

## **Integra Newton Global Equity Fund Annual Management Report of Fund Performance As at December 31, 2009**

This annual report of fund performance contains financial highlights but does not contain the complete annual financial statements for the investment fund. You may request a copy of the annual financial statements at no cost, by calling 1-800-363-2480, by writing to us 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 investment fund’s proxy voting policies and procedures, proxy voting disclosure record, or portfolio disclosure relation to the investment fund.

### **Management Discussion of Fund Performance Investment Objective and Strategies**

The Integra Newton Global Equity Fund seeks to provide long-term capital growth through a portfolio of global equities, which are sufficiently diversified to minimize investment risk. To achieve its objective, the Fund invests in stocks issued by companies around the world and includes both large and small-cap issuers. From time to time the Fund may invest in the Emerging Markets, up to a maximum of 25%. The Fund may hold up to an aggregate of 10% in cash or cash equivalents.

The Fund’s investment process combines a global bottom-up stock-picking approach based on proprietary stock and sector research within a strategic framework, built on investment trends and themes. Each stock is evaluated in a global context.

The Integra Newton Global Equity Fund may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Fund’s other strategies in an appropriate manner to achieve the Fund’s investment objectives.

### **Risk**

Most of the Fund’s assets will be invested in common shares of companies around the world, but largely outside of Canada. As a result, the Fund is exposed to stock market risk, specific issuer risk as well as foreign security risk and currency risk. Stock market risk can be described as the potential for a decline in stock prices. Specific issuer risk of a company will be impacted by various factors including profit growth, dividend policy, balance sheet leverage, quality of management, market share, product development, and technology investment.

The Fund may also invest in American Depository Receipts and would therefore be exposed to ADR risk.

The Fund may participate in securities lending. Accordingly, it may be subject to securities lending risks.

Looking ahead, many developed countries saddled with aging populations and slow growth must now deal with large government deficits created by the substantial stimulus programs introduced during the past few years. Greece, whose deficit as a percentage of GDP is three times the limit for Euro member countries, is but one recent example of this issue. Such situations of excessive leverage have the potential to unsettle capital markets.

As at December 31, 2009, there was one substantial unitholder holding approximately 41% of the outstanding units of the Fund. The purchase or redemption of a substantial number of securities of a Fund may require the manager to change the composition of the Fund’s portfolio significantly or may force the Fund’s sub-advisor to buy or sell investments at unfavourable prices, which can affect the Fund’s return.

Additionally on December 31, 2009, the Integra Diversified Fund held approximately 45% of the outstanding units of the Fund. The Integra Diversified Fund may invest its assets directly in the Integra Newton Global Equity Fund and the amount and timing of such purchases and redemptions may be material at any point in time. As a result, the Integra Newton Global Equity Fund may have to alter its portfolio to accommodate large purchases and redemptions.

# **Integra Newton Global Equity Fund**

## **Management Discussion of Fund Performance—continued**

### **Results of Operations**

For the quarter, six-month and one-year periods ended December 31<sup>st</sup>, 2009, the Fund gained 2.2%, 8.9% and 11.4% respectively, in Canadian dollar terms. In comparison, the Fund's benchmark (100% Morgan Stanley Capital International – World Index) was up 1.8%, 10.6% and 11.1% during the same periods.

During the first two months of 2009, global stock markets were down approximately 20% as investors shunned risk and thus sold out of equities. In early March, stock markets around the world touched bottom and sentiment reversed dramatically, partly on the back of support commitments and tremendous injections of liquidity into the financial services sector by governments around the world. While many indicators within the global economy indicate these are difficult times, the equity markets' sharp rise reflected a common belief that the worst is behind us. However, it should be noted that the rally which began late in the first quarter left many high quality companies behind.

The strongest performing areas outside of North America were the Emerging Markets, particularly Brazil (an economy leveraged towards commodities) and China. In the Far East, Australia (benefitting from its proximity to China's booming economy) and Singapore enjoyed the best returns while Japan, in spite of a rally late in the year, was down over the 12-month period.

Within Europe, Norway and Sweden reported the largest gains during the year, while Finland and Ireland suffered losses during 2009.

The Materials sector was by far the best performing business group in the international stock market during 2009, generating a return of 44.3%. Other sub-indices rewarding investors during the year were Financial Services and Consumer Discretionary stocks.

On the other hand, the Utilities and Telecom Services industry groups lost money during 2009.

The Fund's out-performance relative to its benchmark was largely due to a combination of stock selection and an over-weight to Emerging Markets. Stock selection in the Financial Services sector as well as within the United States added value. Additionally, the Fund benefited from an overweight in Brazil within the Emerging Markets and underweight in Japan. The major negative impact on performance was stock selection in the Euro Zone.

