

Financial Statements

# **Integra Principal High Quality Fixed Income Plus Fund**

December 31, 2010

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of  
*Integra Principal High Quality Fixed Income Plus Fund*

We have audited the accompanying financial statements of **Integra Principal High Quality Fixed Income Plus Fund** (the "Fund"), which comprise the statements of net assets as at December 31, 2010, and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

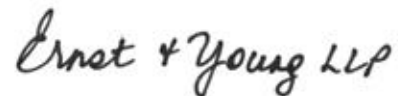
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the net assets of the Fund as at December 31, 2010, and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
March 25, 2011



Chartered Accountants  
Licensed Public Accountants

## Integra Principal High Quality Fixed Income Plus Fund

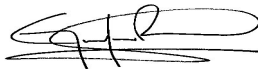
### Statement of Net Assets

As at December 31

	2010	2009
<b>ASSETS</b>		
Investments at fair value	\$76,156,511	\$73,269,007
Cash	2,770,218	571,920
Account receivable relating to margin	80,765	—
Accrued interest receivable	688,339	735,643
Receivable for securities sold	6,113	—
Net unrealized gain on futures contracts (note 5)	—	222,785
Net unrealized gain on foreign exchange forward contracts (note 4)	274,864	—
<b>Total assets</b>	<b>79,976,810</b>	<b>74,799,355</b>
<b>LIABILITIES</b>		
Accounts payable relating to margin	—	36,891
Accrued expenses	65,436	55,941
Payable for securities purchased	1,640,363	—
Redemptions payable	663	552
Net unrealized loss on futures contracts (note 5)	65,006	—
<b>Total liabilities</b>	<b>1,771,468</b>	<b>93,384</b>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>	<b>\$78,205,342</b>	<b>\$74,705,971</b>
<b>UNITS OUTSTANDING</b> (note 3)	<b>7,766,331</b>	<b>7,563,093</b>
<b>NET ASSET PER UNIT</b> (note 12)	<b>\$10.07</b>	<b>\$9.88</b>
<b>NET ASSET VALUE PER UNIT - INDUSTRY STANDARD FOR TRANSACTIONS</b> (note 12)	<b>\$10.08</b>	<b>\$9.88</b>

(See accompanying notes)

On behalf of the Manager,  
Integra Capital Limited:



Graham Rennie  
Director



Craig Honey  
Director

## Integra Principal High Quality Fixed Income Plus Fund

### Statement of Operations

	Year ended December 31, 2010	Period ended from Commencement of Operations May 16, 2009
<b>INCOME</b>		
Interest	\$3,535,842	\$1,968,412
	<b>3,535,842</b>	1,968,412
<b>EXPENSES</b>		
Custodial fees	54,802	37,218
Operating expenses	28,572	11,898
Audit fees	23,809	13,777
Legal Fees	1,905	—
Fund valuation fees	4,697	11,638
Investment performance monitoring service fees	4,763	3,680
Securityholder reporting costs	1,905	428
Goods and Services Tax	2,975	3,932
Harmonized Sales Tax	7,924	—
	<b>131,352</b>	82,571
<b>NET INVESTMENT INCOME</b>	<b>3,404,490</b>	1,885,841
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on sale of investments	(242,805)	60,696
Net realized gain (loss) on foreign exchange forward contracts	340,162	(277)
Net realized gain (loss) on foreign exchange	42,586	(47,897)
Net unrealized loss on foreign exchange	(7,020)	(4,815)
Net realized gain on futures contracts	721,391	1,744,616
Transaction costs (note 7)	(5,999)	(4,744)
Change in unrealized appreciation (depreciation) of investments	1,285,523	(939,962)
Change in unrealized appreciation (depreciation) of futures	(287,791)	222,785
Change on unrealized gain on foreign exchange forward contracts	274,864	—
<b>NET GAIN ON INVESTMENTS AND TRANSACTION COSTS</b>	<b>2,120,911</b>	1,030,402
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$5,525,401</b>	\$2,916,243
<b>Increase in net assets from operations per unit</b> (Based on the average number of units outstanding during the year)	<b>\$0.74</b>	\$0.45

(See accompanying notes)

### Statement of Changes in Net Assets

	Year ended December 31, 2010	Period ended from Commencement of Operations May 16, 2009
<b>NET ASSETS, BEGINNING OF PERIOD</b>	<b>\$74,705,971</b>	\$ —
Increase in net assets from operations	5,525,401	2,916,243
<b>DISTRIBUTIONS TO UNITHOLDERS</b>		
Distribution from net investment income	(4,130,877)	(3,622,191)
Distribution from net realized gains on investments	(151,997)	(11,026)
	<b>(4,282,874)</b>	(3,633,217)
<b>CAPITAL UNIT TRANSACTIONS (note 3)</b>		
Proceeds from issuance of units	13,618,290	75,995,624
Reinvested distributions	3,282,873	3,633,217
Payments on redemptions	(14,644,319)	(4,205,896)
	<b>2,256,844</b>	75,422,945
Increase in net assets for the period	<b>3,499,371</b>	74,705,971
<b>NET ASSETS, END OF PERIOD</b>	<b>\$78,205,342</b>	\$74,705,971

