

**Integra Equity Fund**  
**Semi-Annual Management Report of Fund Performance**  
**As at June 30, 2011**

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 3.17% compared to the Fund's benchmark (70% S&P/TSX, 15% Russell 1000 and 15% MSCI EAFE Index ND) which generated a return of 0.94%. The complete benchmark history of the fund is available upon request. The indices represent the broad markets that the Fund invests, including the TSX which had a 0.16% gain, the Russell 1000 which was provided a 3.31% return and the MFSCI EAFE Index which gained 1.96%. These returns are all presented in Canadian dollar terms and gross of fees.

For the first three months of this year, markets withstood the shocks of the earthquake and tsunami in Japan and the social unrest in the Middle East, while the second quarter brought more challenges and as has become commonplace, these led to significant volatility in asset prices. Among the problems that global economies faced were elevated energy prices, continued unrest in a number of Middle Eastern and African regimes, the disruption of global supply chains after March's earthquake and tsunami in Japan and the completion of the U.S. Federal Reserve's quantitative easing program, 'QE2', at the end of June. Despite the threats that these issues presented, it was the European sovereign debt crisis that was the most dominant driver of investment returns. In June, the threat of a Greek sovereign default pushed markets sharply lower in a risk-averse move similar to what was experienced mid-2010. However, the markets staged a rapid recovery late in the quarter following the passing of first the Greek government's confidence vote and then its austerity plan, the latter of which paved the way for the country to receive further financial assistance, diminishing the threat of its immediate default.

There are other positives in the international markets. Corporate earnings continue to grow, profit margins are still expanding and companies are holding large cash positions on their balance sheets. Additionally, Japan generated better than expected manufacturing and supply data following the effects of the natural disasters and potential nuclear catastrophe.

Despite the considerable volatility over the past few months, in broad terms equity markets overseas managed to hold on to the gains generated during the first quarter. Nonetheless, there was significant divergence in the performance of various sectors. In general, defensive stocks outperformed cyclicals. The top performing sectors included Health Care, Telecom Services and Consumer Staples. Three sectors experienced negative returns including Information Technology, which lost slightly less than 5% over the first six months of the year.

Within the Canadian equity market, the Information Technology sector was by far the worst performing sector, losing over 30% of its value in the first half of 2011. The other business groups to finish the January to June period in negative territory were Materials, Consumer Discretionary and Energy. The best performing areas in the market were Health Care, Telecom Services and Industrials.

In the U.S. stock market, the more defensive business groupings, including Health Care, Utilities and Consumer Staples, provided the best returns. On the other hand, Financial Services, Information Technology and Materials - the more economically sensitive sectors - produced negative returns over the first half of the year.

Outside of North America, the results were similar. The top performers included Health Care, Telecom Services and Consumer Staples. Three sectors experienced negative returns including Information Technology which lost slightly less than 5% over the first six months of the year.

The Fund under-performed its benchmark primarily due to stock selection in Canada. Domestic holdings were overweight to uranium stocks – based upon expected demand from China’s increasing power requirements. With the Fukushima meltdown caused by the devastating earthquake and subsequent tsunami, public opinion quickly soured on nuclear energy and uranium stocks tumbled – despite little change occurring to existing demand levels for the underlying commodity.

The Fund also held Sino-Forest, which was subject to fraud allegations made by research firm Muddy Waters LLC. Due to the uncertainty created and the expected prolonged period before issues including ownership of assets can be clarified, the stock has been sold out of the Fund.

Lastly, Research in Motion detracted from relative performance. The maker of the Blackberry witnessed its stock price fall in the face of declining market share, a weaker than expected earnings report and a gap in new product introductions. However, RIM remains a number three player in a world market that is forecast to post double digit growth each year until 2015 and trades at a very low valuation. The investment management teams continue to monitor the company closely.

The Fund experienced net redemptions of \$10.0 million during the first six months of 2011.

Fund expenses vary period over period mainly as the result of changes in average Net Asset Values and investment activity. Custodial expenses and Operating costs were lower year over year due to the above factors. Additionally, a new fee schedule with lower rates was negotiated with the Fund’s custodian.

## **Management Report of Fund Performance - continued**

### **Recent Developments**

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 global growth.

While many important commodities are still rising in price, the growth rates are slowing reflecting a moderation in expectations for global economic expansion. Because commodities have become such an important barometer of investor risk preference, a slowing in commodity price inflation has important implications for equities, particularly in Canada.

In recent months, domestic economic growth has flattened. The primary reason is a sharp decline in mining production caused by unusually severe weather-related factors in the early spring that disrupted energy and mining production. In addition, following strong growth during the first quarter, retail sales volumes have fallen most recent past three months. New motor vehicle unit sales have decreased. Home sales trailed the levels experienced during the early portion of 2011 as affordability and household balance sheets are placing constraints on demand.

On the brighter side, rising operating profits among financial and non-financial businesses and easing credit lending conditions should continue to support future business investment. The latter still has considerable scope to grow strongly considering its below-normal share of GDP. Capital expenditures are being made by Canadian businesses on new machinery and equipment which should generate further productivity growth.

