

## McLean Budden Balanced Growth Fund Third Quarter Mutual Fund Report

### Objective

The Balanced Growth Fund provides a diversified portfolio of stocks (Canadian and global), bonds and cash. The Fund is actively managed around a neutral asset mix of 60% equities and 40% fixed income. The Canadian Growth component of the portfolio favours stocks with above-average earnings growth potential. Within global equities, earnings growth potential and relative value are important selection factors. The Fixed Income Team relies upon proprietary analysis and valuation models to adjust the portfolio's commitment to high-quality bonds and short-term investments.

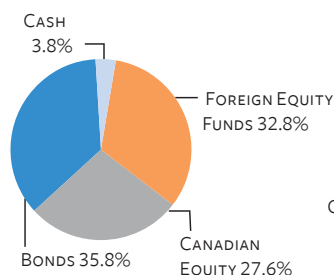
### Performance (Class D)

As of September 30, 2011

QTR	-8.70
1 YEAR	-4.69
3 YEAR	1.82
5 YEAR	0.73
10 YEAR	4.10
SINCE INCEPTION	7.22

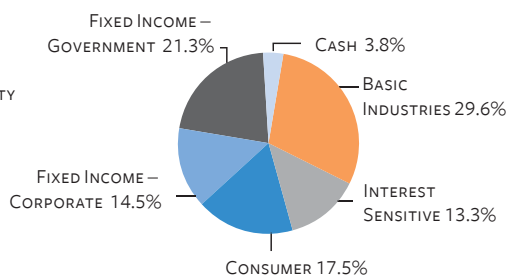
### Asset Mix\*

As of September 30, 2011



### Portfolio Composition\*

Sector breakdown as of September 30, 2011



\*The Asset Mix and Portfolio Composition charts are based on the individual holdings of the McLean Budden Balanced Growth Fund as well as those of the various McLean Budden Funds in which it invests.

### Fund Managers

Asset Mix Team (R. Beauchemin, P. Kotsopoulos, B. Murray, R. Spector) along with our Canadian Equity Growth, Global Equity and Fixed Income Teams.

### Features of the Fund

- Stability and income through a broad diversity of equity and fixed income securities
- Automatic reinvestment or disbursement of net income and realized capital gains distributions.

### Fund Details (Class D)

As of September 30, 2011

Management Fee:	0.95% <sup>1</sup>
Inception:	January 1989
Assets:	\$203.7 million
NAVPS:	\$18.78 <sup>2</sup>
Distribution Frequency:	income - quarterly capital gains - annually

<sup>1</sup>McLean Budden assumes responsibility for the payment of all administrative expenses.  
<sup>2</sup>Includes income distribution of \$0.0459 per unit.

### Top Twenty-Five Holdings

	%
McLean Budden American Equity Class O	13.8
McLean Budden Global Equity Class O	10.1
McLean Budden International Equity Class O	9.5
Cash and Short-Term Investments	3.4
Government of Canada 1.500% Dec 01/12	3.0
Government of Canada 3.750% Jun 01/12	2.5
Government of Canada 2.500% Sep 01/13	2.2
Royal Bank of Canada	2.2
Toronto Dominion Bank	2.2
Government of Canada 3.000% Jun 01/14	1.8
Suncor Energy Inc.	1.7
Teck Resources Ltd.	1.5
Canadian Natural Resources Ltd.	1.4
Magna International Inc.	1.3
Government of Canada 1.750% Mar 01/13	1.3
Research In Motion Ltd.	1.2
Bank of Nova Scotia	1.2
Cenovus Energy Inc.	1.1
Talisman Energy Inc.	1.1
Gildan Activewear Inc.	1.0
Potash Corporation of Saskatchewan Inc.	1.0
Brookfield Asset Management Inc.	0.9
Province of Ontario 4.200% Jun 02/20	0.9
Bombardier Inc.	0.9
Manulife Financial Corporation	0.9

The information contained in the list may change due to the ongoing portfolio transactions of the mutual fund and a statement with more current information may be obtained by investors, if available.



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### Manager Comments

The Fund's quarterly return lagged that of the benchmark as equity markets experienced the sharpest sell-off since late 2008. The performance shortfall was primarily a result of weak stock selection within the Canadian equity component (materials and energy) and, to a lesser extent, global equities (financials and consumer discretionary). In terms of asset mix, the decision to hold a very modest underweight in bonds and cash also detracted given that each significantly outperformed equities.

The global economic recovery remains tepid. Europe is teetering on the brink of recession and the region's sovereign debt crisis has elevated financial stresses not only on the continent but around the world. U.S. growth has slowed as well, and ongoing deleveraging remains a headwind. With stimulus options limited by tightening fiscal policy and interest rates close to 0%, the Federal Reserve has attempted an unconventional policy move, dubbed "Operation Twist". While there are downside risks to the growth outlook, we believe that relative asset class valuations more than reflect these risks. We remain overweight equities but moved to an underweight position in bonds by

raising our cash position to a slightly smaller underweight. Within equities, we prefer foreign stocks where relative value is better than Canada.

Within the Canadian equity component of the portfolio, lower stock prices allowed the team to opportunistically adjust existing holdings, as well as re-introduce a position. The focus remains on stable, industry-leading companies with sustainable long-term earnings growth. The foreign component added two new positions and is well positioned for long-term global growth, with a continued emphasis on industry-leading companies with strong balance sheets in the information technology, materials, telecommunication services and health care sectors.

The bond portfolio's duration target was significantly reduced to 1.2 years below that of the DEX Universe Index given the combination of sagging expectations and plummeting yields. The portfolio's U.S. pay holdings, which began the quarter at a 4.5% target weight, were eliminated as the team locked in considerable profits.

### Volatility Profile

The Fund is suitable for clients with a low-to-medium risk tolerance and those with a mid-term investment time horizon. The Fund is an ideal core holding.

