

# Semi-annual Report 2011

Financial Statements

*Unaudited*

McLean Budden

Canadian Equity Growth Fund



MCLEAN BUDDEN  
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# McLean Budden Canadian Equity Growth Fund

June 30<sup>th</sup>, 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 30<sup>th</sup>, 2011 (unaudited) and December 31<sup>st</sup>, 2010 (audited)

	2011	2010
<b>Assets</b>		
Investments, at fair value	\$ 71,249,470	\$ 75,977,340
Cash	102,365	115,280
Subscriptions receivable	491,551	14,826
Accrued interest and dividends receivable	69,921	76,781
	<u>71,913,307</u>	<u>76,184,227</u>
<b>Liabilities</b>		
Distributions payable	–	809
Accrued expenses	34,001	37,312
Redemptions payable	47,278	231,524
	<u>81,279</u>	<u>269,645</u>
<b>Total net assets</b>	<u>71,832,028</u>	<u>75,914,582</u>
<b>Unitholders' equity</b>		
Class A <sup>†</sup>	\$ 449,212	\$ 303,644
Class C	43,342,616	45,949,914
Class D	27,438,839	29,031,167
Class F	601,295	629,790
Class O	66	67
	<u>\$ 71,832,028</u>	<u>\$ 75,914,582</u>
<b>Units outstanding (Note C)</b>		
Class A <sup>†</sup>	12,172	8,004
Class C	1,146,169	1,193,935
Class D	731,010	754,919
Class F	16,366	16,754
Class O	2	2
	<u>1,905,719</u>	<u>1,973,614</u>
<b>Net assets per unit</b>		
Class A <sup>†</sup>	\$ 36.91	\$ 37.94
Class C	\$ 37.82	\$ 38.49
Class D	\$ 37.54	\$ 38.46
Class F	\$ 36.74	\$ 37.59
Class O	\$ 37.92	\$ 38.58
<b>Net asset value per unit</b>		
Class A <sup>†</sup>	\$ 36.97	\$ 37.98
Class C	\$ 37.88	\$ 38.53
Class D	\$ 37.60	\$ 38.50
Class F	\$ 36.80	\$ 37.63
Class O	\$ 37.99	\$ 38.63
<b>Investments, at average cost</b>	<u>\$ 63,609,833</u>	<u>\$ 65,222,351</u>

<sup>†</sup> Prior to March 26, 2010, Class A was known as Class AA.

<sup>††</sup> The Class B series of this Fund was closed on December 18, 2010.

## Statements of Operations

For the six months ended June 30<sup>th</sup> (unaudited)

	2011	2010
<b>Income</b>		
Interest	\$ 18,861	\$ 24,295
Dividends	496,918	638,832
	<u>515,779</u>	<u>663,127</u>
<b>Expenses</b>		
Management fees	219,287	229,244
Independent review committee fees	1,707	5,519
	<u>220,994</u>	<u>234,763</u>
<b>Net investment income (loss)</b>	<u>294,785</u>	<u>428,364</u>
Net realized gain (loss) on sale of investments*	1,443,086	1,446,893
Transaction costs	(9,311)	(13,581)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	(3,115,433)	(8,586,525)
<b>Net gain (loss) on investments</b>	<u>(1,681,658)</u>	<u>(7,153,213)</u>
<b>Increase (decrease) in net assets from operations</b>	<u>\$ (1,386,873)</u>	<u>\$ (6,724,849)</u>
<b>Increase (decrease) in net assets from operations per class</b>		
Class A <sup>†</sup>	\$ (17,741)	\$ (15,118)
Class B <sup>††</sup>	\$ –	\$ (1,321,156)
Class C	\$ (700,077)	\$ (3,096,933)
Class D	\$ (655,270)	\$ (2,253,501)
Class F	\$ (13,784)	\$ (38,137)
Class O	\$ (1)	\$ (4)
<b>Increase (decrease) in net assets from operations per unit (Note D)</b>		
Class A <sup>†</sup>	\$ (1.74)	\$ (12.17)
Class B <sup>††</sup>	\$ –	\$ (2.48)
Class C	\$ (0.60)	\$ (2.48)
Class D	\$ (0.88)	\$ (2.65)
Class F	\$ (0.83)	\$ (2.28)
Class O	\$ (0.58)	\$ (2.34)
<b>*Net realized gain (loss) on sale of investments</b>		
Cost of investments held at beginning of year <sup>^</sup>	\$ 64,823,821	\$ 82,300,417
Cost of investments purchased during the year <sup>^</sup>	5,351,566	9,098,607
	<u>70,175,387</u>	<u>91,399,024</u>
Investments at cost at end of the year <sup>^</sup>	63,010,037	84,007,157
Cost of investments sold during the year <sup>^</sup>	7,165,350	7,391,867
Proceeds from sale of investments <sup>^</sup>	8,608,436	8,838,760
<b>Net realized gain (loss) on sale of investments</b>	<u>\$ 1,443,086</u>	<u>\$ 1,446,893</u>

