

**Integra Balanced Fund**  
**Semi-Annual Management Report of Fund Performance**  
**As at June 30, 2010**

This semi-annual report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements for the Investment Fund. You may request a copy of the semi-annual financial statements at no cost, by calling 1-800-363-2480, by writing to us at Integra Capital Limited ("Integra"), 2020 Winston Park Drive, Suite 200, Oakville ON L6H 6X7 or by visiting our website at [www.integra.com](http://www.integra.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or portfolio disclosure relating to the Fund.

**Management Discussion of Fund Performance**  
**Results of Operations**

For the six months ended June 30<sup>th</sup>, the Fund declined 2.2% compared to a drop of 1.8% experienced by the Fund's benchmark (28% S&P/TSX Composite Index, 38% DEX Bond Universe Index, 32% MSCI World-free Index plus 2% DEX 91-day Government of Canada Treasury Bill Total Return Index). All of the returns are presented gross of fees. In the early stages of 2010 there was a cautious, but generally positive sentiment about the state of the global economy. However, during the past three months, volatility returned to the capital markets. Investors became wary of the escalating Greek deficit and the potential for other heavily indebted Euro-zone members to default.

Although a financial support package was agreed to by the European Union along with the IMF, there remains a high degree of skepticism as to whether Greece, Spain, Portugal, Italy and Iceland can, in fact, implement the strong austerity measures that are required in order to reduce the high debt levels that currently exist.

There were also concerns about the health of European banks and a stalling U.S. recovery, as inventories have been rebuilt. Additionally, the United Kingdom must deal with debt concerns, as well as a divisive general election result and a call from the new government for massive cuts in public spending.

In China, policies were introduced to slow down a property boom. Incremental lending restrictions on second and third homes were introduced. The collateral effect is a weakening demand for materials used in that sector.

At the G-20 meetings in June, world leaders pledged to cut government deficits in half by 2013 and stabilize debt loads by 2016. They went a step further, agreeing to present their respective fiscal positions for peer review at the next meeting later this year in Seoul.

In advance of the meetings in Toronto, China announced it would no longer peg its currency, the yuan, to the U.S. dollar. Once the Chinese gave into international pressure, the yuan gained value.

As economic growth became more timid in the second quarter, the returns generated by North American bonds accelerated after a fairly steady first three months of 2010. Investors' appetite for risk decreased causing government bond yields to drop. (Bond prices will rise when yields are falling.) Since the end of March, the yield on the ten-year Government of Canada bond has decreased by almost one-half of one percent to 3.08% at the end of the quarter while the thirty year bond yield decreased by 42 basis points to 3.65%.

Interest rate movements in the United States were more significant as the American government bond market is perceived as a safe haven for investors in times of crises and yield movements are often exaggerated. The ten year U.S. Treasury yielded 2.93% at the end of June.

As credit conditions in Europe deteriorated, the sustainability of the global economic recovery came into question and equity markets declined as investors sought refuge in the bond market.

The Fund failed to match the return of its benchmark over the past six months. There were a number of factors for this variance. First, the domestic stock holdings under-performed the TSX due to stock selection in the Materials (over-weight to base metals) and Energy sectors, coupled with an over-weight to the information Technology sub-index which was the worst performing business group in the Canadian market up until June 30<sup>th</sup>.

With respect to U.S. stock holdings, the Fund suffered from the twists and turns in the American equity market. The volatility, particularly during the second quarter, meant that factors used in the model driving the U.S. stocks in the Fund were not being rewarded on a consistent basis.

Conversely to what was experienced in Canada and the United States, the Fund's stock holdings added value outside of North America. The principal sources of relative strength for the Fund's overseas holdings were stock selection in the Information Technology, Financial Services, Materials and Telecom Services sectors. Additionally, an exposure to the Emerging Markets, particularly Thailand, proved beneficial.

The Fund's bond holdings fell just slightly short of the return of the DEX universe during the first half of 2010, while being overweight corporate and provincial bonds and having a slightly shorter duration (sensitivity to changes in interest rates) than the DEX.

The Fund experienced net redemptions of \$10.8 million during the first six months of 2010.

Fund expenses vary period over period mainly as the result of changes in average Net Asset Values and investment activity. Operating expenses were lower during the first half of 2010. This is partially due to a variance between the budgeted amount of expense accrued in the latter portion of 2009 versus the actual expense that was incurred during that period.

