

# McLean Budden Dividend Income Fund (formerly, McLean Budden High Income Equity Fund) Fourth Quarter Mutual Fund Report

## Objective

The Dividend Income Fund is focused upon equity income generation and moderate capital appreciation primarily through investments in higher-yielding Canadian equity securities and unit trusts. Foreign equities, Canadian preferred shares and bonds can all be used to supplement the portfolio. Portfolio construction is based upon a team-oriented, fundamental, research-driven approach to selecting securities. The Dividend Income Team selects stocks and trust units with an emphasis on strong free cash flow, proven management, financial strength and business potential.

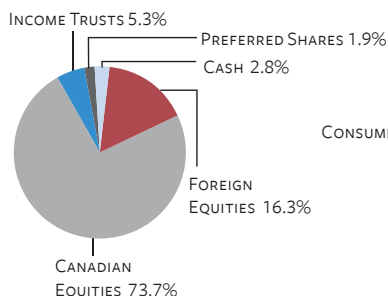
## Performance (Class D)

As of December 31, 2011

Period	Return (%)
QTR	6.46
1 YEAR	9.80
3 YEAR	16.41
5 YEAR	3.27
10 YEAR	NA
SINCE INCEPTION	4.06

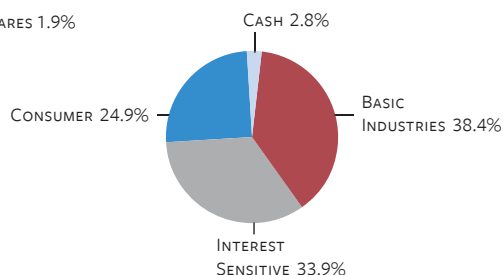
## Asset Mix

As of December 31, 2011



## Portfolio Composition

Sector breakdown as of December 31, 2011



## Features of the Fund

- Income and moderate capital growth through a diversified portfolio of high yielding equities and income trusts
- Reinvestment or disbursement of net income and capital gains distributions

## Fund Details (Class D)

As of December 31, 2011

Management Fee:	1.25% <sup>1</sup>
Inception:	March 2006
Assets:	\$36.1 million
NAVPS:	\$10.28 <sup>2</sup>
Distribution Frequency:	income - quarterly capital gains - annually
Dividend Income Yield	4.6%

<sup>1</sup>MFS McLean Budden assumes responsibility for the payment of all administrative expenses.  
<sup>2</sup>Includes income distribution of \$0.0385 per unit.

## Top Twenty-Five Holdings

Company	Percentage (%)
TransCanada Corporation	4.9
Vermilion Energy Inc.	4.5
BCE Inc.	4.5
Enbridge Inc.	3.8
Crescent Point Energy Corp.	3.8
TELUS Corporation	3.8
Royal Bank of Canada	3.6
Toronto Dominion Bank	3.0
Keyera Corp.	3.0
Bank of Montreal	2.9
Duke Energy Corporation	2.9
Bell Aliant Inc.	2.9
Bank of Nova Scotia	2.9
Verizon Communications Inc.	2.9
Thomson Reuters Corporation	2.9
Power Corporation of Canada	2.9
TransAlta Corporation	2.9
Cash and Short-Term Investments	2.8
Canadian Oil Sands Limited	2.5
Canadian Imperial Bank of Commerce	2.5
Pfizer Inc.	2.5
Spectra Energy Corporation	2.4
Altria Group, Inc.	2.4
ARC Resources Ltd.	2.3
Penn West Petroleum Ltd.	2.1

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.

**Manager Comments**

During a period of high volatility, the portfolio’s focus on dividend paying companies led to significant outperformance relative to the broader Canadian equity market. The key source of added value was sector allocation as the relative overweight positions in the outperforming energy and telecommunication services sectors, as well as an underweight in the materials sector, contributed positively to the portfolio’s return. Stock selection within the materials (International Paper), energy (Spectra, Penn West, Encana) and financials (Dundee REIT) sectors also contributed to the strong relative and absolute returns.

Portfolio activity was largely focused within the utilities and energy sectors. The team initiated a position in Emera, an energy and services company with regulated investments in electricity generation, transmission and distribution. The company also provides gas transmission and utility energy services with operations concentrated in northeastern North America, three Caribbean countries and California. Emera was introduced based on its reasonable valuation and its ability to generate modest, sustainable cash flow

growth which should support the company’s earnings growth and attractive payout ratio. As the cyclical sectors weakened, the team bolstered the portfolio’s positions in Husky Energy, ARC Resources, Progress Energy and International Paper based on their attractive valuations and greater upside potential. The team trimmed the portfolio’s exposure to Pfizer and TD Bank based on relative strength, and eliminated the position in Fortis to reallocate capital towards positions with superior prospective return potential and attractive yields.

The team continues to maintain a diversified portfolio of dividend paying stocks with strong business models. The focus remains on identifying investments with attractive and secure yields. Recent activity focused on allocating capital to holdings with dividend growth potential. Industry sector and market diversification are emphasized to reduce volatility and enhance returns.

**Volatility Profile**

The Fund may be suitable for income-oriented individuals who have a medium tolerance for volatility and mid-term investment horizons. Conservative investors can invest a component of their total portfolio in this Fund to provide portfolio diversification.