<sup>^</sup> 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 <sup>†</sup>		Class B <sup>††</sup>		Class C	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 303,644	\$ 5,308	\$ –	\$ 20,209,848	\$ 45,949,914	\$ 42,247,591
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(17,741)	(15,118)	–	(1,321,156)	(700,077)	(3,096,933)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	214,494	235,000	–	1,353,278	1,307,419	4,424,206
Distributions reinvested	–	–	–	177	–	1,403
Redemption of units	(51,185)	–	–	(3,232,400)	(3,214,640)	(3,280,419)
	163,309	235,000	–	(1,878,945)	(1,907,221)	1,145,190
NET ASSETS, END OF PERIOD	\$ 449,212	\$ 225,190	\$ –	\$ 17,009,747	\$ 43,342,616	\$ 40,295,848

	Class D		Class F		Class O	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 29,031,167	\$ 29,938,529	\$ 629,790	\$ 613,845	\$ 67	\$ 59
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(655,270)	(2,253,501)	(13,784)	(38,137)	(1)	(4)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	1,137,941	1,510,193	–	25,000	–	–
Distributions reinvested	–	5	–	–	–	–
Redemption of units	(2,074,999)	(2,761,089)	(14,711)	(131,612)	–	–
	(937,058)	(1,250,891)	(14,711)	(106,612)	–	–
NET ASSETS, END OF PERIOD	\$ 27,438,839	\$ 26,434,137	\$ 601,295	\$ 469,096	\$ 66	\$ 55

	Total	
	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 75,914,582	\$ 93,015,180
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(1,386,873)	(6,724,849)
CAPITAL TRANSACTIONS		
Proceeds from issue of units	2,659,854	7,547,677
Distributions reinvested	–	1,585
Redemption of units	(5,355,535)	(9,405,520)
	(2,695,681)	(1,856,258)
NET ASSETS, END OF PERIOD	\$ 71,832,028	\$ 84,434,073

<sup>†</sup> Prior to March 26, 2010, Class A was known as Class AA.

<sup>††</sup> The Class B series of this Fund was closed on December 18, 2010.

Statement of Investment Portfolio

As at June 30th, 2011 (unaudited)