## **Recent Developments**

While global economic activity is slowing, the expectation is there will not be double-dip recession. Instead, it is anticipated that the recovery will be historically slow and uneven as leverage is removed from government and household balance sheets. Significant headwinds remain, particularly within the developed world where an abundance of sovereign debt threatens long-term economic gains. Emerging Markets have held up relatively well, primarily because they have managed their economies frugally throughout the past several years. Globally, corporations are generally enjoying expanding profit margins largely due to cost cutting rather than growing revenues, while balance sheets remain solid with an abundance of cash.

Macroeconomic factors continue to dominate the outlook for investment heading into the second half of the year. Investor sentiment has become distinctly more focused on the downside risks for growth and the possibility of deflation.

While share prices have retreated in recent months, there are some positive factors for equities. The economic expansion has clearly slowed down but remains strong enough to continue supporting earnings growth. Also, the problems in Europe are more likely to keep central banks leaning towards relaxed monetary policies rather than shifting to the introduction of higher interest rates since inflationary risks remain minimal. Additionally, the recent pullback in stock prices has removed excessive optimism.

Additions to the Fund's stock holdings include Brookfield Properties, Trican Well Services, Magna, Loblaw Company, Inmet Mining, Lincoln National Corp., Unum Group, BHP Billiton and Anheuser-Busch InBev.

With respect to the bonds in the Fund, the duration at the end of June was at 5.9 years versus the DEX of 6.1 years. The Fund remains over-weight in provincial and corporate bonds while maintaining an overall AA credit rating consistent with the DEX.

Subject to regulatory approval, commencing around September 30, 2010, the Integra Balanced Fund will invest in the securities of the Integra Bond Fund, the Integra Canadian Value Growth Fund, the Analytic Core U.S. Equity Fund, the Acadian Core International Equity Fund, the Integra Newton Global Equity Fund and the Integra Emerging Markets Equity Fund. The target weighting of the Fund's investment in the Integra Bond Fund will be 42%, in the Integra Canadian Value Growth Fund will be 30%, in the Analytic Core U.S. Equity Fund will be 5.5%, in the Acadian Core International Equity Fund will be 5.5%, in the Integra Newton Global Equity Fund will be 12.0% and in the Integra Emerging Markets Equity Fund will be 5% of net assets (exclusive of cash and cash equivalents), subject to a permitted deviation of 2.5% above or below the target weighting to account for market fluctuations.

## **Related Party Transactions**

### **Manager, Portfolio Manager and Transfer Agent**

The Fund is managed by Integra. Integra provides or arranges for the provision of all general management and administrative services rendered by the Fund in its day-to-day operations, including providing or arranging the provision of investment advice and record-keeping services for the Fund.

As a result of providing investment advisory and management services, Integra is entitled to receive a monthly fee from investors in the Fund.

## **Caution Regarding Forward-looking Statements**

This report may contain forward-looking statements about the Fund, including its strategies and expected performance. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to potential future events or market and economic conditions.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future Fund

action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and capital market and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results may differ materially from those expressed or implied in any forward-looking statements made by the Fund. A wide range of factors may contribute to these variances, including general economic, geopolitical and market influences in Canada or globally, interest rates and currencies, capital markets, technology innovations, regulations and catastrophic events.

Investors are encouraged to consider these and other factors including their own investment objectives carefully before making any investment decisions and are urged to avoid placing undue reliance on forward-looking statements.

Additionally, investors should be aware that the Fund has no specific intention to update any forward-looking statements whether as a result of new information or future events, prior to the release of the next Management Report on Fund Performance.

**Integra Balanced Fund**  
**Financial Highlights**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2009 and for the remaining financial years ended December 31, as indicated. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

