

# Semi-annual Report 2011

Financial Statements

*Unaudited*

McLean Budden

Canadian Equity Value Fund



McLEAN BUDDEN  
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# McLean Budden Canadian Equity Value 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 30th, 2011 (unaudited) and December 31st, 2010 (audited)

	2011	2010
<b>Assets</b>		
Investments, at fair value	\$ 21,340,446	\$ 21,314,963
Cash	18,144	198,480
Subscriptions receivable	420	67,068
Accrued interest and dividends receivable	24,413	24,194
	<u>21,383,423</u>	<u>21,604,705</u>
<b>Liabilities</b>		
Distributions payable	–	696
Accrued expenses	19,542	20,365
Redemptions payable	2,108	37,714
	<u>21,650</u>	<u>58,775</u>
<b>Total net assets</b>	<u>\$ 21,361,773</u>	<u>\$ 21,545,930</u>
<b>Unitholders' equity</b>		
Class A <sup>†</sup>	\$ 254,615	\$ 46,600
Class C	4,491,154	4,329,949
Class D	16,584,137	17,138,359
Class F	31,838	30,994
Class O	29	28
	<u>\$ 21,361,773</u>	<u>\$ 21,545,930</u>
<b>Units outstanding (Note C)</b>		
Class A <sup>†</sup>	16,904	3,161
Class C	291,651	290,316
Class D	1,089,042	1,154,376
Class F	2,126	2,126
Class O	2	2
	<u>1,399,725</u>	<u>1,449,981</u>
<b>Net assets per unit</b>		
Class A <sup>†</sup>	\$ 15.06	\$ 14.74
Class C	\$ 15.40	\$ 14.91
Class D	\$ 15.23	\$ 14.85
Class F	\$ 14.98	\$ 14.58
Class O	\$ 15.44	\$ 14.95
<b>Net asset value per unit</b>		
Class A <sup>†</sup>	\$ 15.08	\$ 14.76
Class C	\$ 15.42	\$ 14.93
Class D	\$ 15.25	\$ 14.86
Class F	\$ 15.00	\$ 14.59
Class O	\$ 15.46	\$ 14.97
<b>Investments, at average cost</b>	<u>\$ 19,238,038</u>	<u>\$ 19,291,989</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 January 7, 2010.

## Statements of Operations

For the six months ended June 30th (unaudited)

	2011	2010
<b>Income</b>		
Interest	\$ 3,156	\$ 4,802
Dividends	164,784	249,174
	<u>167,940</u>	<u>253,976</u>
<b>Expenses</b>		
Management fees	122,373	105,973
Independent review committee fees	492	3,533
	<u>122,865</u>	<u>109,506</u>
<b>Net investment income (loss)</b>	<u>45,075</u>	<u>144,470</u>
Net realized gain (loss) on sale of investments*	463,294	164,022
Transaction costs	(3,113)	(5,897)
Net change in unrealized appreciation (depreciation) of investments and foreign currency	79,416	(1,335,198)
<b>Net gain (loss) on investments</b>	<u>539,597</u>	<u>(1,177,073)</u>
<b>Increase (decrease) in net assets from operations</b>	<u>\$ 584,672</u>	<u>\$ (1,032,603)</u>
<b>Increase (decrease) in net assets from operations per class</b>		
Class A <sup>†</sup>	\$ (6,470)	\$ (110)
Class B <sup>††</sup>	\$ –	\$ 10,884
Class C	\$ 143,165	\$ (203,006)
Class D	\$ 447,132	\$ (838,960)
Class F	\$ 844	\$ (1,410)
Class O	\$ 1	\$ (1)
<b>Increase (decrease) in net assets from operations per unit (Note D)</b>		
Class A <sup>†</sup>	\$ (0.75)	\$ (20.64)
Class B <sup>††</sup>	\$ –	\$ 0.11
Class C	\$ 0.49	\$ (0.68)
Class D	\$ 0.40	\$ (0.70)
Class F	\$ 0.40	\$ (0.67)
Class O	\$ 0.53	\$ (0.54)
<b>*Net realized gain (loss) on sale of investments</b>		
Cost of investments held at beginning of period <sup>^</sup>	\$ 18,444,986	\$ 18,501,149
Cost of investments purchased during the period <sup>^</sup>	2,156,592	2,905,732
	<u>20,601,578</u>	<u>21,406,881</u>
Investments at cost at end of the period <sup>^</sup>	19,038,618	19,215,276
Cost of investments sold during the period <sup>^</sup>	1,562,960	2,191,605
Proceeds from sale of investments <sup>^</sup>	<u>2,026,254</u>	<u>2,355,627</u>
<b>Net realized gain (loss) on sale of investments</b>	<u>\$ 463,294</u>	<u>\$ 164,022</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	\$ 46,600	\$ 15	\$ –	\$ 1,330,497	\$ 4,329,949	\$ 2,477,366
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(6,470)	(110)	–	10,884	143,165	(203,006)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	214,721	5,000	–	–	428,061	2,055,462
Distributions reinvested	–	–	–	124	–	–
Redemption of units	(236)	–	–	(1,341,505)	(410,021)	(380,639)
	214,485	5,000	–	(1,341,381)	18,040	1,674,823
NET ASSETS, END OF PERIOD	\$ 254,615	\$ 4,905	\$ –	\$ –	\$ 4,491,154	\$ 3,949,183