(See accompanying notes)

## Integra Principal High Quality Fixed Income Plus Fund

### Statement of Investments

As at December 31, 2010

	Par Value \$	Average Cost \$	Fair Value \$
<b>Bonds</b>			
<b>Canadian Bonds — 71.48%</b>			
<b>Government of Canada — 24.29%</b>			
Canada Housing Trust No. 1, 4.55%, 2012/12/15	800,000	862,246	841,759
Canada Housing Trust No. 1, 3.75%, 2020/03/15	1,250,000	1,239,115	1,284,531
Canada Housing Trust No. 1, 3.35%, 2020/12/15	1,000,000	998,000	987,672
Canada Housing Trust No. 1, Series '23', 4.10%, 2018/12/15	1,700,000	1,743,478	1,803,556
Export Development Canada, 5.10%, 2014/06/02	2,700,000	2,996,167	2,948,130
Government of Canada, 3.00%, 2014/06/01	3,400,000	3,459,963	3,503,189
Government of Canada, 4.00%, 2017/06/01	2,100,000	2,281,400	2,259,799
Government of Canada, 4.25%, 2018/06/01	1,500,000	1,634,250	1,639,702
Government of Canada, 3.75%, 2019/06/01	2,000,000	2,087,500	2,108,190
Government of Canada, 8.00%, 2023/06/01	1,100,000	1,611,050	1,619,939
		<b>18,913,169</b>	<b>18,996,467</b>
<b>Provincial Government — 34.94%</b>			
Hydro-Quebec, Series '0049', 5.50%, 2018/08/15	4,300,000	4,770,100	4,854,051
Newfoundland & Labrador Hydro, Series 'AB', 6.65%, 2031/08/27	700,000	870,884	917,285
Ontario Electricity Financial Corp., 8.50%, 2025/05/26	450,000	639,900	660,814
Ontario Electricity Financial Corp., Series 'DQ9', 11.50%, 2020/11/27	598,000	967,060	970,597
Ontario Hydro Corp., Series 'DK2', 10.00%, 2020/02/06	400,000	590,000	588,559
Province of British Columbia, 5.15%, 2015/12/18	1,000,000	1,093,823	1,109,525
Province of British Columbia, 5.30%, 2019/06/17	1,800,000	1,927,098	2,025,189
Province of British Columbia, 5.70%, 2029/06/18	1,500,000	1,821,000	1,789,225
Province of New Brunswick, 4.50%, 2020/06/02	750,000	783,750	788,912
Province of Nova Scotia, 5.80%, 2033/06/01	500,000	567,135	597,092
Province of Ontario, 5.00%, 2014/03/08	2,650,000	2,868,207	2,867,345
Province of Ontario, 4.40%, 2016/03/08	500,000	522,964	536,343
Province of Ontario, 4.20%, 2018/03/08	500,000	524,950	525,777
Province of Ontario, 5.50%, 2018/06/02	2,000,000	2,243,750	2,263,987
Province of Ontario, Real Return, 2.00%, 2036/12/01	500,000	536,066	616,505
Province of Quebec, 5.35%, 2025/06/01	4,300,000	4,556,135	4,819,276
Province of Quebec, Series 'B079', 4.50%, 2016/12/01	1,000,000	1,092,000	1,075,713
University of Toronto, Callable, 6.78%, 2031/07/18	250,000	296,700	315,550
		<b>26,671,522</b>	<b>27,321,745</b>
<b>Municipal — 0.37%</b>			
TCHC Issuer Trust, Series 'B', Callable, 5.40%, 2040/02/22	275,000	275,000	294,044
		<b>275,000</b>	<b>294,044</b>
<b>Corporate — 11.88%</b>			
Bank of Montreal, Callable, 6.02%, 2018/05/02	1,000,000	1,096,236	1,136,221
Bank of Nova Scotia, 5.04%, 2013/04/08	1,300,000	1,391,820	1,376,087
Bell Canada, Series 'M-17', Callable, 6.10%, 2035/03/16	350,000	319,375	355,650
Caisse centrale Desjardins du Quebec, 3.50%, 2017/10/05	250,000	250,000	244,346
Canadian Imperial Bank of Commerce/Canada, 3.95%, 2017/07/14	500,000	514,600	507,766
Enbridge Inc., Callable, 4.26%, 2021/02/01	250,000	249,888	244,953
John Deere Credit Inc., 3.50%, 2014/06/23	200,000	199,748	203,823
Manulife Financial Holdings Ltd., Callable, 6.65%, 2011/11/30	500,000	523,500	519,007
Manulife Financial Corp., Callable, 7.77%, 2019/04/08	500,000	580,400	598,090
Rogers Communications Inc., 6.11%, 2040/08/25	250,000	257,150	246,903
Royal Bank of Canada, Variable Rate, 2018/11/04	1,000,000	1,059,288	1,071,885
Suncor Energy Inc., Callable, 6.50%, 2038/06/15	250,000	252,505	270,498
Telus Corp., Series 'CH', Callable, 5.05%, 2020/07/23	200,000	199,488	201,854
Toronto-Dominion Bank (The), 5.14%, 2012/11/19	1,300,000	1,399,357	1,370,807
TransCanada PipeLines Ltd., 11.10%, 2014/06/20	500,000	648,095	623,468
Wells Fargo Financial Canada Corp., 6.05%, 2012/08/27	300,000	324,900	317,206
		<b>9,266,350</b>	<b>9,288,564</b>
<b>Total Canadian Bonds — 71.48%</b>		<b>55,126,041</b>	<b>55,900,820</b>