The extent of the global debt crisis and the number of economies involved, places an unprecedented drag on global economic activity. It has in turn, unleashed an equally unprecedented reflationary response in terms of monetary and fiscal intervention. The interaction between these two forces has created a volatile backdrop, against which investors flip-flop between fears of inflation and recession. The investment world is further distorted by zero interest policies because of the interplay between so-called 'risk-free' assets (government bonds) and the valuation of risk assets like equities, real estate and corporate debt. This means being vigilant about what to own (there are very real solvency risks to contend with) and trying to focus on assets that can generate real cash flows from reliable sources.

Large global companies in sectors which experience stable end demand should provide a relative haven against this volatile backdrop. Banks in the mature markets are still undergoing a host of problems, from dubious asset quality to uncertain regulation.

Recent additions to the portfolio include ABB whose transmission and distribution business is improving, Cisco Systems and Teva Pharmaceuticals.

### **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, 2011 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, 2011  | Dec 31, 2010    | Dec 31, 2009    | Dec 31, 2008    | Dec 31, 2007    |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Net Asset Value per unit, beginning of period                  | \$14.37        | \$12.91         | \$10.44         | \$16.27         | \$18.23         |
| Adjustment for new accounting standards                        | —              | —               | —               | (0.03)          | —               |
| Net Assets per unit, beginning of period                       | \$14.37        | \$12.91         | \$10.44         | \$16.24         | \$18.23         |
| <b>Increase (decrease) from operations:</b>                    |                |                 |                 |                 |                 |
| total revenue  | 1.00           | 0.28            | 0.31            | 0.46            | 0.42            |
| total expenses   | (0.03)         | (0.05)          | (0.03)          | (0.04)          | (0.04)          |
| realized gains (losses)  | 0.40           | (0.22)          | (0.86)          | 0.28            | 1.54            |
| unrealized gains (losses)                                      | (0.91)         | 1.12            | 3.30            | (5.80)          | (2.34)          |
| <b>Total increase (decrease) from operations<sup>(1)</sup></b> | <b>\$0.46</b>  | <b>\$1.13</b>   | <b>\$2.72</b>   | <b>(\$5.10)</b> | <b>(\$0.42)</b> |
| <b>Distributions:</b>  |                |                 |                 |                 |                 |
| From income (excluding dividends)                              | —              | (0.06)          | (0.06)          | (0.28)          | (0.22)          |
| From dividends   | —              | (0.31)          | (0.37)          | (0.19)          | (0.17)          |
| From capital gains   | —              | —               | —               | (0.28)          | (0.04)          |
| Return of capital  | —              | —               | —               | —               | (0.08)          |
| <b>Total Annual Distributions<sup>(2)</sup></b>                | <b>\$0.00</b>  | <b>(\$0.37)</b> | <b>(\$0.43)</b> | <b>(\$0.75)</b> | <b>(\$0.51)</b> |
| <b>Net Assets per unit, end of period</b>                      | <b>\$13.92</b> | <b>\$14.37</b>  | <b>\$12.91</b>  | <b>\$10.44</b>  | <b>\$16.24</b>  |

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

|  | 2011      | 2010      | 2009      | 2008      | 2007      |
|--|-----------|-----------|-----------|-----------|-----------|
| Net Asset Value (000's)                                | \$25,071  | \$35,917  | \$64,365  | \$93,438  | \$147,623 |
| Number of units outstanding                            | 1,801,343 | 2,498,812 | 4,985,737 | 8,948,193 | 9,071,274 |
| Management expense ratio                               | 3.04%     | 2.58%     | 2.36%     | 2.19%     | 2.08%     |
| Management expense ratio before waivers or absorptions | 3.04%     | 2.58%     | 2.36%     | 2.19%     | 2.08%     |
| Portfolio turnover rate <sup>(3)</sup>                 | 6.18%     | 10.28%    | 8.97%     | 183.78%   | 24.93%    |
| Trading expense ratio <sup>(4)</sup>                   | 0.00%     | 0.00%     | 0.00%     | 0.11%     | 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)