Par Value \$/ Security No. of Shares	Issue	Total Cost	Fair Value	Number of Shares/Units	Security	Issue	Total Cost	Fair Value	
<b>SHORT-TERM INVESTMENTS (2011 - 0.84%; 2010 - 0.52%)</b>				<b>Information Technology</b>					
<b>Treasury Bills</b>				13,900	Open Text Corporation	Common	580,620	856,101	
600,000	Government of Canada	0.955% July 11, 2011	<u>599,796</u>	599,834	79,600	Research In Motion Ltd.	Common	<u>4,218,035</u>	<u>2,213,676</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>				<b>599,796</b>	<b>599,834</b>				
<b>EQUITIES (2011 - 99.16%; 2010 - 99.48%)</b>				<b>Telecommunication Services</b>					
<b>CANADIAN EQUITIES (2011 - 74.58%; 2010 - 74.78%)</b>				<b>Utilities</b>					
<b>Energy</b>				22,200	Rogers Communications Inc.	Class B Non Vtg	<u>513,427</u>	<u>846,042</u>	
19,000	Athabasca Oil			25,800	TransAlta Corporation	Common	<u>521,308</u>	<u>530,706</u>	
	Sands Corporation	Common	321,774	287,850	<b>TOTAL CANADIAN EQUITIES</b>				
55,600	Cameco Corporation	Common	1,422,790	1,411,127	<b>42,759,686 53,136,180</b>				
74,900	Canadian Natural				<b>FOREIGN EQUITIES (2011 - 24.58%; 2010 - 24.70%)</b>				
	Resources Ltd.	Common	1,643,097	3,019,218	<b>Mutual Funds</b>				
54,700	Cenovus Energy Inc.	Common	1,545,276	1,986,704	193,732	McLean Budden American Equity Fund Class O	7,035,080	5,951,005	
53,700	EnCana Corporation	Common	1,662,855	1,594,890	475,643	McLean Budden International Equity Fund Class O	5,123,015	4,532,120	
22,000	Pacific Rubiales Energy Corp.	Common	623,949	568,700	942,435	McLean Budden Global Equity Fund Class O	<u>8,121,434</u>	<u>7,030,331</u>	
91,244	Suncor Energy Inc.	Common	2,269,274	3,439,899	<b>TOTAL FOREIGN EQUITIES</b>				
111,700	Talisman Energy Inc.	Common	<u>1,254,944</u>	<u>2,207,192</u>	<b>20,279,529 17,513,456</b>				
			<u>10,743,959</u>	<u>14,515,580</u>	<b>TOTAL EQUITIES</b>				
<b>Materials</b>				<b>ADJUSTMENTS FOR TRANSACTION COSTS</b>					
16,100	Agrium Inc.	Common	709,956	1,362,221	<b>(29,178)</b>				
23,900	Goldcorp Inc.	Common	850,028	1,111,828	<b>TOTAL INVESTMENTS</b>				
13,800	Inmet Mining Corporation	Common	1,000,263	954,684	<b>63,609,833 71,249,470</b>				
33,600	Potash Corporation of Saskatchewan Inc.	Common	1,212,865	1,846,656					
56,400	Teck Resources Ltd.	Class B Sub Vtg	<u>1,638,147</u>	<u>2,757,396</u>					
			<u>5,411,259</u>	<u>8,032,785</u>					
<b>Industrials</b>									
294,500	Bombardier Inc.	Class B Sub Vtg	1,395,255	2,037,940					
18,300	Canadian National Railway Company	Common	733,286	1,410,015					
10,300	SNC-Lavalin Group Inc.	Common	564,358	605,640					
38,300	WestJet Airlines Ltd.	Common	<u>431,317</u>	<u>579,862</u>					
			<u>3,124,216</u>	<u>4,633,457</u>					
<b>Consumer Discretionary</b>									
45,400	Gildan Activewear Inc.	Common	849,030	1,538,606					
28,300	Linamar Corporation	Common	416,583	612,695					
51,200	Magna International Inc.	Common	1,716,315	2,667,520					
40,100	RONA Inc.	Common	907,228	481,601					
42,900	Thomson Reuters Corporation	Common	1,771,636	1,552,122					
12,900	Tim Hortons Inc.	Common	<u>398,654</u>	<u>606,945</u>					
			<u>6,059,446</u>	<u>7,459,489</u>					
<b>Consumer Staples</b>									
19,100	Shoppers Drug Mart Corporation	Common	<u>664,219</u>	<u>758,270</u>					
<b>Financials</b>									
37,900	Bank of Nova Scotia	Common	1,183,761	2,198,579					
52,850	Brookfield Asset Management Inc.	Class A Ltd Vtg	1,688,281	1,690,672					
109,600	Manulife Financial Corporation	Common	2,726,486	1,866,488					
68,900	Royal Bank of Canada	Common	3,005,331	3,788,811					
45,800	Toronto Dominion Bank	Common	<u>2,319,338</u>	<u>3,745,524</u>					
			<u>10,923,197</u>	<u>13,290,074</u>					