**The Fund's Net Asset Value (NAV) per [Unit Data]**

For the periods ended	June 30, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
Net Asset Value, beginning of period	\$13.26	\$11.79	\$14.82	\$15.78	\$14.70
Adjustment for new accounting standards	—	—	(0.02)	—	—
Net Assets, beginning of period	\$13.26	\$11.79	\$14.80	\$15.78	—
<b>Increase (decrease) from operations:</b>					
total revenue	0.16	0.44	0.52	0.54	0.48
total expenses	(0.01)	(0.02)	(0.03)	(0.03)	(0.03)
realized gains (losses)	0.06	0.08	(0.20)	0.62	0.69
unrealized gains (losses)	(0.49)	1.38	(2.81)	(1.08)	0.92
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>(\$0.28)</b>	<b>\$1.88</b>	<b>(\$2.52)</b>	<b>\$0.05</b>	<b>\$2.06</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.03)	(0.30)	(0.41)	(0.42)	(0.31)
From dividends	(0.12)	(0.10)	(0.09)	(0.08)	(0.11)
From capital gains	—	—	—	(0.52)	(0.51)
Return of capital	—	—	—	—	—
<b>Total Annual Distributions<sup>(2)</sup></b>	<b>(\$0.15)</b>	<b>(\$0.40)</b>	<b>(\$0.50)</b>	<b>(\$1.02)</b>	<b>(\$0.93)</b>
<b>Net Assets, end of period</b>	<b>\$12.82</b>	<b>\$13.26</b>	<b>\$11.79</b>	<b>\$14.80</b>	<b>\$15.78</b>

**Ratios and Supplemental Data (Based on trading NAV)**

	2010	2009	2008	2007	2006
Net Asset Value (000's)	\$182,082	\$197,029	\$173,331	\$216,326	\$219,522
Number of units outstanding	14,207,740	14,858,285	14,700,100	14,595,864	13,909,117
Management expense ratio	2.18%	2.20%	2.15%	2.07%	2.11%
Management expense ratio before waivers or absorptions	2.18%	2.20%	2.15%	2.07%	2.11%
Portfolio turnover rate <sup>(3)</sup>	69.67%	22.48%	162.27% <sup>(5)</sup>	56.28%	49.59%
Trading expense ratio <sup>(4)</sup>	0.00%	0.00%	0.11%	0.08%	0.08%

**Ratios and Supplemental Data**

**Supplementary information to the Financial Highlights calculations are based on the following:**

1. Net asset and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period.
2. Distributions were paid in cash/reinvested in additional units of the Fund, or both.
3. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Values during the period.
5. The increase in portfolio turnover ratio for 2008 is due to manager and structural changes made to the fund in September 2008. The turnover is expected to return to more normal levels during 2009.

**Integra Balanced Fund  
Past Performance**

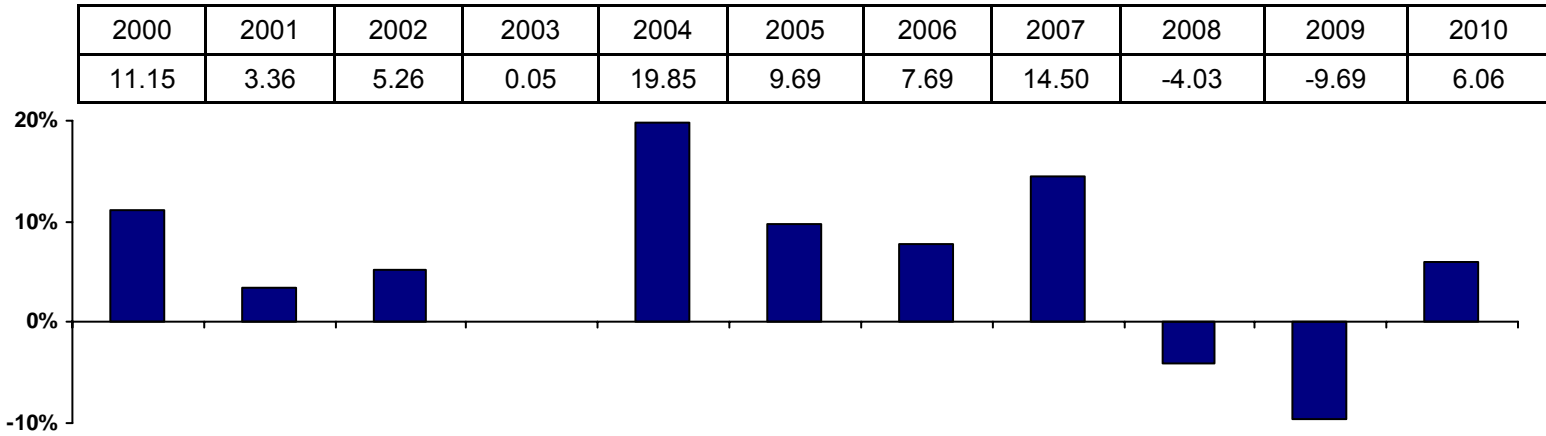
The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the investment fund has performed in the past does not necessarily indicate how it will perform in the future.