Fund expenses vary period over period mainly as the result of changes in average Net Asset Values and investment activity. Custodial fees decreased year over year largely due to the full year's benefit of a new fee schedule negotiated with the Fund's custodian in late 2008.

### **Recent Developments**

Central banks around the world will generally maintain relatively loose monetary policies because the economic recovery is likely to be a slow, prolonged event. The policy makers are more concerned about economic stability and the risks of deflations rather than inflation.

However, the global economy remains unbalanced on a geographic basis, in terms of savings, exports and consumption. Additionally, there is likely to be increased volatility in the financial markets due to unexpected surprises.

The Fund's investment approach is founded upon the use of themes which are based on likely forces of change in the world.

- developed economies are in the midst of an adjustment to lower growth and less financial leverage
- equity risk should remain biased towards relatively insensitive economic sectors
- developing economies have longer term attraction
- commodity and resource sectors have supply/demand challenges

As a consequence, the Fund is underweight most Western Financial Services sectors. Additionally, it favours more defensive business groups such as Telecom Services, Healthcare and Consumer Staples. As well, the Fund is overweight Emerging Markets.

Recent acquisitions by the Fund include BNO Paribas, Nomura Holdings, Suncor Energy and Denbury Resources.

The major overweight positions relative to the benchmark are Millicom International Cellular, Sprint Nextel, Newcrest Mining, Tele Norte Leste Participacoes (a Brazilian telecom company) and Jardine Matheson (a Singapore-based financial services firm).

The Fund's defensive posture is illustrated by its sizeable overweight positions in Telecom Services and Health Care relative to the World Index.

On a geographic basis, the Fund is over-weight Emerging Markets and the Pacific Region excluding Japan while being less represented relative to the benchmark in North America.

# **Integra Newton Global Equity Fund**

## **Management Discussion of Fund Performance—continued**

### **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 and future events, prior to the release of the next Management Report on Fund Performance.

### **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.

**Integra Newton Global 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. This information is derived from the Fund's audited annual financial statements.

<b>Newton Global Equity Fund</b>					
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Net Asset Value, Beginning of Year	\$6.71	\$9.82	\$10.00	\$0.00	—
Adjustment for New Accounting Standards	(0.03)	(0.02)	—	—	—
Net Assets, Beginning of Year	\$6.68	\$9.80	\$10.00	—	—
<b>Increase (Decrease) From Operations:</b>					
Total revenue	0.20	0.17	0.01	—	—
Total expenses	—	(0.01)	—	—	—
Realized gains (losses) for the year	(0.23)	(1.78)	(0.06)	—	—
Unrealized gains (losses) for the year	0.84	(1.63)	(0.33)	—	—
<b>Total Increase (Decrease) From Operations</b> <sup>(1)</sup>	\$0.81	(\$3.25)	(\$0.38)	\$0.00	—
<b>Distributions:</b>					
From income (excluding dividends)	(0.20)	(0.13)	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions</b> <sup>(2)</sup>	(\$0.20)	(\$0.13)	\$0.00	\$0.00	—
<b>Net Asset Value, End of Year</b>	\$7.25	\$6.68	\$9.80	\$10.00	—
Ratios and Supplemental Data (Based on Trading NAV)					
Net asset values(000's)	\$ 269,135	\$246,084	\$87,436	\$1	—
Number of units outstanding	37,014,967	36,650,693	8,903,721	101	—
Management expense ratio (%)	0.08%	0.18%	0.00%	0.00%	—
Management expense ratio before waivers or absorptions (%)	0.08%	0.18%	0.00%	0.00%	—
Portfolio turnover rate (%) <sup>(3)</sup>	46.00%	102.58%	7.18%	0.00%	—
Trading expense ratio (%) <sup>(4)</sup>	0.12%	0.39%	0.08%	0.00%	—

**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 year.
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 year.

**Management Fees**

The Fund pays no management fees to Integra. For management services provided to them by Integra, clients of Integra will pay an investment management fee directly to Integra, as set out in their agreement with Integra. The amount of the investment management fee is negotiable between the client and Integra.

\*The maximum annual management fee before GST (expressed as a % of assets under management by Integra) payable by the client to Integra for the Integra Newton Global Equity Fund is 1.95%. Accordingly, the Management Expense Ratio includes this maximum annual management fee.

