

Financial Statements of

INTEGRA BALANCED FUND

Years ended December 31, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Integra Balanced Fund

Opinion

We have audited the financial statements of Integra Balance Fund (the Entity), which comprise:

- the statements of financial position as at December 31, 2018 and 2017
- the statements of comprehensive income (loss) for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.



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Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 27, 2019

INTEGRA BALANCED FUND

Statements of Financial Position

December 31, 2018 and 2017

	2018	2017
Assets		
Cash	\$ 28,000	\$ —
Receivable for investments sold	10,849	—
Investments, at fair value	51,234,819	64,475,644
Total assets	51,273,668	64,475,644
Liabilities		
Redemptions payable	10,849	—
Distributions payable to holders of redeemable units	1	—
Accrued expenses	51,064	55,274
Other payables	27,248	—
Total liabilities, excluding net assets attributable to holders of redeemable units	89,162	55,274
Net assets attributable to holders of redeemable units	\$ 51,184,506	\$ 64,420,370
Redeemable units (note 3)	3,397,956	3,833,647
Net assets attributable to holders of redeemable units per unit	\$ 15.06	\$ 16.80

See accompanying notes to financial statements.

On behalf of the Manager,
Integra Capital Limited:



Graham Rennie

Director



Steven Carlson

Director

INTEGRA BALANCED FUND

Statements of Comprehensive Income (Loss)

Years ended December 31, 2018 and 2017

	2018	2017
Income (loss):		
Interest income for distribution purposes	\$ 169	\$ 1,440
Income from funds	1,415,902	1,489,737
Other changes in fair value of investments:		
Net realized gain on sale of investments	3,391,838	1,711,266
Net foreign exchange gain (loss) on cash	7	(18)
Net other loss	–	(2)
Net change in unrealized appreciation (depreciation) of investments	(6,271,398)	2,659,993
Total income (loss)	(1,463,482)	5,862,416
Expenses (income):		
Custodial fees	32,977	42,654
Operating fees	1,701	5,388
Audit fees	15,002	15,002
Filing fees	7,001	7,001
Investment performance monitoring fees	–	(1,232)
Securityholder reporting fees	2,504	70
Independent Review Committee fees (note 7)	7,501	7,501
Harmonized sales tax	7,185	7,821
Total expenses	73,871	84,205
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,537,353)	\$ 5,778,211
Increase (increase) in net assets attributable to holders of redeemable units per unit (based on the weighted average number of units outstanding during the year)	\$ (0.42)	\$ 1.51

See accompanying notes to financial statements.

INTEGRA BALANCED FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

	2018	2017
Net assets attributable to holders of redeemable units, beginning of year	\$ 64,420,370	\$ 62,582,301
Increase (decrease) in net assets attributable to holders of redeemable units	(1,537,353)	5,778,211
Distributions paid or payable to holders of redeemable units:		
From net investment income	(1,342,098)	(1,406,311)
From net realized capital gains	(3,113,425)	(898,309)
Total distributions to holders of redeemable units	(4,455,523)	(2,304,620)
Redeemable unit transactions (note 3):		
Issuance of units	2,505,480	3,024,280
Reinvestment of distributions	4,455,523	2,304,620
Redemptions of units	(14,203,991)	(6,964,422)
Net decrease from redeemable unit transactions	(7,242,988)	(1,635,522)
Net increase (decrease) in net assets attributable to holders of redeemable units	(13,235,864)	1,838,069
Net assets attributable to holders of redeemable units, end of year	\$ 51,184,506	\$ 64,420,370

See accompanying notes to financial statements.

INTEGRA BALANCED FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,537,353)	\$ 5,778,211
Change in non-cash operating items:		
Net foreign exchange loss (gain) on cash	(7)	18
Net realized gain on sale of investments	(3,391,838)	(1,711,266)
Net change in unrealized depreciation (appreciation) of investments	6,271,398	(2,659,993)
Purchase of investments	(10,165,627)	(5,612,821)
Proceeds from the sale of investments	20,516,043	8,150,805
Accrued expenses	(4,210)	(4,794)
Other payables	27,248	—
Cash provided by operating activities	11,715,654	3,940,160
Cash flows from (used in) financing activities:		
Amount received from the issuance of units	2,505,480	3,024,280
Amount paid on redemptions of units	(14,193,142)	(6,964,422)
Distributions payable to holders of redeemable units	1	—
Cash used in financing activities	(11,687,661)	(3,940,142)
Increase in cash	27,993	18
Net foreign exchange gain (loss) on cash	7	(18)
Cash, beginning of year	—	—
Cash, end of year	\$ 28,000	\$ —
Supplemental information:		
Interest received	\$ 169	\$ 1,440

See accompanying notes to financial statements.