**Fund Inception - December 1, 1987  
Year-by-Year Returns**

The following bar chart shows the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

**Annual Returns Chart**

Annual Returns ending June 30



**Integra Balanced Fund**  
**Summary of Investment Portfolio as at June 30, 2010**

<b>Asset Mix</b>	
	<b>% of Fund's Net Assets</b>
Canadian Equities	26.45%
U.S. Equities	8.50%
International Equities	8.50%
Global Equities	15.09%
Bonds	41.34%
Other Bonds	0.13%
Other Assets, Net of Liabilities	-0.01%

<b>Canadian Sector Mix</b>	
<b>(Integra Canadian Value Growth Fund)</b>	<b>% of Fund's Net Assets</b>
Consumer Discretionary	5.10%
Consumer Staples	1.68%
Energy	24.72%
Financials	26.77%
Health Care	0.51%
Industrials	4.91%
Information Technology	6.72%
Materials	21.79%
Telecommunication Services	5.83%
Utilities	0.59%

<b>US Sector Mix</b>	
<b>(Analytic Core US Equity Fund)</b>	<b>% of Fund's Net Assets</b>
Consumer Discretionary	8.37%
Consumer Staples	14.04%
Energy	11.12%
Financials	14.83%
Health Care	14.79%
Industrials	5.01%
Information Technology	18.83%
Materials	3.22%
Telecommunication Services	3.87%
Utilities	3.62%

<b>EAFE Country Mix</b>	
<b>(Acadian Core International Equity Fund)</b>	<b>% of Fund's Net Assets</b>
Argentina	0.07%
Australia	6.58%
Austria	0.41%
Belgium	0.30%
Bermuda	0.05%
Brazil	0.02%
Chile	—
China	0.16%
Czech Republic	0.36%
Denmark	0.51%
Finland	1.09%
France	5.93%
Germany	11.17%
Greece	0.42%
Hong Kong	3.36%
Italy	1.90%
Japan	26.76%
Luxembourg	—
Malaysia	0.55%
Mexico	—
Netherlands	4.03%
Norway	0.21%
Pakistan	0.15%
Poland	0.20%
Portugal	0.71%
Singapore	5.12%
South Korea	3.69%
Spain	0.04%
Sweden	2.03%
Switzerland	4.39%
Taiwan	0.87%
Thailand	0.47%
United Kingdom	16.37%
United States	0.02%

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. The most recent report, semi-annual report or quarterly report is available at no cost, by calling 1-800-363-2480, by writing to us at Integra Capital Limited, 2020 Winston Park Drive, Suite 200, Oakville, ON, L6H 6X7 or by visiting our website at [www.integra.com](http://www.integra.com)

**Global Country Mix**

(Integra Newton Global Equity Fund)	% of Fund's Net Assets
Australia	4.33%
Austria	—
Belgium	0.73%
Bermuda	0.58%
Brazil	3.48%
Canada	2.04%
China	—
France	4.84%
Germany	4.75%
Hong Kong	1.55%
Indonesia	0.34%
Ireland	2.00%
Japan	6.44%
Luxembourg	1.90%
Malaysia	0.94%
Netherlands	—
Norway	0.85%
Panama	0.56%
Russia	—
Singapore	1.48%
South Africa	1.71%
South Korea	0.72%
Spain	1.14%
Switzerland	10.37%
Taiwan	0.85%
Thailand	1.95%
United Kingdom	10.89%
United States	34.17%

**Top 25 Issuers**

(excluding cash equivalents)		% of Fund's Net Assets
1	Integra Canadian Value Growth Fund	26.45%
2	Analytic Core U.S. Equity Fund	8.50%
3	Integra Bond Fund	41.34%
4	Acadian Core International Equity Fund	8.50%
5	Integra Newton Global Equity Fund	15.09%
6	TransCanada Pipelines Ltd., 11.100%, 2014/06/20	0.13%
7	Other Assets, Net of Liabilities	-0.01%

Total Fund Net Assets \$ 182,081,760

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