,418
400,000	Province of Ontario	1.220% May 23, 2012	395,636	395,633
			<u>944,921</u>	<u>945,051</u>
Discount Commercial Paper				
250,000	Bank of Montreal	1.112% August 25, 2011	249,408	249,534
600,000	Citigroup Finance Canada Inc.	1.329% November 22, 2011	596,718	597,125
250,000	GE Capital Canada Funding Company	1.148% September 19, 2011	249,318	249,307
350,000	GE Capital Canada Funding Company	1.220% November 21, 2011	348,208	348,199
400,000	TransCanada PipeLine Limited	1.199% August 15, 2011	398,808	399,449
			<u>1,842,460</u>	<u>1,843,614</u>
TOTAL SHORT-TERM INVESTMENTS			5,621,497	5,626,175
BONDS (2011 - 34.40%; 2010 - 36.93%)				
Federal Government Bonds				
Canada				
575,000	Government of Canada	1.000% September 1, 2011	572,966	575,011
7,520,000	Government of Canada	1.250% December 1, 2011	7,526,893	7,526,134
8,075,000	Government of Canada	3.750% June 1, 2012	8,352,967	8,256,624
1,730,000	Government of Canada	3.000% June 1, 2014	1,780,707	1,785,882
3,180,000	Government of Canada	3.000% December 1, 2015	3,248,166	3,282,761
545,000	Government of Canada	5.000% June 1, 2037	684,951	675,062
1,620,000	Government of Canada	4.000% June 1, 2041	1,664,147	1,754,460
850,000	Government of Canada	3.500% December 1, 2045	855,712	843,289
			<u>24,686,509</u>	<u>24,699,223</u>
United States				
585,000	United States Treasury Notes (US Pay)	2.125% December 31, 2015	573,653	579,580
3,100,000	United States Treasury Notes (US Pay)	4.250% May 15, 2039	3,185,874	2,934,792
			<u>3,759,527</u>	<u>3,514,372</u>
Government Guaranteed				
1,630,000	Canada Housing Trust	4.800% June 15, 2012	1,629,593	1,683,440
1,190,000	Canada Housing Trust	3.750% March 15, 2020	1,178,195	1,228,429
			<u>2,807,788</u>	<u>2,911,869</u>
Total Federal Government Bonds			31,253,824	31,125,464
Provincial Bonds				
Ontario				
1,240,000	Province of Ontario	4.750% June 2, 2013	1,315,170	1,310,413
1,465,000	Province of Ontario	4.200% March 8, 2018	1,482,591	1,552,723
1,695,000	Province of Ontario	4.200% June 2, 2020	1,748,775	1,757,211
1,865,000	Province of Ontario	6.500% March 8, 2029	2,254,911	2,389,607
1,215,000	Province of Ontario	5.600% June 2, 2035	1,359,127	1,437,847
1,090,000	Province of Ontario	4.700% June 2, 2037	1,044,907	1,146,073
			<u>9,205,481</u>	<u>9,593,874</u>
Quebec				
160,000	Province of Quebec	5.500% December 1, 2014	173,951	177,032
960,000	Province of Quebec	4.500% December 1, 2019	1,015,104	1,018,926
500,000	Province of Quebec	6.000% October 1, 2029	537,435	606,032
530,000	Province of Quebec	5.000% December 1, 2038	539,542	577,357
			<u>2,266,032</u>	<u>2,379,347</u>