**Integra Principal High Quality Fixed Income Plus Fund**

**Statement of Investments**

As at December 31, 2010

	Par Value \$	Average Cost \$	Fair Value \$
<b>United States Bonds — 17.54%</b>			
<b>Corporate — 17.40%</b>			
Abbey National Treasury Services PLC, 3.88%, 2014/11/10	200,000	212,281	196,929
Anheuser-Busch InBev Worldwide Inc., Callable, 8.00%, 2039/11/15	500,000	635,073	676,969
Altria Group Inc., 9.70%, 2018/11/10	250,000	326,266	326,340
American Express Credit Corp., 2.75%, 2015/09/15	250,000	257,699	243,931
Bank of America Corp., 5.45%, 2014/09/17	300,000	292,200	309,138
Bank of America Corp., Series 'L', 4.90%, 2013/05/01	900,000	999,291	934,170
BB&T Corp., 3.95%, 2016/04/29	200,000	199,896	204,597
Bear Stearns Cos. LLC (The), 4.35%, 2012/07/20	500,000	504,450	515,055
Cisco Systems Inc., Callable, 4.45%, 2020/01/15	200,000	210,997	207,931
Citigroup Inc., 5.50%, 2013/04/11	500,000	540,410	530,291
Citigroup Inc., 5.00%, 2014/09/15	200,000	197,794	205,741
Citigroup Inc., 6.01%, 2015/01/15	500,000	535,650	542,498
CME Group Index Services LLC, Callable, 4.40%, 2018/03/15	200,000	205,039	203,434
CVS Caremark Corp., Callable, 6.13%, 2039/09/15	500,000	516,027	531,389
Exelon Generation Co. LLC, Callable, 5.20%, 2019/10/01	100,000	106,726	103,926
General Electric Capital Corp., 5.63%, 2018/05/01	500,000	537,093	542,205
General Electric Capital Corp., 6.00%, 2019/08/07	200,000	218,256	220,747
Goldman Sachs Group Inc. (The), 3.70%, 2015/08/01	100,000	104,112	100,851
HSBC Bank USA NA, 4.63%, 2014/04/01	400,000	437,413	416,808
HSBC Finance Corp., 6.50%, 2011/09/22	500,000	477,317	509,357
JPMorgan Chase & Co., 3.70%, 2015/01/20	200,000	215,831	205,133
JPMorgan Chase & Co., 4.40%, 2020/07/22	250,000	259,675	245,918
KeyCorp, 3.75%, 2015/08/13	250,000	259,059	248,840
KKR Group Finance Co., Callable, 6.38%, 2020/09/29	190,000	194,545	187,987
Merrill Lynch & Co. Inc., 5.45%, 2013/02/05	650,000	727,924	678,366
MetLife Inc., Callable, 5.00%, 2015/06/15	500,000	550,025	536,029
Morgan Stanley, 4.20%, 2014/11/20	600,000	640,086	612,108
Morgan Stanley, 4.10%, 2015/01/26	250,000	262,005	253,438
Morgan Stanley, 3.45%, 2015/11/02	100,000	102,090	97,206
Morgan Stanley, Callable, 5.63%, 2019/09/23	200,000	212,982	202,476
Morgan Stanley, Callable, 5.50%, 2020/07/24	200,000	207,411	201,204
New York Life Global Funding, Series '2006-3', 4.70%, 2011/04/20	830,000	846,614	837,056
Oracle Corp., Callable, 5.00%, 2019/07/08	200,000	231,404	215,976
PNC Funding Corp., 4.25%, 2015/09/21	200,000	213,489	208,003
PNC Funding Corp., 6.70%, 2019/06/10	200,000	219,440	227,914
PPL Electric Utilities Corp., Callable, 7.13%, 2013/11/30	90,000	112,786	103,472
Pricoa Global Funding I, 5.45%, 2014/06/11	350,000	390,118	381,060
Raytheon Co., Callable, 3.12%, 2020/10/15	125,000	124,605	114,760
Wal-Mart Stores Inc., 3.25%, 2020/10/25	250,000	252,472	233,798
Wells Fargo & Co., 3.63%, 2015/04/15	150,000	152,472	153,923
Wisconsin Power and Light Co., Callable, 5.00%, 2019/07/15	135,000	155,456	144,245
		<b>13,844,479</b>	<b>13,611,219</b>
<b>Federal Bonds — 0.14%</b>			
Chicago, Illinois Build America Bonds, Series 'B', Callable, 6.20%, 2040/12/01	120,000	121,236	108,727
		<b>121,236</b>	<b>108,727</b>
<b>Total United States Bonds — 17.54%</b>			
		<b>13,965,715</b>	<b>13,719,946</b>
<b>International Bonds — 8.36%</b>			
<b>Australia — 1.66%</b>			
Macquarie Group Ltd., 7.30%, 2014/08/01	200,000	216,024	216,206
Macquarie Group Ltd., 7.63%, 2019/08/13	65,000	69,504	73,094
National Australia Bank Ltd., 4.19%, 2015/07/20	500,000	501,700	507,260
Westpac Banking Corp., 3.75%, 2014/12/01	500,000	498,555	502,115
		<b>1,285,783</b>	<b>1,298,675</b>