INTEGRA BALANCED FUND

Schedule of Investments

December 31, 2018

	Number of shares/units	Average cost	Fair value
Acadian Core International Equity Fund	454,928	\$ 2,069,321	\$ 3,062,572
ICL Global Equity Fund	417,915	3,151,396	2,656,102
Integra Bond Fund	1,401,595	23,160,334	21,916,317
Integra Canadian Value Growth Fund	934,309	14,596,058	15,243,345
Integra Emerging Markets Equity Fund	244,484	2,511,263	2,630,687
Integra U.S. Value Growth Fund	361,847	4,304,881	5,725,796
Total investment portfolio - 100.10%		<u>\$ 49,793,253</u>	51,234,819
Other assets, net of liabilities - (0.10%)			(50,313)
Net assets attributable to holders of redeemable units - 100.00%			<u>\$ 51,184,506</u>

See accompanying notes to financial statements.

INTEGRA BALANCED FUND

Risk Disclosures

Years ended December 31, 2018 and 2017

1. Financial instruments risk:

Investment activities of the Integra Balanced Fund (the "Fund") expose the Fund to some financial instrument 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.

2. Risk management:

The investment objective of the Fund is to generate both capital appreciation (growth) and income, while maintaining a relatively low level of risk. To achieve its objective, the Fund invests in a number of underlying funds that have holdings in a number of different asset classes. The long-term target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility, asset class diversification and investment styles.

Financial statements for the underlying funds, which include discussions about their respective risk exposures, are available at www.integra.com.

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

As the Fund invests in underlying funds, it has various risk exposures attributable to its investments in these underlying funds. The types of risks outlined below reflect the risks of the underlying funds.

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

(a) 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 an investment 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 carrying amount of the Fund's assets on the statements of financial position represents the maximum exposures to credit risk relating to financial assets and liabilities.

The Fund's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The table below summarizes the Fund's indirect exposure to the credit ratings of debt securities, whose credit ratings were primarily based on ratings issued by Standard & Poor's ("S&P"):

Debt securities by credit rating	As a % of total bonds	
	2018	2017
AAA	24.25	37.41
AA	16.36	16.99
A	38.95	27.79
BBB	20.44	17.81
	100.00	100.00

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

(b) Counterparty credit risk:

Counterparty credit risk primarily emanates from the use of over-the-counter derivatives. This risk is minimized by selecting counterparties who have a minimum of "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.

See Derivatives section below for exposures from foreign exchange forward contracts.

(c) 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 and account balances held in the Fund. From time to time, the Fund may manage currency risk through foreign currency hedging strategies.

Currency risk arises on financial instruments denominated in foreign currencies. Fluctuations in foreign exchange rates impact the valuation of assets and liabilities denominated in foreign currencies.

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

The tables below indicate the currencies to which the Fund had direct and indirect exposure on its trading monetary and non-monetary assets and liabilities, as well as the underlying principal amount of foreign exchange forward contracts:

2018	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
United States Dollar	\$ 7,934,768	\$ 175,373	\$ 8,110,141	15.84
Euro	1,429,969	(173,611)	1,256,358	2.45
Japanese Yen	919,502	—	919,502	1.80
Hong Kong Dollar	680,553	—	680,553	1.33
British Pound	463,400	—	463,400	0.91
Swiss Franc	362,727	—	362,727	0.71
South Korean Won	305,885	—	305,885	0.60
Indian Rupee	269,750	—	269,750	0.53
Australian Dollar	243,567	—	243,567	0.48
Indonesian Rupiah	186,837	—	186,837	0.37
South African Rand	178,264	—	178,264	0.35
New Taiwan Dollar	170,639	—	170,639	0.33
Brazilian Real	161,055	—	161,055	0.31
Swedish Krona	148,894	—	148,894	0.29
Singapore Dollar	122,473	—	122,473	0.24
Danish Krone	68,468	—	68,468	0.13
Thai Baht	60,317	—	60,317	0.12
Israeli Shekel	55,122	—	55,122	0.11
Mexican Peso	53,807	—	53,807	0.11
Norwegian Krone	50,735	—	50,735	0.10
Polish Zloty	38,576	—	38,576	0.08
Colombian Peso	32,824	—	32,824	0.06
Philippine Peso	23,392	—	23,392	0.05
Malaysian Ringgit	14,921	—	14,921	0.03
Hungarian Forint	11,274	—	11,274	0.02
Russian Ruble	9,309	—	9,309	0.02
Qatari Rial	8,699	—	8,699	0.02
New Zealand Dollar	5,462	—	5,462	0.01
Peruvian Nuevo Sol	5	—	5	—

*Amounts reflect the carrying value of monetary and non-monetary items (including the notional amount of forward foreign currency contracts).

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

2017	Currency risk- exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
United States Dollar	\$ 10,962,942	\$ 49,275	\$ 11,012,217	17.09
Euro	2,625,398	(50,868)	2,574,530	4.00
Japanese Yen	1,337,849	—	1,337,849	2.08
British Pound	932,431	—	932,431	1.45
Hong Kong Dollar	871,510	—	871,510	1.35
South Korean Won	844,498	—	844,498	1.31
Indian Rupee	502,829	—	502,829	0.78
South African Rand	388,425	—	388,425	0.60
Swiss Franc	346,442	—	346,442	0.54
Singapore Dollar	319,044	—	319,044	0.50
New Taiwan Dollar	313,184	—	313,184	0.49
Thai Baht	203,601	—	203,601	0.32
Indonesian Rupiah	203,408	—	203,408	0.32
Norwegian Krone	192,285	—	192,285	0.30
Brazilian Real	177,299	—	177,299	0.28
Swedish Krona	162,614	—	162,614	0.25
Australian Dollar	161,471	—	161,471	0.25
Polish Zloty	96,619	—	96,619	0.15
Malaysian Ringgit	80,932	—	80,932	0.13
Danish Krone	56,908	—	56,908	0.09
Mexican Peso	53,985	—	53,985	0.08
Israeli Shekel	33,711	—	33,711	0.05
Philippine Peso	24,033	—	24,033	0.04
New Zealand Dollar	24,016	—	24,016	0.04
Russian Ruble	15,766	—	15,766	0.02
Kenyan Shilling	12,362	—	12,362	0.02
Qatari Rial	9,914	—	9,914	0.02
Colombian Peso	1,810	—	1,810	—
Peruvian Nuevo Sol	7	—	7	—

*Amounts reflect the carrying value of monetary and non-monetary items (including the notional amount of forward foreign currency contracts).

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$700,648 (December 31, 2017 - \$1,047,685). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

(d) Derivatives:

The Fund may utilize 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 of "A" credit rating.

Currency risk relates 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 statements of financial position.

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, 2018 and 2017, the Fund did not directly hold any foreign exchange forward contracts.

(e) 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.

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less; as a result, there is no significant risk of changes in their fair value and not subject to interest rate risk.

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

The table below summarizes the Fund's exposure to interest rate risk through its investment in underlying funds. It includes the Fund's assets and trading liabilities at fair values, and it is categorized by the earlier of contractual repricing or maturity dates. The interest rate risk associated with short-term notes is minimal and, therefore, not included in the table below:

Bonds	2018	2017
Less than 1 year	\$ 461,169	\$ –
1 - 3 years	3,281,147	3,937,816
3 - 5 years	5,871,747	6,043,295
> 5 years	11,665,966	10,891,683
Total exposure	\$ 21,280,029	\$ 20,872,794

As at December 31, 2018, had the prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$1,571,013 (2017 - \$1,538,919).

(f) Liquidity risk:

Liquidity risk is the possibility that investments of the Fund cannot be readily converted into cash when required. The Fund may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Fund or the securities may be subject to legal or contractual restrictions on their resale. In addition, holders of redeemable units may redeem their units on each valuation date. Liquidity risk is managed by investing in securities that are traded in active markets and can be readily disposed, and by retaining sufficient cash and cash equivalent positions to maintain liquidity.