## McLean Budden Canadian Equity 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 for long-term capital growth primarily by investing in Canadian growth equity securities. The Fund may invest in global equity securities or other Mutual 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, either directly or indirectly through underlying investment funds with the following Standard and Poor's credit ratings:

Portfolio by rating category	As a % of Net Assets	
	June 2011	December 2010
AAA	0.8%	0.6%
AA	0.3%	0.3%
Total	1.1%	0.9%

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

As at June 30, 2011, approximately \$786,000 (2010: \$714,000) was invested directly or indirectly in debt instruments with term to maturity of less than 1 year.

The Fund has minimal sensitivity to changes in interest rates since these debt instruments 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 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	13,669,000	19.0	14,885,000	19.6
Euro	1,155,000	1.6	865,000	1.1
Japanese Yen	1,019,000	1.4	1,313,000	1.7
Pounds Sterling	597,000	0.8	705,000	0.9
Singapore Dollar	288,000	0.4	161,000	0.2
Swiss Franc	254,000	0.4	294,000	0.4
Swedish Krona	250,000	0.3	—	—
Australian Dollar	125,000	0.2	143,000	0.2
Total	17,357,000	24.1	18,366,000	24.1

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 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 \$868,000 (2010: \$918,000). In practice, the actual results may differ and the difference could be material.

## B. Risk Management (continued)

### Other Price Risk

Approximately 97.8% (2010: 98.9%) of the Fund's Net Assets held at June 30, 2011, held either directly or indirectly through underlying Mutual 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 \$3,511,000 (2010: \$3,752,000) 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
<b>Class A 2011</b>	<b>8,004</b>	<b>5,514</b>	–	<b>(1,346)</b>	<b>12,172</b>
Class A 2010 <sup>†</sup>	154	6,947	–	–	7,101
Class B 2010 <sup>**</sup>	581,254	39,006	5	(92,228)	528,037
<b>Class C 2011</b>	<b>1,193,935</b>	<b>33,613</b>	–	<b>(81,379)</b>	<b>1,146,169</b>
Class C 2010	1,220,350	129,582	40	(94,945)	1,255,027
<b>Class D 2011</b>	<b>754,919</b>	<b>29,106</b>	–	<b>(53,015)</b>	<b>731,010</b>
Class D 2010	864,869	43,758	–	(80,098)	828,529
<b>Class F 2011</b>	<b>16,754</b>	–	–	<b>(388)</b>	<b>16,366</b>
Class F 2010	18,123	721	–	(3,837)	15,007
<b>Class O 2011</b>	<b>2</b>	–	–	–	<b>2</b>
Class O 2010	2	–	–	–	2

<sup>†</sup> Prior to March 26, 2010, Class A was known as Class AA. <sup>\*\*</sup> The Class B series of this Fund was closed on December 18, 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	<b>10,210</b>	1,242
Class B	–	532,832
Class C	<b>1,163,115</b>	1,250,321
Class D	<b>741,726</b>	851,853
Class F	<b>16,662</b>	16,715
Class O	<b>2</b>	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 present 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	53,136,180	–	–	53,136,180
Investment Funds	17,513,456	–	–	17,513,456
Short-Term Investments	–	599,834	–	599,834
	70,649,636	599,834	–	71,249,470

  

	Financial Assets at Fair Value as at December 2010			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	56,818,406	–	–	56,818,406
Investment Funds	18,760,146	–	–	18,760,146
Short-Term Investments	–	398,788	–	398,788
	75,578,552	398,788	–	75,977,340

Investment Managers Since 1947

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