## Integra Principal High Quality Fixed Income Plus Fund

### Statement of Investments

As at December 31, 2010

	Par Value \$	Average Cost \$	Fair Value \$
<b>France — 0.39%</b>			
France Telecom SA, Callable, 5.38%, 2019/07/08	55,000	63,326	59,788
Societe Generale, 2.50%, 2014/01/15	250,000	252,822	248,160
		<b>316,148</b>	<b>307,948</b>
<b>Japan — 0.26%</b>			
ORIX Corp., 4.71%, 2015/04/27	200,000	199,592	200,507
		<b>199,592</b>	<b>200,507</b>
<b>Luxembourg — 0.14%</b>			
Telecom Italia Capital Co., Callable, 7.18%, 2019/06/18	105,000	118,870	109,582
		<b>118,870</b>	<b>109,582</b>
<b>Mexico — 0.13%</b>			
Coca-Cola Femsa SAB de CV, Callable, 4.63%, 2020/02/15	100,000	105,470	102,289
		<b>105,470</b>	<b>102,289</b>
<b>Netherlands — 0.60%</b>			
Rabobank Nederland - Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, 4.75%, 2020/01/15	250,000	258,505	259,186
Shell International Finance BV, Callable, 4.30%, 2019/09/22	200,000	215,542	207,093
		<b>474,047</b>	<b>466,279</b>
<b>Spain — 0.50%</b>			
Santander US Debt SA Unipersonal, Floating Rate, 1.33%, 2012/03/30	200,000	206,518	196,421
Santander US Debt SA Unipersonal, 2.99%, 2013/10/07	200,000	205,330	196,832
		<b>411,848</b>	<b>393,253</b>
<b>Sweden — 0.33%</b>			
Nordea Bank AB, 4.88%, 2020/01/27	250,000	260,626	254,834
		<b>260,626</b>	<b>254,834</b>
<b>United Kingdom — 4.35%</b>			
Barclays Bank PLC, 5.20%, 2014/07/10	1,000,000	1,107,800	1,077,395
Barclays Bank PLC, Series '1', 5.00%, 2016/09/22	200,000	211,746	210,411
BP Capital Markets PLC, 3.13%, 2015/10/01	250,000	258,625	247,121
HSBC Bank PLC, 3.50%, 2015/06/28	150,000	152,702	152,441
Lloyds TSB Bank PLC, 4.38%, 2015/01/12	250,000	262,177	249,672
Lloyds TSB Bank PLC, 6.50%, 2020/09/14	550,000	564,826	505,372
Royal Bank of Scotland PLC (The), 4.88%, 2014/08/25	200,000	220,382	204,652
Royal Bank of Scotland PLC (The), 4.88%, 2015/03/16	250,000	255,980	254,094
Royal Bank of Scotland Group PLC (The), 6.40%, 2019/10/21	200,000	205,486	198,281
Royal Bank of Scotland Group PLC (The), Series '2', 3.40%, 2013/08/13	200,000	206,568	200,503
Standard Chartered PLC, 3.85%, 2015/04/27	100,000	99,746	102,436
		<b>3,546,038</b>	<b>3,402,378</b>
<b>Total International Bonds — 8.36%</b>		<b>6,718,422</b>	<b>6,535,745</b>
<b>TOTAL BONDS — 97.38%</b>		<b>75,810,178</b>	<b>76,156,511</b>
<b>TOTAL INVESTMENT PORTFOLIO — 97.38%</b>		<b>75,810,178</b>	<b>76,156,511</b>
<b>OTHER ASSETS, NET OF LIABILITIES — 2.62%</b>			<b>2,048,831</b>
<b>NET ASSETS — 100.00%</b>			<b>78,205,342</b>

## Integra Principal High Quality Fixed Income Plus Fund

### Risk Disclosures

#### Financial Instruments Risk

Investment activities of the Integra Principal High Quality Fixed Income Plus Fund (the "Fund") expose it to some financial risks. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives and long-term investment time horizon.

#### Risk Management

The investment objective of the Fund is to provide relatively stable rates of return through a portfolio of debt and fixed income instruments, including futures and derivatives, issued by governments and corporations around the world.