These liabilities are all current and are due within 90 days, with the exception of net assets attributable to holders of redeemable units which are due upon request by the unitholder (refer to note 3).

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

(g) Other market risk:

Other market risk is the risk that the fair value or future cash flows 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-Advisors of the underlying funds moderate this risk through a careful use 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 and underlying funds.

The impact on net assets attributable to holders of redeemable units of the Fund as at December 31, 2018, due to a 5% increase or decrease in the Fund's benchmark (30% S&P/TSX, 27% MSCI ACWI ND, 40% DEX Universe, 3% Government of Canada Treasury Bills Indices), with all other variables held constant, would have been \$2,847,138 (2017 - \$3,544,409). This calculation is based on the beta of the Fund, over the past 36 months. In practice, the actual results may differ from this sensitivity analysis indicated above and the difference could be material.

(h) Concentration risk:

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	As a % of net assets	
	2018	2017
Acadian Core International Equity Fund	5.98	7.86
ICL Global Equity Fund	5.19	6.57
Integra Bond Fund	42.82	32.86
Integra Canadian Value Growth Fund	29.78	34.15
Integra Emerging Markets Equity Fund	5.14	6.66
Integra U.S. Value Growth Fund	11.19	11.99
Total investment portfolio	100.10	100.09
Other assets, net of liabilities	(0.10)	(0.09)
Net assets attributable to holders of redeemable units	100.00	100.00

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

Summary of the investments of the indirect holdings:

	As a % of net assets	
	2018	2017
Acadian Core International Equity Fund:		
Australia	7.88	3.18
Austria	0.30	1.39
Belgium	2.05	0.15
Brazil	1.59	0.29
China	2.12	0.30
Colombia	1.07	0.04
Denmark	2.20	1.10
Finland	0.94	0.84
France	5.78	5.76
Germany	3.99	14.33
Greece	0.42	—
Greenland	0.03	—
Guernsey	0.03	0.07
Hong Kong	1.06	0.46
Indonesia	0.14	0.13
Ireland	0.95	0.62
Israel	2.80	0.72
Italy	2.46	2.14
Japan	21.36	18.93
Jersey C.I.	—	0.10
Luxembourg	0.18	0.29
Malaysia	0.47	1.56
Mexico	0.09	0.14
Netherlands	11.40	8.37
New Zealand	0.17	0.46
Norway	0.98	3.11
Philippines	0.04	—
Poland	0.04	0.66
Portugal	—	0.16
Qatar	0.28	0.20
Russia	1.99	0.31
Singapore	3.81	6.19
South Africa	0.37	1.33
South Korea	0.95	4.80
Spain	1.07	1.89
Sweden	4.86	3.21
Switzerland	6.27	3.15
Taiwan	0.03	0.25
Thailand	0.07	0.57
United Kingdom	10.52	11.52
	100.76	98.72
Other assets, net of liabilities	(0.76)	1.28
Total	100.00	100.00

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

	As a % of net assets	
	2018	2017
ICL Global Equity Fund:		
Canada	2.95	2.81
France	4.11	3.53
Germany	5.99	5.4
Hong Kong	2.93	2.75
Ireland	4.74	4.64
Israel	–	0.01
Japan	9.87	8.89
Netherlands	4.59	7.52
Norway	0.77	0.82
South Korea	1.3	1.2
Switzerland	8.19	6.51
Thailand	–	0.74
United Kingdom	10.11	8.85
United States	41.86	42.61
	97.41	96.28
Other assets, net of liabilities	2.59	3.72
Total	100.00	100.00

	As a % of net assets	
	2018	2017
Integra Bond Fund:		
Government of Canada	21.55	35.81
Provincial Government	34.35	23.75
Corporate	41.20	39.05
Total bonds	97.10	98.61
Cash and cash equivalents	2.18	0.66
Other assets, net of liabilities	0.72	0.73
Total	100.00	100.00

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

	As a % of net assets	
	2018	2017
Integra Canadian Value Growth Fund:		
Consumer Discretionary	5.68	5.27
Consumer Staples	2.18	4.06
Energy	15.71	17.70
Financials	36.72	35.74
Health Care	0.48	0.24
Industrials	9.96	11.02
Information Technology	5.65	6.08
Materials	11.45	9.61
Real Estate	2.15	1.23
Telecommunication Services	6.07	4.86
Utilities	2.58	3.15
	98.63	98.96
Other assets, net of liabilities	1.37	1.04
Total	100.00	100.00