Par Value \$	Security	Issue	Total Cost	Fair Value
British Columbia				
540,000	Province of British Columbia	4.700% December 1, 2017	563,832	591,223
520,000	Province of British Columbia	4.650% December 18, 2018	517,951	564,700
380,000	Province of British Columbia	6.350% June 18, 2031	418,342	487,392
1,290,000	Province of British Columbia	4.950% June 18, 2040	1,309,113	1,424,858
			<u>2,809,238</u>	<u>3,068,173</u>
Manitoba				
930,000	Province of Manitoba	4.700% September 22, 2017	937,202	1,017,170
Total Provincial Bonds			15,217,953	16,058,564
Municipal Bonds				
Ontario				
535,000	55 School Board Trust	5.900% June 2, 2033	563,713	621,890
Total Municipal Bonds			563,713	621,890
Corporate Bonds				
Consumer Discretionary				
525,000	Thomson Reuters Corporation	5.250% July 15, 2011	523,766	525,624
580,000	Thomson Reuters Corporation	5.200% December 1, 2014	621,436	626,718
435,000	Thomson Reuters Corporation	4.350% September 30, 2020	433,325	437,286
			<u>1,578,527</u>	<u>1,589,628</u>
Consumer Staples				
355,000	Loblaw Companies Ltd.	5.900% January 18, 2036	355,407	342,680
Industrials				
240,000	Canadian Pacific Railway Company	6.450% November 17, 2039	239,873	264,100
530,000	Caterpillar Financial Services Ltd.	2.640% December 3, 2013	529,894	533,740
			<u>769,767</u>	<u>797,840</u>
Utilities				
525,000	Bell Canada	4.400% March 16, 2018	524,559	533,434
300,000	Cameco Corporation	5.670% September 2, 2019	301,272	318,600
450,000	CU Inc.	6.145% November 22, 2017	513,212	520,713
670,000	Enbridge Gas Distribution Inc.	5.210% February 25, 2036	663,986	697,455
385,000	Enbridge Inc.	5.170% May 19, 2016	384,777	417,839
675,000	Hydro One Inc.	5.000% November 12, 2013	689,378	717,517
295,000	Hydro One Inc.	6.930% June 1, 2032	346,652	371,017
635,000	Hydro One Inc.	5.000% October 19, 2046	639,858	640,056
490,000	TransCanada Pipelines Limited	5.100% January 11, 2017	491,112	535,494
540,000	TransCanada Pipelines Limited	8.050% February 17, 2039	638,620	765,761
260,000	Westcoast Energy Inc.	4.570% July 2, 2020	259,979	267,436
			<u>5,453,405</u>	<u>5,785,322</u>
Financials				
495,000	Bank of America Corporation	5.450% September 17, 2014	494,545	517,732
510,000	Bank of America Corporation	1.799% July 5, 2011	510,938	479,400
445,000	Bank of Montreal†	3.979% July 8, 2016	445,018	451,446
870,000	Bank of Montreal	6.020% May 2, 2018	909,067	994,755
775,000	Bank of Nova Scotia	3.610% February 22, 2016	774,892	792,767
330,000	Bear Stearns Co., Inc.	5.450% November 12, 2014	352,407	353,335
130,000	BMO Capital Trust	6.685% December 31, 2011 (Perpetual)	138,151	132,906
475,000	Canadian Imperial Bank of Commerce	3.950% July 14, 2017	473,993	487,352
310,000	Canadian Imperial Bank of Commerce†	4.110% April 30, 2015 (Callable 2020)	310,000	321,453
480,000	Citigroup Financial Canada Inc.	4.900% November 13, 2012	479,443	496,227
510,000	Citigroup Inc.†	5.160% May 24, 2027	509,684	451,197
235,000	Citigroup Inc.†	5.365% March 6, 2036	235,000	195,454
655,000	GE Capital Canada Funding Company	4.650% February 11, 2015	619,217	690,771



McLean Budden Balanced Growth Fund

Fund Specific Notes to the Financial Statements

June 30th, 2011 (unaudited)

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

A. Investment Objective

The Fund aims to provide a high rate of return consistent with a conservative investment policy through a mix of long-term capital growth and fixed income securities issued primarily by Canadian issuers. The Fund may invest in securities of other McLean Budden Funds. 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 instruments, 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	16.4%	17.5%
AA	9.0%	8.0%
A	9.8%	12.3%
BBB	1.9%	2.0%
Total	37.1%	39.8%

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

Interest Rate Risk

Interest Rate Exposure	Less than 1 year (\$)	1 – 5 years (\$)	More than 5 years (\$)	Total (\$)
June 2011	26,163,000	14,611,000	43,165,000	83,939,000
December 2010	21,138,000	23,397,000	45,633,000	90,168,000

As at June 30, 2011, should interest rates have decreased or increased by 0.25% with all other variables remaining constant, the increase or decrease in Net Assets of the Fund for the period would amount to approximately \$1,215,000 (2010: \$1,344,000). In practice, the actual results may differ and the difference could be material.