# Integra Newton Global Equity Fund

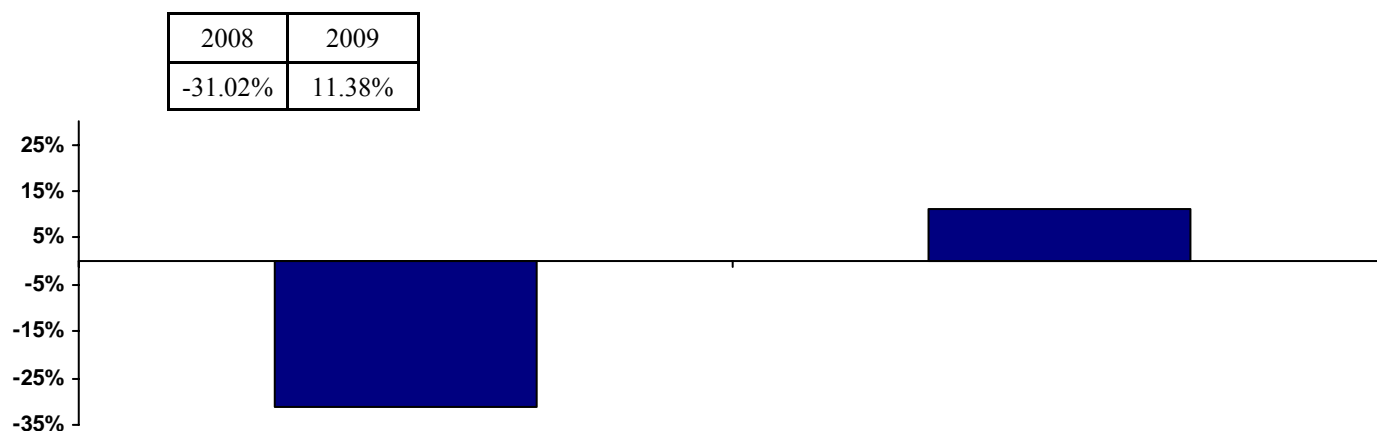
## Past Performance

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** - August 27, 2008

### 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.



### Annualized Returns

This table shows the fund's historical annualized returns for the period ending December 31, 2009.

Annualized Returns	Past 3 months	Past 1 Year	Past 2 Years	Since Inception
Integra Newton Global Equity Fund	2.21%	11.38%	-12.35%	-12.75%
Benchmark	1.75%	11.07%	-8.95%	-9.72%

\*Performance since inception is calculated for the first full month of investment activity. For this fund the date is December 1, 2007.

### Benchmark

The Newton Global Equity Benchmark reflects the market sectors in which the Fund invests and was created by using the assumptions that a portfolio was invested as to 100% in the securities in the Morgan Stanley Capital International World Index.

100.0% Morgan Stanley Capital World Index
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# Integra Newton Global Equity Fund

## Summary of Investment Portfolio as at December 31, 2009

Asset Mix		Top 25 Issuers			
	% of Fund's Net Asset Values	(excluding cash equivalents)		% of Fund's Net Asset Values	
Global Equities	98.99%	1	ROCHE HLDG AG	2.10%	
Cash and Cash Equivalents	0.00%	2	SPRINT NEXTEL	2.08%	
		3	NEWCREST MNG	2.00%	
Other Assets, Net of Liabilities	1.01%	4	MILLICOM INTL CELLULAR SA	1.87%	
		5	TOTAL SA	1.85%	
		6	VODAFONE	1.73%	
		7	TELE NORTE LESTE PARTIC	1.72%	
		8	PFIZER	1.69%	
		9	JARDINE MATHESON HLDGS	1.58%	
		10	GLAXOSMITHKLINE	1.47%	
		11	CABLE & WIRELESS	1.46%	
		12	BRITISH AMERN TOBACCO ORD	1.45%	
		13	QBE INS	1.41%	
		14	UNILEVER	1.41%	
		15	EMC MASS	1.37%	
		16	BAYER AG	1.35%	
		17	DEUTSCHE TELEKOM AG	1.34%	
		18	NOVARTIS AG	1.32%	
		19	NESTLE SA	1.28%	
		20	SYNGENTA AG	1.27%	
		21	DEVON ENERGY	1.26%	
		22	ZURICH FINL SVC	1.14%	
		23	ALTRIA GRP	1.08%	
		24	APPLIED MATERIALS	1.07%	
		25	THALES	1.07%	
		Total Fund Net Asset Values \$ 269,134,963			
Country Mix					
	% of Fund's Net Asset Values				
Australia	4.90%				
Austria	0.47%				
Bermuda	0.75%				
Brazil	3.40%				
Canada	1.61%				
China	0.41%				
France	4.96%				
Germany	4.41%				
Hong Kong	2.19%				
Indonesia	0.39%				
Japan	7.33%				
Luxembourg	1.87%				
Malaysia	1.33%				
Netherlands	2.05%				
Norway	1.00%				
Russia	0.48%				
Singapore	0.90%				
South Africa	1.42%				
South Korea	0.77%				
Spain	0.69%				
Switzerland	9.14%				
Taiwan	0.67%				
Thailand	1.65%				
United Kingdom	13.33%				
United States	32.86%				

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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