	As a % of net assets	
	2018	2017
Integra Emerging Markets Equity Fund:		
Argentina	–	1.30
Brazil	10.06	6.74
Canada	1.89	1.20
China	27.72	23.65
Cyprus	0.57	0.45
Hong Kong	3.78	3.23
Hungary	0.43	–
India	12.22	12.59
Indonesia	6.92	4.59
Jersey C.I.	–	0.31
Kenya	–	0.29
Luxembourg	0.26	0.21
Malaysia	–	–
Mexico	1.95	1.17
Netherlands	1.06	1.19
Panama	0.61	–
Peru	1.37	0.97
Philippines	0.84	0.56
Poland	1.39	1.46
Russia	2.74	6.69
South Africa	6.34	7.20
South Korea	9.08	12.72
Switzerland	–	0.47
Taiwan	6.26	6.72
Thailand	2.20	3.35
United States	1.20	1.58
	98.89	98.64
Other assets, net of liabilities	1.11	1.36
Total	100.00	100.00

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

2. Risk management (continued):

	As a % of net assets	
	2018	2017
Integra U.S. Value Growth Fund		
United States equities:		
Consumer Discretionary	12.23	13.53
Consumer Staples	5.95	6.77
Energy	6.92	6.01
Financials	11.99	9.83
Health Care	12.36	10.47
Industrials	8.25	9.48
Information Technology	21.47	21.44
Materials	5.34	5.19
Real Estate	1.94	2.29
Telecommunication Services	1.87	0.99
Utilities	2.04	–
	<u>90.36</u>	<u>86.00</u>
International equities:		
Bermuda	–	0.70
France	1.13	0.61
Ireland	3.83	3.72
Israel	–	0.60
Netherlands	–	1.13
Singapore	–	0.44
Switzerland	0.56	0.73
United Kingdom	2.36	2.45
	<u>7.88</u>	<u>10.38</u>
Total equities	98.24	96.38
Other assets, net of liabilities	1.76	3.62
Total	<u>100.00</u>	<u>100.00</u>

3. Capital risk management:

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 ("NAV") 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 statements of changes in net assets attributable to holders of redeemable units. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

4. Fair value measurements:

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - 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); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement and changes in valuation methods may result in transfers into or out of an investment's assigned level.

The tables below summarize the inputs used in valuing the Fund's financial assets and liabilities carried at fair values:

2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in funds	\$ 51,234,819	\$ –	\$ –	\$ 51,234,819

2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in funds	\$ 64,475,644	\$ –	\$ –	\$ 64,475,644

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case, it is classified as Level 3.

INTEGRA BALANCED FUND

Risk Disclosures (continued)

Years ended December 31, 2018 and 2017

4. Fair value measurements (continued):

The Fund's holdings in the underlying funds are classified as Level 1 when the security is actively traded and a reliable price is observable.

For the years ended December 31, 2018 and 2017, no investments were transferred from any levels, as a result of the securities no longer being traded in an active market and no investments were transferred from any levels, as a result of the securities now being traded in an active market.

INTEGRA BALANCED FUND

Notes to Financial Statements

Years ended December 31, 2018 and 2017

1. Establishment of the Fund:

The Integra Balanced Fund is an open-ended investment unincorporated trust created under the laws of the Province of Ontario by a Declaration of Trust. The address of the Fund's registered office is Suite 200, 2020 Winston Park Drive, Oakville, Ontario. The Fund was established on November 1, 1987 and commenced operations on January 15, 1988.

Integra Capital Limited is the Manager and Trustee of the Fund and is the corporate entity registered with the Canadian regulatory authorities. The Fund's assets are custodied at the Canadian Imperial Bank of Commerce. The Manager is registered in every province as a portfolio manager and exempt market dealer and is registered in the Provinces of Newfoundland and Labrador, Ontario and Quebec as an investment fund manager. In the Province of Ontario, the Manager is additionally registered as a commodity trading manager.

