

**McD MONEY MARKET FUND LTD.**  
**(Incorporated in the British Virgin Islands)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

# **McD MONEY MARKET FUND LTD.**

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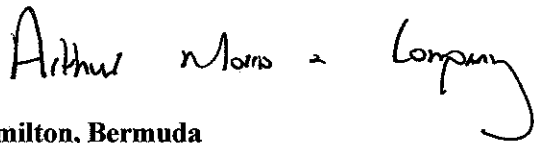
## AUDITORS' REPORT

**To the Shareholders of  
McD Money Market Fund Ltd.**

We have audited the statement of net assets of McD Money Market Fund Ltd. (the "Fund") as at December 31, 2009 and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of McD Money Market Fund Ltd. as at December 31, 2009 and the results of its operations and changes in its net assets for the year then ended, in accordance with accounting principles generally accepted in Bermuda and Canada.



**Hamilton, Bermuda  
May 21, 2010**

# McD MONEY MARKET FUND LTD.

## STATEMENT OF NET ASSETS

(Expressed in U.S. dollars)

<b>December 31,</b>	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Cash and cash equivalents (note 3)	\$ 548,305	\$ 12,357,997
Fixed deposits	9,010,168	-
Interest receivable	<u>22,192</u>	<u>-</u>
<b>Total assets</b>	<u>9,580,665</u>	<u>12,357,997</u>
<b>LIABILITIES</b>		
Management fees payable	<u>4,664</u>	<u>5,282</u>
<b>NET ASSETS</b>	<u>\$ 9,576,001</u>	<u>\$ 12,352,715</u>
<b>Number of shares in issue</b> (note 4)	<u>502,262</u>	<u>648,702</u>
<b>Net asset value per share</b> (note 7)	<u>\$ 19.0657</u>	<u>\$ 19.0422</u>

Approved by the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# McD MONEY MARKET FUND LTD.

## STATEMENT OF OPERATIONS

(Expressed in U.S. dollars)

For the year ended December 31,	2009	2008
<b>Income</b>		
Interest income	\$ 69,118	\$ 342,368
<b>Expenses</b>		
Management fees (note 5)	<u>55,647</u>	<u>62,534</u>
<b>Increase in net assets resulting from operations</b>	<u>\$ 13,471</u>	<u>\$ 279,834</u>

# McD MONEY MARKET FUND LTD.

## STATEMENT OF CHANGES IN NET ASSETS

(Expressed in U.S. dollars)

<b>For the year ended December 31,</b>	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Increase in net assets resulting from operations	\$ <u>13,471</u>	\$ <u>279,834</u>
<b>Financing activities</b>		
Redemption of shares	(9,120,109)	(3,506,135)
Issue of additional shares	<u>6,329,924</u>	<u>3,410,933</u>
<b>Net decrease in net assets from financing activities</b>	<u>(2,790,185)</u>	<u>(95,202)</u>
<b>Net (decrease) increase in net assets</b>	(2,776,714)	184,632
<b>Net assets, beginning of year</b>	<u>12,352,715</u>	<u>12,168,083</u>
<b>Net assets, end of year</b>	\$ <u>9,576,001</u>	\$ <u>12,352,715</u>

# McD MONEY MARKET FUND LTD.

## SCHEDULE OF INVESTMENTS

(Expressed in U.S. dollars)

**December 31,**

The maturity values and amortized cost (which approximates fair value) of investments are as follows:

<b>Principal Amount</b>	<b>Duration Days</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Percent of Investment</b>	<b>Value</b>
<b><u>2009</u></b>					
<b>Butterfield Bank, Bermuda - Fixed deposits</b>					
2,000,000	185	0.850%	Jan 29, 2010	22.20%	2,000,000
1,000,000	365	1.250%	July 28, 2010	11.10%	1,000,000
1,000,784	34	0.260%	Jan 4, 2010	11.11%	1,000,784
1,000,000	182	0.850%	Apr 1, 2010	11.10%	1,000,000
1,000,231	179	0.850%	Feb 26, 2010	11.10%	1,000,231
1,000,639	182	0.850%	May 3, 2010	11.10%	1,000,639
2,008,514	365	1.508%	Dec 1, 2010	22.29%	2,008,514
				<hr/>	<hr/>
				100.00%	\$ 9,010,168

## **2008**

All investments have matured during 2008 and were reinvested in money market funds.

# McD MONEY MARKET FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in U.S. dollars)

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**For the year ended December 31, 2009**

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### **1. Operations**

McD Money Market Fund Ltd. (the "Fund") was incorporated under the laws of the British Virgin Islands on September 24, 1991 and is an open-ended mutual fund company with limited liability.

The Fund is managed by McD Financial Services Ltd. (the "Investment Manager"), a company incorporated under the laws of Bermuda, which also provides administrative and registrar and transfer agent services. The Investment Manager and the Fund have common directors.

The Fund is organized with a single class of shares with the objective to maximize current income while maintaining both safety of principal and a high degree of liquidity for its investors.

### **2. Significant accounting policies**

These financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. The significant accounting policies are as follows:

#### *Cash Equivalents*

Cash equivalents comprise funds held in a liquid money market funds and deposits with an original maturity of less than three months.

Interest income is stated net of withholding tax on an accrual basis.

#### *Fixed Deposits*

Fixed deposits comprise deposits with an original maturity date of more than three months.

