

**Integra Equity 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 lost 5.3% compared to the Fund's benchmark (70% S&P/TSX, 15% Russell 1000 and 15% MSCI EAFE- free Index) which experienced a decline of 4.3%. The indices representing the broad markets that the Fund invests, include the TSX which had a 2.6% loss, the Russell 1000 which was down 5.1% and the MFSCI EAFE Index which fell 11.7%. These returns are all in Canadian dollar terms and 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. In hindsight, perhaps, it is difficult to expect everything would be perfectly synchronized for a sustainable recovery, particularly in the Euro-zone where there is one monetary authority but multiple fiscal and political policies that are not necessarily aligned.

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 including incremental lending restrictions on second and third homes. As a result, there has been a weakening demand for materials used in the commercial and residential sectors.

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.

In Canada, only four of the ten sectors within the stock market were positive over the first six months of the year. The industry groups contributing the most to the decline in the TSX through the end of June were Energy, Information Technology and Financial Services stocks. The Information Technology business group was largely influenced by the sell-off in Research in Motion. The Financial Services sector, after doing well over the first three months of this year, turned negative as concerns about the European debt situation mounted. Conversely, Telecom Services and Consumer Discretionary stocks generated the largest positive contributions to the index.

The U.S. stock market has experienced substantial volatility during the second quarter. The S&P 500 experienced daily moves of 1%, up or down, on 30 of 66 trading days, or more than 45% of the time. Additionally, on May 6<sup>th</sup>, the "flash crash" occurred with major indices falling more than 9% in one afternoon before making a partial recovery.

During the second quarter of 2010, after four consecutive quarterly gains, the U.S. stock market produced its worst quarterly performance since the last three months of 2008 when Lehman Brothers collapsed and the credit crisis reached its peak. The result was a loss over the first half of the year, despite a 2% return in the first quarter.

During the first half of 2010, amongst equities outside of North America, all ten industrial sectors in the market experienced negative returns. However, the more defensive areas such as Consumer Staples (household products and food/beverages) as well as Information Technology, and Industrials inflicted less damage on investors. On the other hand, the worst performing sectors were Energy, Financial Services and Materials.

The Fund's Canadian equities under-performed the TSX index. The Fund was hurt by domestic 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 TSX up until June 30<sup>th</sup>.

Partially offsetting the relatively weak performance in Canada were the results exhibited by the foreign stocks in the Fund. In the United States, the Fund's holdings in the Financial Services and Consumer Discretionary business groups added value versus the S&P 500.

Outside of North America, the principal sources of value added in the Fund were an under-weight in Financial Services stocks and selection within that sector. Positive contributors were also stock selection in Information Technology and Telecom Services.

The Fund experienced net redemptions of \$5.0 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. Audit expenses, Reporting costs and Independent Review Committee charges 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 improving, significant headwinds remain, particularly within the developed world where mounting 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.

The global economic expansion has clearly slowed down, but remains positive and 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.

Recent Canadian additions to the Fund include Brookfield Properties, Centerra Gold, Trican Well Services, Magna, Loblaw Company and Inmet Mining. New U.S. stock purchases include Lincoln National Corp. and Unum Group, two insurance companies which were both trading below book value. Outside of North America, new holdings include BHP Billiton, bought on weakness following the announcement of a "super-tax" on the Australian mining sector. As well, Anheuser-Busch InBev was acquired after it reported strong first quarter results and there are strong indications that sales will continue to grow, particularly in Latin America.

## **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 Equity 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	\$12.91	\$10.44	\$16.27	\$18.23	\$16.67
Adjustment for new accounting standards	—	—	(0.03)	—	—
Net Assets, beginning of period	\$12.91	\$10.44	\$16.24	\$18.23	—
<b>Increase (decrease) from operations:</b>					
total revenue	0.05	0.31	0.46	0.42	0.53
total expenses	(0.02)	(0.03)	(0.04)	(0.04)	(0.04)
realized gains (losses)	(0.01)	(0.86)	0.28	1.54	1.44
unrealized gains (losses)	(0.69)	3.30	(5.80)	(2.34)	1.17
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>(\$0.67)</b>	<b>\$2.72</b>	<b>(\$5.10)</b>	<b>(\$0.42)</b>	<b>\$3.10</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.02)	(0.06)	(0.28)	(0.22)	(0.20)
From dividends	(0.01)	(0.37)	(0.19)	(0.17)	(0.28)
From capital gains	—	—	(0.28)	(0.04)	(1.02)
Return of capital	—	—	—	(0.08)	—
<b>Total Annual Distributions<sup>(2)</sup></b>	<b>(\$0.03)</b>	<b>(\$0.43)</b>	<b>(\$0.75)</b>	<b>(\$0.51)</b>	<b>(\$1.50)</b>
<b>Net Assets, end of period</b>	<b>\$12.20</b>	<b>\$12.91</b>	<b>\$10.44</b>	<b>\$16.24</b>	<b>\$18.23</b>