The Fund has the flexibility to invest in the full spectrum of fixed income securities available in Canada, the United States and internationally, including investment-grade corporate bonds, treasuries, agencies, asset-backed securities, mortgages, bank loans and emerging markets debt. This flexibility provides the Fund with a greater investment opportunity set in comparison to the limited opportunities that are available in the Canadian bond universe.

The Fund may invest up to 10% in cash and short-term instruments.

The Fund will not invest in securitized securities, hybrid and preferred securities or any asset backed commercial paper.

The duration of the portfolio will be maintained within a maximum range of between +/-1.0 years of the duration of the DEX Universe Bond Index.

The overall minimum average quality rating (at the time of purchase or sale of any security) for the portfolio is AA- or greater.

The Fund is sub-advised by Principal Global Investors, LLC. (the "Sub-Advisor").

The Fund may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate by Integra Capital Limited (the "Manager") to achieve the Fund's investment objectives and to enhance the Fund's returns.

To assist with managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

#### Credit Risk

Credit risk on financial instruments is the risk of a loss occurring as a result of the default of an issuer on its obligation to a Fund. Credit risk is managed by dealing with issuers that are believed to be creditworthy and by regular monitoring of credit exposures. Additionally, credit risk is reduced by diversification of issuer, industry and geography.

The minimum credit rating for any counterparty for any over-the-counter ("OTC") derivative is A. The net derivative exposure of the total portfolio, to any single OTC counterparty, shall not exceed 10% of the market value of the Fund, at any time.

The table below summarizes the Fund's exposure to the credit ratings of debt securities.

Long Portfolio Debt Securities by Credit Rating	As a % of Total Bonds	
	December 31, 2010	December 31, 2009
AAA	26.04%	29.52%
AA	34.73%	31.23%
A	34.38%	35.89%
BBB	4.85%	3.36%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Integra Principal High Quality Fixed Income Plus Fund

### Risk Disclosures

#### Counterparty Credit Risk

Counterparty credit risk primarily emanates from the use of OTC derivatives. This risk is minimized by selecting counterparties who have a minimum A credit rating. Ongoing monitoring of credit events/rating developments occurs to ensure the sustainable credit quality of the counterparty. Various factors are considered in the assessment process including fundamental components of the counterparty's profile (such as capital adequacy, asset quality, profitability and liquidity) and credit ratings assigned to the counterparty. The current prime broker for the Fund has a AA credit rating on its long-term debt.

See note 4 to the financial statements for exposures from foreign exchange forward contracts.

#### Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities held in the Fund. From time to time, the Fund may manage currency risk through foreign currency hedging strategies.

The tables below indicates the currencies to which the Fund had exposure on its trading monetary assets and liabilities as well as the underlying principal amount of foreign exchange forward contracts.

Currency (As at December 31, 2010)	Currency Risk Exposed Holdings (including derivatives) *	Foreign Exchange Forward Contracts	Net Exposure	As a % of Net Assets
Australian Dollar	\$515,906	(\$523,028)	(\$7,122)	(0.01%)
U.S. Dollar	17,754,764	(17,805,679)	(50,915)	(0.06%)

Currency (As at December 31, 2009)	Currency Risk Exposed Holdings (including derivatives) *	Foreign Exchange Forward Contracts	Net Exposure	As a % of Net Assets
U.S. Dollar	\$20,146,987	\$ —	\$20,146,987	26.97%
Australian Dollar	468,465	—	468,465	0.63%

\*Amounts include monetary items.

As at December 31, 2010, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately (\$2,902) (December 31, 2009 - \$1,030,773). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

#### Interest Rate Risk

Changes in market interest rates expose fixed income securities, such as bonds, to interest rate risk. Funds that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed income securities.

The Sub-Advisor of the Fund uses combinations of Canadian interest-rate swaps and futures to synthetically create portfolios that track published DEX Bond indices. These strategies may add minimal active interest rate risk to the Fund.

The table below summarizes the Fund's exposure to interest rate risk at December 31, 2010. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates. The interest rate risk associated with short-term notes is minimal and therefore not included in the table below.

## Integra Principal High Quality Fixed Income Plus Fund

### Risk Disclosures

Bonds	December 31, 2010	December 31, 2009
Less than 1 year	\$1,865,420	\$258,615
1-3 years	7,260,969	13,776,773
3-5 years	19,929,175	21,464,516
> 5 years	47,100,947	37,769,103
<b>Total</b>	<b>\$76,156,511</b>	<b>\$73,269,007</b>

As at December 31, 2010, had the prevailing interest rates raised or lowered by 1%, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$4,683,187 (December 31, 2009 - \$4,395,516) on the long portfolio.

#### Liquidity Risk

Unitholders may redeem their units on each valuation date. Therefore, the Fund is invested in securities that are traded in active markets and can be readily disposed.

#### Other Market Risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Sub-Advisor moderates this risk through a careful selection of investment strategies and selection of securities and other financial instruments within the parameters of the investment strategy developed by the Manager of the Fund.