# McD MONEY MARKET FUND LTD.

## NOTES TO FINANCIAL STATEMENTS (continued)

(Expressed in U.S. dollars)

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For the year ended December 31, 2009

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### 2. Significant accounting policies (continued)

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in Bermuda and Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the amounts included in the financial statements reflect the Fund's best estimates and assumptions, actual results could differ from these estimates.

#### *Adoption of New Accounting Standards*

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") announced that Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011.

In December 2009, the CICA Accounting Standards Board ("AcSB") approved Part II of the CICA Accounting Handbook as the accounting standards for private enterprises for fiscal years beginning on or after January 1, 2011. As a result the Fund's first set of IFRS compliant statements will be for the year ended December 31, 2011.

# McD MONEY MARKET FUND LTD.

## NOTES TO FINANCIAL STATEMENTS (continued)

(Expressed in U.S. dollars)

For the year ended December 31, 2009

### 2. Significant accounting policies (continued)

#### *Adoption of New Accounting Standards (continued)*

Based on the Investment Manager's current evaluation of the differences between accounting principles generally accepted in Bermuda and Canada and IFRS, the Investment Manager does not expect that the net assets attributable to shareholders or net asset value per share will be impacted by the changeover to IFRS. Currently, the Investment Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially different presentation of shareholder interests and certain other items.

### 3. Cash and cash equivalents

	2009	2008
Money market funds	\$ <u>548,305</u>	\$ <u>12,357,997</u>

### 4. Share capital

The authorized share capital comprises 5,000,000 redeemable shares with a par value of \$1.00 per share.

The shares may be subscribed and redeemed on every Tuesday and on the last business day of each month. Issued and fully paid share capital is as follows:

	2009		2008	
	Number of Shares	Capital	Number of Shares	Capital
Outstanding, beginning of year	648,702	648,702	653,527	653,527
Issued	332,222	332,222	180,621	180,621
Redeemed	(478,662)	(478,662)	(185,446)	(185,446)
Outstanding, end of year	<u>502,262</u>	<u>502,262</u>	<u>648,702</u>	<u>648,702</u>

# McD MONEY MARKET FUND LTD.

## NOTES TO FINANCIAL STATEMENTS (continued)

(Expressed in U.S. dollars)

For the year ended December 31, 2009

### 5. Management fees

Pursuant to the investment management agreement, the Investment Manager is entitled to a management fee, paid in arrears, calculated at the rate of 0.5% per annum of the net asset value of the Fund on each valuation day. The Investment Manager bears all of the operating expenses of the Fund.

### 6. Financial instruments and concentration of risks

The fair values of cash and cash equivalents approximate their carrying value due to the liquid nature of these instruments. The fair value of interest receivable and accounts payable approximate its carrying value due to its short term nature.

The Fund is potentially subject to concentrations of credit risk with cash and cash equivalents and fixed deposits. The Fund's credit risk is the replacement cost at the then estimated fair value of the instrument. Management believes the risk of loss arising from credit risk is remote.

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to the maturity dates imposed on the fixed deposits. In order to minimize this risk, the Fund maintains sufficient cash and cash equivalents to maintain adequate liquidity.

### 7. Financial highlights

	2009	2008
Net asset value per share, beginning of year	\$ 19.0422	\$ 18.6190
Net investment income	<u>0.0235</u>	<u>0.4232</u>
Net asset value per share, end of year	<u>\$ 19.0657</u>	<u>\$ 19.0422</u>
Total return	<u>0.12%</u>	<u>2.26%</u>
Average net assets	<u>\$ 11,279,734</u>	<u>\$ 12,505,574</u>
Management fees expense ratio	<u>0.50%</u>	<u>0.50%</u>

Financial highlights are calculated for the share class taken as a whole. An individual investor's return and ratios will vary as a result of the timing of capital transactions.

# McD MONEY MARKET FUND LTD.

## NOTES TO FINANCIAL STATEMENTS (continued)

(Expressed in U.S. dollars)

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For the year ended December 31, 2009

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### 8. Taxation

Under the laws of the British Virgin Islands, the Fund is not required to pay any taxes on either income or capital gains. Accordingly, no provision has been made in the accompanying financial statements.

### 9. Subsequent events

During the period January 1, 2010 to May 21, 2010, the Fund issued 87,774 shares for aggregate proceeds of \$1,675,232 and redeemed 76,300 shares for an aggregate cost of \$1,455,765.

### 10. Fair value measurements

The Fund adopted the provisions of Canadian Institute of Chartered Accountants Handbook Section 3862, "Financial Instruments – Disclosure" ("CICA 3862") effective December 31, 2009 and the adoption did not have a material impact on the Fund's financial statements when adopted.

In determining fair value, the Fund uses various valuation approaches. CICA 3862 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund.

Unobservable inputs reflect the Fund's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

# McD MONEY MARKET FUND LTD.

## NOTES TO FINANCIAL STATEMENTS (continued)

(Expressed in U.S. dollars)

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For the year ended December 31, 2009

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### 10. Fair value measurements (continued)

**Level 3** – Inputs for the asset or liability that are based on unobservable market data.

The categorization of the Fund's financial assets recorded at fair value based upon the fair value hierarchy as at December 31, 2009 are as follows:

Level 2 - Significant observable inputs                      \$ 9,010,168