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

	2010	2009	2008	2007	2006
Net Asset Value (000's)	\$56,184	\$64,365	\$93,438	\$147,623	\$159,910
Number of units outstanding	4,606,566	4,985,737	8,948,193	9,071,274	8,769,785
Management expense ratio	2.39%	2.36%	2.19%	2.08%	2.13%
Management expense ratio before waivers or absorptions	2.39%	2.36%	2.19%	2.08%	2.13%
Portfolio turnover rate <sup>(3)</sup>	4.50%	8.97%	183.78% <sup>(5)</sup>	24.93%	24.70%
Trading expense ratio <sup>(4)</sup>	0.00%	0.00%	0.11%	0.06%	0.06%

**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 Equity 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** - November 27, 1996 (Prior to this date, the Fund was a non-public mutual fund)

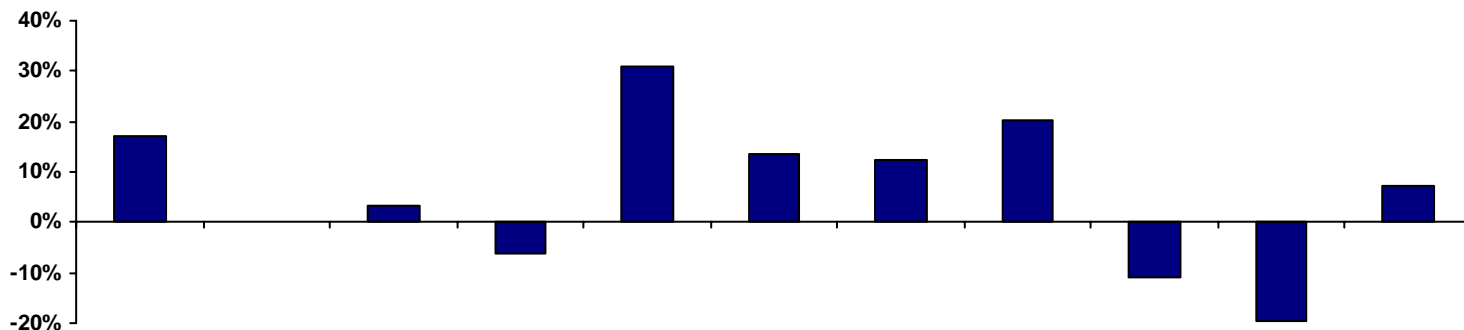
### Year-by-Year Returns

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

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
17.29	0.29	3.45	-6.19	30.95	13.40	12.29	20.38	-10.81	-19.77	7.34



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

**Asset Mix**

	% of Fund's Net Assets
Canadian Equities	69.38%
U.S. Equities	10.67%
International Equities	9.90%
Global Equities	10.10%
Other Assets, Net of Liabilities	-0.05%

**Canadian Sector Mix**

	% of Fund's Net Assets
Integra CVG Fund	
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%

**US Sector Mix**

	% of Fund's Net Assets
NWQ US Large Cap Fund	
Consumer Discretionary	5.04%
Consumer Staples	7.59%
Energy	11.00%
Financials	23.65%
Health Care	11.08%
Industrials	8.14%
Information Technology	10.61%
Materials	1.44%
Telecommunication Services	1.35%
Utilities	1.34%

**EAFE Country Mix**

Integra International Fund	% of Fund's Net Assets
Australia	5.43%
Austria	—
Belgium	1.14%
Brazil	4.44%
Chile	0.66%
China	0.68%
France	5.67%
Germany	5.68%
Hong Kong	4.86%
Japan	26.99%
Liechtenstein	—
Luxembourg	1.91%
Macau	1.26%
Netherlands	0.75%
Poland	0.50%
Singapore	1.16%
South Africa	2.18%
South Korea	0.13%
Spain	1.20%
Switzerland	14.71%
Thailand	2.08%
United Kingdom	18.36%

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**

(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	69.38%
2 NWQ U.S. Large Cap Value Fund	10.67%
3 Integra Newton Global Equity Fund	10.10%
4 Integra International Equity Fund	9.90%
5 Other Assets, Net of Liabilities	-0.05%

Total Fund Net Assets \$ 56,184,296

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Integra Capital Limited  
2020 Winston Park Drive, Suite 200  
Oakville, Ontario  
L6X 6X7

**Manager, Portfolio Manager, Transfer Agent and Registrar**  
Integra Capital Limited, Oakville, Ontario

**Auditors**  
Ernst & Young, LLP, Toronto, Ontario

**Legal Counsel**  
Torys LLP, Toronto, Ontario