As at December 31, 2010, a 5% change in the exposure to futures, net, would have changed the Fund's net assets by \$209,427 (December 31, 2009 - \$1,154,394) with all other factors held constant. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The impact on net assets of the Fund at December 31, 2010, due to a 5% decrease in the Fund's benchmark (DEX Universe), with all other variables held constant, would have been \$5,734,328 (December 31, 2009 - \$3,928,040). This calculation is based on the beta of the Fund since its inception in May 2009. The short period of data available for analysis deems this calculation statistically insignificant. In practice, the actual results may differ from the sensitivity analysis indicated above and the difference could be material.

#### Fair Value Measurements

The Fund adopted the amendments to CICA Section 3862, "Financial Instruments – Disclosures", on January 1, 2009. CICA Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The following is a summary of the inputs used as of December 31, 2010 in valuing the Fund's financial assets and liabilities carried at fair values:

Classification	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Bonds	\$ —	\$76,156,511	\$ —	\$76,156,511
Foreign exchange forward contracts	—	274,864	—	274,864
<b>Financial Liabilities</b>				
Futures	(65,006)	—	—	(65,006)
<b>Total Financial Assets and Liabilities</b>	<b>(\$65,006)</b>	<b>\$76,431,375</b>	<b>\$ —</b>	<b>\$76,366,369</b>

## Integra Principal High Quality Fixed Income Plus Fund

### Risk Disclosures

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's financial assets carried at fair values:

Classification	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Bonds	\$ —	\$73,269,007	\$ —	\$73,269,007
Futures	222,785	—	—	222,785
<b>Total Financial Assets</b>	<b>\$222,785</b>	<b>\$73,269,007</b>	<b>\$ —</b>	<b>\$73,491,792</b>

### Summary of Investment Portfolio

The Fund's summary of investment portfolio appear in the following table:

	Percentage of Net Assets (%)	
	December 31, 2010	December 31, 2009
<b>BONDS</b>		
<b>Canadian Bonds</b>		
Government of Canada	24.29	27.81
Provincial Government	34.94	25.72
Municipal Government	0.37	0.79
Corporate	11.88	13.82
<b>Total Canadian Bonds</b>	<b>71.48</b>	<b>68.14</b>
<b>United States Bonds</b>		
Federal Government	0.14	—
Corporate	17.40	23.50
<b>Total United States Bonds</b>	<b>17.54</b>	<b>23.50</b>
<b>Foreign Bonds</b>	<b>8.36</b>	<b>6.44</b>
<b>TOTAL BONDS</b>	<b>97.38</b>	<b>98.08</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>97.38</b>	<b>98.08</b>
<b>OTHER ASSETS, NET OF LIABILITIES</b>	<b>2.62</b>	<b>1.92</b>
<b>NET ASSETS</b>	<b>100.00</b>	<b>100.00</b>

## Integra Principal High Quality Fixed Income Plus Fund

### Notes to Financial Statements

#### 1. Establishment of the Fund

The Integra Principal High Quality Fixed Income Plus Fund [the "Fund"] was created under the laws of the Province of Ontario by a Declaration of Trust. The Fund was established on May 16, 2009 and commenced operations on this date.

The Fund is not a reporting issuer and is exempt, pursuant to National Instrument 81-106, from the requirement to file its financial statements with the regulatory authorities and has notified the Ontario Securities Commission that it is relying on this exemption. The Fund has prepared its financial statements in accordance with National Instrument 81-106.

#### 2. Summary of Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods. Actual results may differ from such estimates.

On January 1, 2008, the Fund adopted CICA Section 3862, "Financial Instruments - Disclosures" of the CICA Handbook ("Section 3862") and Section 3863, "Financial Instruments - Presentation" ("Section 3863"). These sections establish standards for comprehensive disclosure and presentation requirements for financial instruments. The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. The disclosure requirements of Sections 3862 and 3863 are contained after the Fund's Statement of Investments.

- [a] Investments are recorded at their fair value in Canadian currency with the difference between this amount and the average cost being shown as unrealized appreciation (depreciation) of investments, net of unrealized gains (losses) resulting from foreign currency translations.
- [b] The fair values of foreign investments and other foreign denominated assets and liabilities are translated into Canadian dollars at exchange rates prevailing on the reporting date.
- [c] Purchases and sales of foreign securities and income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.
- [d] The gain or loss on sale of investments, net of realized gains (losses) resulting from foreign currency translations, is calculated with reference to the average cost of the related investments, excluding transaction costs.
- [e] Income and expenses are recorded on an accrual basis. Foreign income and expenses are translated into Canadian dollars at the rates of exchange applicable on the valuation date. Security transactions are recorded on the trade date and related transaction costs are charged to income. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the fair value of the security.
- [f] Short-term notes are recorded at fair value. The fair value of short-term notes approximates the accrued interest added to the average cost. Gains and losses arising from the disposition of short-term investments prior to maturity are recorded as adjustments to interest income.
- [g] For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which amount is included in unitholders' equity. Fund units are redeemable at the option of unitholders at their net asset value on the redemption date. For each Fund unit redeemed, unitholders' equity is reduced by the net asset value of the Fund unit at the date of redemption.
- [h] The futures contracts are exchange-traded futures contracts and listed in the notes to the financial statements. Futures contracts are valued at their settlement price at the close of business on each valuation date. Any difference between the settlement value at the close of business on the current valuation date and that of the previous valuation date is recorded in the Statement of Net Assets as an unrealized gain (loss) on futures contracts. Amounts receivable (payable) from futures contracts are reflected in the Statement of Net Assets as unrealized gain (loss) on futures contracts.