	Class D		Class F		Class O	
	2011	2010	2011	2010	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 17,138,359	\$ 16,045,334	\$ 30,994	\$ 27,863	\$ 28	\$ 25
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	447,132	(838,960)	844	(1,410)	1	(1)
CAPITAL TRANSACTIONS						
Proceeds from issue of units	350,341	892,273	–	–	–	–
Distributions reinvested	–	500	–	–	–	–
Redemption of units	(1,351,695)	(1,044,672)	–	–	–	–
	(1,001,354)	(151,899)	–	–	–	–
NET ASSETS, END OF PERIOD	\$ 16,584,137	\$ 15,054,475	\$ 31,838	\$ 26,453	\$ 29	\$ 24

	Total	
	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$ 21,545,930	\$ 19,881,100
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	584,672	(1,032,603)
CAPITAL TRANSACTIONS		
Proceeds from issue of units	993,123	2,952,735
Distributions reinvested	–	624
Redemption of units	(1,761,952)	(2,766,816)
	(768,829)	186,543
NET ASSETS, END OF PERIOD	\$ 21,361,773	\$ 19,035,040

<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 January 7, 2010.





## McLean Budden Canadian Equity Value 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 equity securities deemed to be undervalued relative to their industries or the overall market. The Fund may invest in global equity securities or other investment 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 directly and indirectly, 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	0.9%	4.0%
AA	0.2%	0.3%
Total	1.1%	4.3%

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 \$252,000 (2010: \$931,000) was invested in debt instruments either directly or indirectly through underlying Mutual Funds 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 indirectly through underlying investment funds:

	June 2011		December 2010	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
U. S. Dollar	4,085,000	19.1	3,916,000	18.2
Euro	387,000	1.8	245,000	1.1
Japanese Yen	341,000	1.6	371,000	1.7
Pounds Sterling	200,000	0.9	199,000	0.9
Singapore Dollar	96,000	0.5	45,000	0.2
Swiss Franc	85,000	0.4	83,000	0.4
Swedish Krona	84,000	0.4	—	—
Australian Dollar	42,000	0.2	40,000	0.2
Hong Kong Dollar	34,000	0.2	—	—
Total	5,354,000	25.1	4,899,000	22.7

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 \$268,000 (2010: \$245,000). In practice, the actual results may differ and the difference could be material.

**B. Risk Management (continued)**

**Other Price Risk**

Approximately 98.4% (2010: 94.3%) 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 \$1,050,000 (2010: \$1,016,000) or 4.9% (2010: 4.7%) 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>3,161</b>	<b>13,759</b>	–	<b>(16)</b>	<b>16,904</b>
Class A 2010 <sup>†</sup>	1	380	–	–	381
Class B 2010 <sup>**</sup>	96,651	–	9	(96,660)	–
<b>Class C 2011</b>	<b>290,316</b>	<b>27,580</b>	–	<b>(26,245)</b>	<b>291,651</b>
Class C 2010	182,902	151,127	–	(28,442)	305,587
<b>Class D 2011</b>	<b>1,154,376</b>	<b>22,662</b>	–	<b>(87,996)</b>	<b>1,089,042</b>
Class D 2010	1,189,151	66,042	37	(78,526)	1,176,704
<b>Class F 2011</b>	<b>2,126</b>	–	–	–	<b>2,126</b>
Class F 2010	2,103	–	–	–	2,103
<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 January 7, 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>8,677</b>	5
Class B	–	64,631
Class C	<b>293,990</b>	297,361
Class D	<b>1,126,648</b>	1,200,089
Class F	<b>2,126</b>	2,102
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			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities	15,769,632	–	–	15,769,632
Investment Funds	5,370,849	–	–	5,370,849
Short-Term Investments	–	199,965	–	199,965
	21,140,481	199,965	–	21,340,446

	Financial Assets at Fair Value as at December 2010			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities	15,458,279	–	–	15,458,279
Investment Funds	5,008,901	–	–	5,008,901
Short-Term Investments	–	847,783	–	847,783
	20,467,180	847,783	–	21,314,963

Investment Managers Since 1947

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

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