The Fund invests substantially all of its assets in the Acadian Core International Equity Fund, the Integra Bond Fund, the Integra Canadian Value Growth Fund, the Integra Emerging Markets Equity Fund, the ICL Global Equity Fund and the Integra U.S. Value Growth Fund (the "underlying funds"), which are funds under common management with the Fund.

On February 1, 2019, the previously announced sale of Integra Capital Limited, the Manager of the Fund, to Willis International Limited, a Willis Towers Watson company, was completed.

2. Basis of preparation:

(a) Basis of accounting:

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS").

These financial statements were authorized for issue by the Manager on March 27, 2019.

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), which are presented at fair value.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

2. Basis of preparation (continued):

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollar, which is the Fund's functional currency.

3. Significant accounting policies:

(a) IFRS 9, Financial Instruments Transition:

Effective January 1, 2018, the Fund adopted the IFRS 9, Financial Instruments ("IFRS 9") reporting standard. The new standard introduced a model for classification and measurement of financial assets and liabilities including those carried at amortized cost; fair value, with changes in fair value recognized in FVTPL; or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing financial assets and the contractual cash flow characteristics of these financial assets.

The Fund is comprised of a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis that is primarily focused on fair value information and uses that information to assess the assets' performance in accordance with the Fund's investment strategy. For such a portfolio the collection of contractual cash flows is only incidental to achieving the Fund's investment objectives. The assessment and decision on the business model approach used is an accounting judgement. Upon transition to IFRS 9, the Fund's financial assets and financial liabilities previously classified as FVTPL or held-for-trading under International Accounting Standard ("IAS") 39, Financial Instruments - Recognition and Measurement ("IAS 39"), are now classified as FVTPL and there were no changes in the measurement attributes. Any assets previously classified as loans and receivables under IAS 39 are now classified and measured at amortized cost under IFRS 9. The classification and measurement of liabilities under the new standard remains generally unchanged. The adoption of IFRS 9 has been applied retrospectively and did not result in any changes in net assets.

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt investments at FVOCI, but not investment in equity instruments. The Fund has determined that the application of IFRS 9's impairment requirements at January 1, 2018 does not result in any impairment of cash and cash equivalents, balances due from brokers or any other receivables.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(b) Financial instruments:

(i) Recognition, initial measurement and classification:

Upon initial recognition, financial instruments are measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All financial assets and liabilities are recognized in the statements of financial position when a Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or a Fund has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities at FVTPL are initially recognized on the trade date.

(ii) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at last sale or close price, where the close price falls within the day's bid-ask spread. In circumstances where the close price is not within the day's bid-ask spread, the Manager determines the point within bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities, listed warrants, options, short-term notes, treasury bills, bonds, asset-backed securities and other debt instruments.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

Investments held that are not traded in an active market are valued based on the results of valuation techniques using observable market inputs where possible, on such basis and in such manner established by the Manager. Investments in other pooled funds are valued at the NAV per unit reported by each pooled fund. See risk disclosures for more information about the Fund's fair value measurements.

The fair value of a forward contract is the gain (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 foreign exchange rate based on the length of the forward contract. The change in fair value on forward contracts is reflected in the statements of comprehensive income (loss) as change in unrealized appreciation (depreciation) on derivatives. When the forward contracts are closed out, any gains or losses realized are included in net realized gain (loss) on derivatives.

The fair values of foreign currency-denominated investments and other foreign currency-denominated assets and liabilities are translated into Canadian dollars at exchange rates prevailing on the reporting dates.

The fair values of other financial assets and liabilities approximate their carrying values due to the short-term nature of these instruments.

(iii) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and short-term, interest-bearing notes with a term to maturity of less than three months from the date of purchase.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(d) Investment transactions and income recognition:

The Fund follows the accrual method of recording investment income and expenses. Security transactions are recorded on the trade date. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the fair value of the security on the ex-dividend date.

The interest income for distribution purposes shown on the statements of comprehensive income (loss) represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds, which are amortized on a straight-line basis.

Distributions from underlying funds are recognized at the time the underlying fund's NAV is calculated on an ex-dividend basis and are recognized in the statements of comprehensive income (loss) based on their nature as dividends, capital gains or other income. All such distributions are reinvested in additional units of the underlying funds.