## Integra Principal High Quality Fixed Income Plus Fund

### Notes to Financial Statements

- [i] A repurchase agreement involves the transfer of securities to a seller in return for cash. Under the agreement, the Fund will later receive the cash plus interest in exchange for the delivery (purchase) of the same securities. A purchase is not recorded in respect of securities transferred to a seller on the inception of a purchase agreement, and such instruments are not recorded as a component of marketable securities. The repurchase agreement, plus accrued interest, are recorded as a money market security in the Statement of Net Assets. A reverse repurchase agreement involves the transfer of securities to a buyer in return for cash. Under the agreement, the Fund will later pay the cash plus interest in exchange for the return (repurchase) of the same securities. A sale is not recorded in respect of securities transferred to a buyer on the inception of a reverse repurchase agreement, and such instruments continue to be recorded as a component of marketable securities. Obligations to repay cash received under the reverse repurchase agreement, plus accrued interest, are recorded as a liability in the Statement of Net Assets.
- [j] All swap contracts, which include interest rate swaps, currency swaps, inflation swaps and credit default swaps, are recorded at fair value using year-end market prices. Fair value represents the amount of consideration at which derivative financial instruments could be exchanged in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to transact. Where quoted market values are not readily available, appropriate valuation techniques are used to determine fair value.
- [k] The fair value of a forward contract is the gain or loss that would be realized if, on the valuation date, the positions were closed out. The forward contract is valued using an interpolation of the forward exchange rate based on the length of the forward contract. It is reflected in the Statement of Operations as change in unrealized appreciation (depreciation) on foreign exchange forward contracts. When the forward contracts are closed out, any gains or losses realized are included in net realized gain or loss on foreign exchange forward contracts.

### 3. Unitholders' Equity

Unit transactions during the year were as follows:

	December 31, 2010		Period from May 16, 2009 to December 31, 2009	
	Number of Fund units	Amount \$	Number of Fund units	Amount \$
Subscriptions	1,323,018	13,618,290	7,615,217	75,995,624
Reinvestments	326,283	3,282,873	362,886	3,633,217
Redemptions	1,446,063	14,644,319	415,010	4,205,896

The number of issued and outstanding units for the year ended December 31, 2010 is 7,766,331 (December 31, 2009 - 7,563,093).

### 4. Foreign Exchange Forward Contracts

The Fund utilizes foreign exchange forward contract hedging in the management of currency risk associated with its investment in foreign securities. The objective is to protect the Fund from the possibility of capital losses on foreign currency denominated investments due to increases in the value of the Canadian dollar. However, credit and market risks associated with foreign exchange forward contracts potentially expose the Fund to losses.

In order to minimize the possibility of losses arising from credit risk, the Fund deals only with large financial institutions with a minimum A credit rating.

Currency risks relate to the possibility that foreign exchange forward contracts change in value due to fluctuations in currency prices. The foreign exchange forward contracts are marked-to-market daily and the resulting unrealized gains or losses are recognized in the Statement of Net Assets.

The result of employing foreign exchange forward contracts is that the foreign exchange gains and losses in the securities portfolio move substantially in opposite directions from the gains and losses in the hedging portfolio.

As at December 31, 2010 (\$NIL for 2009), the Fund held the following foreign exchange forward contracts.

Currency to Purchase	Amount \$	Market Value to Purchase \$	Currency to Deliver	Amount \$	Market Value to Deliver \$	Fair Value Unrealized Gain (Loss) \$	Expiry Dates
CAD	18,776,726	18,776,726	USD	18,594,478	18,479,918	296,808	Jan. 2011
CAD	509,406	509,406	AUD	514,039	523,028	(13,622)	Jan. 2011
USD	678,419	674,239	CAD	682,561	682,561	(8,322)	Jan. 2011
						<b>274,864</b>	

## Integra Principal High Quality Fixed Income Plus Fund

### Notes to Financial Statements

#### 5. Futures Contracts

As at December 31, 2010, the Fund held the following 35 long future contract positions:

Contracted Value (CAD\$)	Currency	Expiry Date	Number of Contracts	Name of Future	Unrealized Appreciation (Depreciation)	Fair Value (CAD\$)
4,253,552	USD	March 2011	35	United States 10 Year Note Future	(65,006)	4,188,545
					<b>(65,006)</b>	<b>4,188,545</b>

As at December 31, 2009, the Fund held the following 227 long future contract positions:

Contracted Value (CAD\$)	Currency	Expiry Date	Number of Contracts	Name of Future	Unrealized Appreciation (Depreciation)	Fair Value (CAD\$)
1,969,268	USD	Mar. 10	16	United States 10 Year T-notes	(32,703)	1,936,565
20,895,833	USD	Mar. 10	211	Canadian Dollar Future	255,488	21,151,321
					<b>222,785</b>	<b>23,087,886</b>

#### 6. Income Taxes

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada). The Fund is subject to tax on its income, including net realized capital gains, for the calendar year which is not paid or payable to the unitholders as at the end of the calendar year. Sufficient distributions of income and of net realized capital gains are made to unitholders of record for the Fund, so that no provision for income taxes is required in the financial statements.