Currency Risk

As at June 30, 2011 and December 31, 2010, the Fund had significant exposure to the following currencies either directly from its investments or indirectly through its investments in underlying investment funds:

	June 2011		December 2010	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	61,421,000	27.2	56,992,000	25.1
Euro	4,654,000	2.1	3,109,000	1.4
Japanese Yen	4,093,000	1.8	4,701,000	2.1
Pounds Sterling	2,417,000	1.1	2,521,000	1.1
Singapore Dollar	1,156,000	0.5	576,000	0.3
Swiss Franc	1,021,000	0.5	1,062,000	0.5
Swedish Krona	1,006,000	0.4	364,000	0.2
Australian Dollar	498,000	0.2	507,000	0.2
Hong Kong Dollar	412,000	0.2	357,000	0.2
Total	76,678,000	34.0	70,189,000	31.1

B. Risk Management (continued)

The amounts in the table above are based on the fair value of the Fund's foreign denominated financial instruments. For the purposes of this section, American Depositary Receipts and American Depositary Shares are reflected as U.S. currency exposure although the shares underlying these receipts are ultimately denominated and traded in their respective native currencies.

As at June 30, 2011, if the Canadian 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 \$3,834,000 (2010: \$3,509,000). In practice, the actual results may differ and the difference could be material.

Other Price Risk

Approximately 62.1% (2010: 59.5%) of the Fund's Net Assets held at June 30, 2011, held either directly or indirectly through underlying investment funds, were 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 \$7,021,000 (2010: \$6,746,000) or 3.1% (2010: 3.0%) 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	63,618	22,194	145	(5,238)	80,719
Class A 2010 [†]	30,406	14,728	153	(754)	44,533
Class B 2010 ^{**}	1,427,556	83,100	12,892	(237,677)	1,285,871
Class C 2011	6,978,411	277,338	77,254	(234,939)	7,098,064
Class C 2010	4,965,174	1,983,672	71,976	(79,626)	6,941,196
Class D 2011	4,267,896	154,146	24,578	(272,884)	4,173,736
Class D 2010 [†]	4,481,784	186,150	27,642	(278,774)	4,416,802
Class F 2011	11,331	1,087	64	(789)	11,693
Class F 2010	22,249	5,797	159	(4,837)	23,368
Class O 2011	2	—	—	—	2
Class O 2010	2	—	—	—	2

[†] Prior to March 26, 2010, Class A was known as Class AA. ^{**} The Class B series of this Fund was closed on December 8, 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	75,708	40,040
Class B	-	1,271,508
Class C	7,030,668	6,042,523
Class D	4,212,800	4,446,501
Class F	11,317	22,010
Class O	2	2

E. Related Party Transactions

The Fund invests in units of other McLean Budden Funds which are managed by MBL. The Fund does not pay duplicate management fees on assets invested in underlying McLean Budden Funds.

F. Fair Value Disclosure

The Fund's financial assets measured at fair value have been categorized based upon a fair value hierarchy in accordance with CICA Section 3862. The following fair value hierarchy tables presents information about the Fund's financial assets measured at fair value as at 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	68,804,750	-	-	68,804,750
Bonds	-	77,496,984	-	77,496,984
Investment Funds	73,336,047	-	-	73,336,047
Short-Term Investments	-	5,626,175	-	5,626,175
	142,140,797	83,123,159	-	225,263,956

	Financial Assets at Fair Value as at December 2010			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	65,947,931	-	-	65,947,931
Bonds	-	83,445,944	-	83,445,944
Investment Funds	70,977,574	-	-	70,977,574
Short-Term Investments	-	5,586,679	-	5,586,679
	136,925,505	89,032,623	-	225,958,128

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