Net realized gain on sale of investments and unrealized depreciation of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

The Fund generally incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income (loss).

(e) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding commissions and other transaction costs.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(f) Transaction costs:

Commissions and other transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Commissions and transaction costs are included as expenses in the statements of comprehensive income (loss).

(g) Foreign currency translation:

The fair values of foreign currency-denominated investments are translated into Canadian dollars, using the prevailing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses are presented as net realized gain on foreign exchange, except for those arising from financial instruments at FVTPL, which are recognized as a component within net realized gain on sale of investments and net change in unrealized depreciation of investments in the statements of comprehensive income (loss).

(h) Income taxes:

The Fund presently qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is not taxed on that portion of its taxable income, which is paid or payable to unitholders at the end of the taxation year. The Fund has elected for a December 15 taxation year end. The Fund pays out sufficient net income and net realized capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

Capital losses and non-capital losses incurred by the Fund cannot be allocated to unitholders but capital losses may be carried forward indefinitely to reduce future realized capital gains and non-capital losses may be carried forward for 20 taxation years to reduce future net income for tax purposes. As at December 31, 2018, the Fund had non-capital losses of nil (2017 - nil) and net capital losses carry forward of nil (2017 - nil).

Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin.

(i) Redeemable units:

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. Units are redeemable at the option of unitholders at their NAV on the redemption date. For each unit redeemed, net assets attributable to holders of redeemable units are reduced by the NAV of the unit at the date of redemption. The redeemable units are measured at the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units.

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 attributable to holders of redeemable shares per unit. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of the units. The relevant movements are shown on the statements of changes in net assets attributable to holders of redeemable units. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

Redeemable unit transactions during the year were as follows:

	2018		2017	
	Number of Fund units	Amount	Number of Fund units	Amount
Redeemable units issued	152,435	\$ 2,505,480	184,726	\$ 3,024,280
Redeemable units redeemed	(870,145)	(14,203,991)	(423,081)	(6,964,422)
Redeemable units issued on reinvestments	282,019	4,455,523	138,192	2,304,620

The number of issued and outstanding units as at December 31, 2018 is 3,397,956 (2017 - 3,833,647).

Net assets attributable to holders of redeemable units is calculated for each unit of the Fund by taking the proportionate share of the Fund's net assets attributable to holders of redeemable units and dividing by the number of units outstanding on the valuation date.

The increase in net assets attributable to holders of redeemable units per unit in the statements of comprehensive income (loss) represents the change in net assets attributable to holders of redeemable units divided by the weighted average number of units outstanding during the reporting year. Income, expenses other than management fees, and realized and unrealized capital gains (losses) are distributed in proportion to the amount invested in them.

The weighted average number of units outstanding for the year ended December 31, 2018 is 3,640,629 (2017 - 3,824,957).

The Fund's units are classified as a liability under IAS 32, Financial Instruments - Presentation, as there is a requirement to make cash distributions to unitholders, if requested. The units are measured at the redemption amount and are considered a residual amount.

As at December 31, 2018 and 2017, there is no difference between net assets attributable to holders of redeemable units and net asset value attributable to holders of redeemable units.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

- (j) Receivables or payables for portfolio securities sold or purchased:

In accordance with the Fund's policy of trade-date accounting for regular way sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for portfolio securities sold/purchased, but not yet settled as at the reporting dates.

- (k) Future accounting changes:

A number of new and amendment standards are effective for annual periods beginning after January 1, 2018 and earlier application is permitted; however, the Fund has not early adopted these new or amended standards in preparing these financial statements. Of the standards that are not yet effective, none is expected to have a material impact on the Fund's financial statements in the period of initial application.

4. Critical accounting estimates and judgments:

In preparing these financial statements, the Manager has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The most significant accounting judgment and estimate that the Fund has made in preparing the financial statements is determining the fair value measurement of derivatives and investments not quoted in an active market, if any. The Manager of the Fund has also made significant accounting judgment regarding the business model of the Fund in determining the classification and measurement of financial instruments. See note 3 for more information on the fair value measurement of the Fund's financial instruments.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

5. Involvement with unconsolidated structured entities:

The Fund may invest in units of other investment funds as part of its investment strategy. The nature and purpose of the investee funds generally is to manage assets on behalf of third party investors and generate fees for the investment manager, and are financed through the issue of units to investors.