Capital losses incurred by the Fund cannot be allocated to unitholders but may be carried forward indefinitely to apply against realized capital gains. As at December 31, 2010 and December 31, 2009, the Fund had nil in net capital loss carryforwards.

#### 7. Brokerage Commissions

Brokerage commissions on portfolio transactions may also include research services provided to the investment manager ("soft dollar commissions"). The value of the research services paid to certain brokers for the years ended December 31, 2010 and December 31, 2009 is nil.

#### 8. Securities Lending

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services. The aggregate market value of all securities cannot exceed 50% of the net assets of the Fund. The Fund receives collateral in the form of debt obligations of the Government of Canada and any other Sovereign States and Canadian provincial government, against the loaned securities. The Fund maintains a minimum collateral requirement of 102% for North American equities and 105% for Non-North American equities of the market value of the loaned securities during the period of the loan. At December 31, 2010, certain securities shown in the Statement of Net Assets with a market value of nil had been loaned as part of the securities lending program. The Trustee, on behalf of the Fund, held securities with a market value of nil as collateral for such loans. Under the terms of the program, the Fund may instruct that securities be returned within three days.

#### 9. Capital Management

CICA Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. The adoption of this standard results in additional disclosures relating to the redeemable units of the Fund but does not affect the Fund's results or financial position. The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net asset value per unit. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

#### 10. Management Fees

The Trustee has appointed Integra Capital Limited (the "Manager") as manager to administer and regulate the day-to-day operations of the Fund. In return for the services provided, the Manager's parent company, Integra Capital Management Corporation, receives management fees from the Fund's unitholders, based on the net asset value of the Fund. These management fees are paid either by a redemption of units or the unitholder, if an institution, may be invoiced and payment will be delivered to the Manager.

## Integra Principal High Quality Fixed Income Plus Fund

### Notes to Financial Statements

#### 11. Trustee and Other Fees

The Fund is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees (if applicable), audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are calculated and accrued daily based on the average net asset value. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest and taxes, and is then reimbursed by the Fund.

#### 12. Comparison of Net Asset Value per Unit - Industry Standard for Transactions to Net Assets per Unit

NI 81-106, issued by the Canadian Securities Administrators ["CSA"] requires investment funds to value their investments using fair value measures as defined in NI 81-106. NI 81-106 requires that fair value prices be based on bid prices, whereas subscriptions and redemptions from the Fund are based on closing prices. Consequently, the method by which the net asset value is calculated for subscription and redemption purposes will be different from the net assets calculated for financial reporting purposes. In accordance with NI 81-106, a comparison of net assets, calculated in accordance with CICA Section 3855 of an investment fund, and net asset value, calculated in accordance with the Manager's fair value policies and procedures for unit pricing, for the year ended December 31 were as follows:

December 31, 2010		December 31, 2009	
Net Asset Value per Unit - Industry Standard for Transactions	Net Asset per Unit	Net Asset Value per Unit - Industry Standard for Transactions	Net Asset per Unit
\$10.08	\$10.07	\$9.88	\$9.88

#### 13. Transition to International Financial Reporting Standards

International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which include investment funds and other reporting issuers. Under the general transition rules for publicly accountable enterprises the Fund would adopt IFRS for its fiscal period beginning January 1, 2011.

On January 12, 2011, the Canadian Accounting Standards Board amended the requirement to prepare financial statements in accordance with IFRS as issued by the International Accounting Standards Board, permitting investment companies, which include investment funds, to defer adoption of IFRS to fiscal years beginning on or after January 1, 2013. The Fund has elected to defer adoption of IFRS to January 1, 2013.

In preparing to meet the requirements, the Manager has taken the following steps in managing the transition to IFRS:

- Established a working group to identify key differences between Canadian GAAP and IFRS and to coordinate the implementation of the transition plan,
- Identified areas where changes in disclosure will be required under IFRS standards,
- Evaluated current information technology and reporting systems for readiness in IFRS implementation,
- Assessed the likely impacts on business activity and operational areas such as internal controls, staffing and training requirements.

The major changes identified for IFRS financial statements include the addition of a Statement of Cash Flows and the classification of unitholders' equity (puttable instruments) as a liability within the Statement of Net Assets, unless certain conditions are met.

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is expected to have no impact on the calculation of net assets or net asset value. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. However, the Manager's assessment may change if new standards are issued or if the interpretations of current standards are revised.