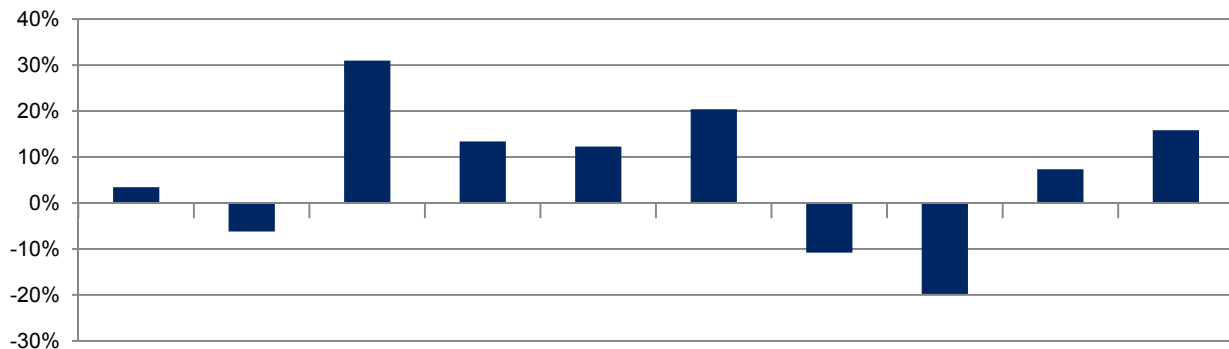
### Year-by-Year Returns

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

| 2002  | 2003   | 2004   | 2005   | 2006   | 2007   | 2008    | 2009    | 2010  | 2011   |
|-------|--------|--------|--------|--------|--------|---------|---------|-------|--------|
| 3.45% | -6.19% | 30.95% | 13.40% | 12.29% | 20.38% | -10.81% | -19.77% | 7.34% | 15.82% |



**Integra Equity Fund**  
**Summary of Investment Portfolio as at June 30, 2011**

**Asset Mix**

|                                  | % of Fund's<br>Net Assets |
|----------------------------------|---------------------------|
| Canadian Equities                | 70.26%                    |
| U.S. Equities                    | 9.95%                     |
| International Equities           | 9.85                      |
| Global Equities                  | 10.05                     |
| Other Assets, Net of Liabilities | (0.11%)                   |

**Canadian Sector Mix**

| Integra Canadian Value Growth Fund | % of Fund's<br>Net Assets |
|------------------------------------|---------------------------|
| Consumer Discretionary             | 4.37%                     |
| Consumer Staples                   | 1.36%                     |
| Energy                             | 23.64%                    |
| Financials                         | 25.45%                    |
| Health Care                        | 1.18%                     |
| Industrials                        | 6.38%                     |
| Information Technology             | 3.63%                     |
| Materials                          | 23.01%                    |
| Telecommunication Services         | 5.35%                     |
| Utilities                          | 0.66%                     |

**US Sector Mix**

| NWQ US Large Cap Fund      | % of Fund's<br>Net Assets |
|----------------------------|---------------------------|
| Consumer Discretionary     | 8.73%                     |
| Consumer Staples           | 3.38%                     |
| Energy                     | 11.39%                    |
| Financials                 | 27.29%                    |
| Health Care                | 10.31%                    |
| Industrials                | 6.03%                     |
| Information Technology     | 12.88%                    |
| Materials                  | -                         |
| Telecommunication Services | -                         |
| Utilities                  | 0.97%                     |

**EAFE Country Mix**

| Integra International Fund | % of Fund's<br>Net Assets |
|----------------------------|---------------------------|
| Australia                  | 6.25%                     |
| Belgium                    | 1.31%                     |
| Brazil                     | 4.07%                     |
| Cayman Islands             | 0.51%                     |
| China                      | 0.98%                     |
| Denmark                    | 0.56%                     |
| France                     | 6.48%                     |
| Germany                    | 4.78%                     |
| Hong Kong                  | 6.12%                     |
| Japan                      | 23.07%                    |
| Macau                      | 0.96%                     |
| Norway                     | 1.12%                     |
| Philippines                | 0.65%                     |
| Poland                     | 0.88%                     |
| Singapore                  | 2.20%                     |
| South Africa               | 2.43%                     |
| Spain                      | 0.92%                     |
| Switzerland                | 11.51%                    |
| Thailand                   | 4.47%                     |
| United Kingdom             | 16.23%                    |

**Global Country Mix**

| (Newton Global Equity Fund) | % of Fund's<br>Net Assets |
|-----------------------------|---------------------------|
| Australia                   | 4.22%                     |
| Belgium                     | 0.78%                     |
| Bermuda                     | 0.82%                     |
| Brazil                      | 3.70%                     |
| Canada                      | 3.54%                     |
| Denmark                     | 0.53%                     |
| France                      | 5.96%                     |
| Germany                     | 2.47%                     |
| Hong Kong                   | 4.56%                     |
| Ireland                     | 2.05%                     |
| Italy                       | 0.50%                     |
| Japan                       | 9.39%                     |
| Macau                       | 0.76%                     |
| Norway                      | 1.00%                     |
| Russia                      | 0.66%                     |
| Singapore                   | 1.90%                     |
| South Africa                | 1.21%                     |
| South Korea                 | 0.23%                     |
| Spain                       | 0.80%                     |
| Switzerland                 | 11.05%                    |
| Taiwan                      | 1.22%                     |
| Thailand                    | 1.99%                     |
| Turkey                      | 0.40%                     |
| United Kingdom              | 9.37%                     |
| United States               | 29.18%                    |

**Top 25 Issuers**

| (excluding cash equivalents)         | % of<br>Fund's<br>Net<br>Assets |
|--------------------------------------|---------------------------------|
| 1 Integra Canadian Value Growth Fund | 70.26%                          |
| 2 Integra Newton Global Equity Fund  | 10.05%                          |
| 3 NWQ U.S. Large Cap Value Fund      | 9.95%                           |
| 4 Integra International Equity Fund  | 9.85%                           |
| 5 Other Assets, Net of Liabilities   | (0.11%)                         |

Total Fund Net Assets \$ 25,071,429

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)

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