The Fund has concluded that unlisted open-ended investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- The voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- Each of the underlying fund's activities are restricted by its prospectus; and
- The underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

The Fund qualifies as an investment entity under IFRS 10, Consolidated Financial Statements ("IFRS 10"), and therefore accounts for investments it controls at FVTPL. The Fund's primary purpose is to obtain funds from investors to provide them with investment management services, and to obtain a return primarily from capital appreciation and/or investment income. It also measures and evaluates the performance of investee funds on a fair value basis.

In determining whether the Fund has control over an investee fund, the Fund assesses voting rights, the exposure to variable returns and its ability to use the voting rights to affect the amount of the returns. The Fund has determined it has control or significant influence over investments based on thresholds of 38% or 20%, respectively, which in the Manager's judgment would qualify as either control or significant influence in accordance with IFRS 10.

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

5. Involvement with unconsolidated structured entities (continued):

The tables below describe the structured entities that the Fund does not consolidate but in which it holds an interest:

Type of structured entity	Nature and purpose	Interest held by the Fund
Investment funds	To manage assets on behalf of third party investors and generate investment fees for the Manager of the Fund These vehicles are financed through the issue of units to investors	Investments in units issued by the investment funds

The maximum exposure to loss is represented by the carrying amount of the investments in other funds held, which are included in financial assets at FVTPL in the statements of financial position.

Investment in open-ended investment funds at December 31, 2018:

Name of fund	Place of business	Proportion of interest	Control/significant influence
Acadian Core International Equity Fund	Ontario	5%	—
ICL Global Equity Fund	Ontario	6%	—
Integra Bond Fund	Ontario	22%	Significant Influence
Integra Canadian Value Growth Fund	Ontario	13%	—
Integra Emerging Markets Equity Fund	Ontario	8%	—
Integra U.S. Value Growth Fund	Ontario	7%	—

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

5. Involvement with unconsolidated structured entities (continued):

Investment in open-ended investment funds at December 31, 2017:

Name of fund	Place of business	Proportion of interest	Control/significant influence
Acadian Core International Equity Fund	Ontario	7%	–
ICL Global Equity Fund	Ontario	9%	–
Integra Bond Fund	Ontario	23%	Significant Influence
Integra Canadian Value Growth Fund	Ontario	17%	–
Integra Emerging Markets Equity Fund	Ontario	10%	–
Integra U.S. Value Growth Fund	Ontario	10%	–

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can redeem units in the above investment funds on a daily basis.

6. Brokerage commissions:

Brokerage commissions ("soft dollar commissions") on portfolio transactions may also include research services provided to the sub-advisors. The value of the research services paid to certain brokers for the year ended December 31, 2018 was nil (2017 - nil).

INTEGRA BALANCED FUND

Notes to Financial Statements (continued)

Years ended December 31, 2018 and 2017

7. Related party transactions and fund expenses:

The Manager administers and regulates the day-to-day operations of the Fund. In return for the services provided, the Manager receives management fees from the Fund's holders of redeemable units, based on the NAV 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 Capital Limited may allocate various operating costs to the Fund. These expenses include a portion of the expenses related to trust accounting, fund accounting and administration functions that are performed by the Manager on behalf of the Fund. These costs are reported in the operating expenses of the Fund reported in the statements of comprehensive income (loss).

The Fund is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee ("IRC") 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. 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.

The Manager, at its discretion, may agree to waive or absorb certain expenses associated with the Fund. For the year ended December 31, 2018 expenses waived or absorbed by the Manager in the amount of nil (2017 - nil) are shown in the statements of comprehensive income (loss). Such absorption or waiver, where applicable, may be terminated by the Manager at any time without notice.

The IRC for the Fund consists of three industry professionals, none of whom have an interest in the Fund Manager or have an interest in the Fund outside of their roles as members of the IRC. The fees paid to the IRC for the year ended December 31, 2018 are disclosed in the statements of comprehensive income (loss) in the amount of \$7,501 (2017 - \$7,501).

Employees of the Manager may hold interests in the Fund via the company's group retirement plan or through a broker. However, the employees' interests cumulatively represent less than 5% of the Fund's outstanding units.