Financial Statements of

INTEGRA BALANCED FUND

Years ended December 31, 2017 and 2016

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Integra Balanced Fund

We have audited the accompanying financial statements of Integra Balanced Fund, which comprise the statements of financial position as at December 31, 2017 and 2016, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Integra Balanced Fund as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 22, 2018
Toronto, Canada

INTEGRA BALANCED FUND

Statements of Financial Position

December 31, 2017 and 2016

	2017	2016
Assets		
Investments, at fair value	$ 64,475,644	$ 62,642,369
Total assets	64,475,644	62,642,369
Liabilities		
Accrued expenses	55,274	60,068
Total liabilities	55,274	60,068
Net assets attributable to holders of redeemable units	$ 64,420,370	$ 62,582,301
Redeemable units (note 3)	3,833,647	3,933,810
Net assets attributable to holders of redeemable units per unit	$ 16.80	$ 15.91

See accompanying notes to financial statements.

On behalf of the Manager,
Integra Capital Limited:

______________________________ Director
Graham Rennie

______________________________ Director
Craig Honey

INTEGRA BALANCED FUND

Statements of Comprehensive Income

Years ended December 31, 2017 and 2016

	2017	2016
Income:		
Interest income for distribution purposes	$ 1,440	$ 5,487
Income from funds	1,489,737	1,881,000
Other changes in fair value of investments:		
Net realized gain on sale of investments	1,711,266	7,755,995
Net foreign exchange gain (loss) on cash	(18)	10
Net other loss	(2)	–
Net change in unrealized appreciation (depreciation) of investments	2,659,993	(4,973,678)
Total income	5,862,416	4,668,814
Expenses (income):		
Custodial fees	42,654	40,945
Operating fees	5,388	3,230
Audit fees	15,002	15,000
Filing fees	7,001	7,000
Investment performance monitoring fees	(1,232)	8,500
Securityholder reporting fees	70	2,745
Independent Review Committee fees (note 8)	7,501	7,625
Harmonized sales tax	7,821	9,084
Total expenses	84,205	94,129
Increase in net assets attributable to holders of redeemable units	$ 5,778,211	$ 4,574,685
Increase in net assets attributable to holders of redeemable units per unit (based on the weighted average number of units outstanding during the year)	$ 1.51	$ 1.03

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, 2017 and 2016

	2017	2016
Net assets attributable to holders of redeemable units, beginning of year	$ 62,582,301	$ 84,105,322
Increase in net assets attributable to holders of redeemable units	5,778,211	4,574,685
Distributions paid or payable to holders of redeemable units:		
From net investment income	(1,406,311)	(1,791,376)
From net realized capital gains	(898,309)	(3,961,476)
Return of capital	–	(53,489)
Total distributions to holders of redeemable units	(2,304,620)	(5,806,341)
Redeemable unit transactions (note 3):		
Issuance of units	3,024,280	14,766,275
Reinvestment of distributions	2,304,620	5,806,341
Redemptions of units	(6,964,422)	(40,863,981)
Net decrease from redeemable unit transactions	(1,635,522)	(20,291,365)
Net increase (decrease) in net assets attributable to holders of redeemable units	1,838,069	(21,523,021)
Net assets attributable to holders of redeemable units, end of year	$ 64,420,370	$ 62,582,301

See accompanying notes to financial statements.

INTEGRA BALANCED FUND

Statements of Cash Flows

Years ended December 31, 2017 and 2016

	2017	2016
Cash flows from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units	$ 5,778,211	$ 4,574,685
Change in non-cash operating items:		
Net foreign exchange loss (gain) on cash	18	(10)
Net realized gain on sale of investments	(1,711,266)	(7,755,995)
Net change in unrealized depreciation (appreciation) of investments	(2,659,993)	4,973,678
Purchase of investments	(5,612,821)	(23,085,156)
Proceeds from the sale of investments	8,150,805	47,413,633
Accrued expenses	(4,794)	(6,182)
Cash provided by operating activities	3,940,160	26,114,653
Cash flows from (used in) financing activities:		
Amount received from the issuance of units	3,024,280	14,766,275
Amount paid on redemptions of units	(6,964,422)	(40,881,967)
Cash used in financing activities	(3,940,142)	(26,115,692)
Increase (decrease) in cash	18	(1,039)
Net foreign exchange gain (loss) on cash	(18)	10
Cash, beginning of year	–	1,029
Cash, end of year	$ –	$ –
Supplemental information:		
Interest received	$ 1,440	$ 5,487

See accompanying notes to financial statements.

INTEGRA BALANCED FUND

Schedule of Investments

December 31, 2017

	Number of shares/units	Average cost	Fair value
Acadian Core International Equity Fund	698,462	$ 3,042,026	$ 5,064,689
ICL Global Equity Fund	612,310	4,700,818	4,233,573
Integra Bond Fund	1,332,773	22,455,757	21,166,431
Integra Canadian Value Growth Fund	1,167,761	18,043,615	21,996,639
Integra Emerging Markets Equity Fund	323,970	3,314,877	4,288,193
Integra U.S. Value Growth Fund	464,858	5,205,587	7,726,119
Total investment portfolio - 100.09%		$ 56,762,680	64,475,644
Other assets, net of liabilities - (0.09%)			(55,274)
Net assets attributable to holders of redeemable units - 100.00%			$ 64,420,370

See accompanying notes to financial statements.

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.

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"):

	As a % of total bonds	
Debt securities by credit rating	2017	2016
AAA	37.41	25.68
AA	16.99	13.86
A	27.79	42.96
BBB	17.81	17.50
	100.00	100.00

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.

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:

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).

2. Risk management (continued):

2016	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
United States Dollar	$ 11,165,056	$ (263,863)	$ 10,901,193	17.42
Euro	1,921,074	(51,419)	1,869,655	2.99
Japanese Yen	1,019,063	–	1,019,063	1.63
British Pound	1,001,562	–	1,001,562	1.60
Hong Kong Dollar	581,582	–	581,582	0.93
South Korean Won	517,068	–	517,068	0.83
Swiss Franc	394,153	–	394,153	0.63
Indian Rupee	309,381	–	309,381	0.49
South African Rand	265,717	–	265,717	0.42
New Taiwan Dollar	242,117	–	242,117	0.39
Australian Dollar	223,703	–	223,703	0.36
Indonesian Rupiah	207,157	–	207,157	0.33
Swedish Krona	171,284	–	171,284	0.27
Brazilian Real	142,919	–	142,919	0.23
Norwegian Krone	126,421	–	126,421	0.20
Singapore Dollar	115,457	–	115,457	0.18
Thai Baht	110,595	–	110,595	0.18
Malaysian Ringgit	79,723	–	79,723	0.13
Mexican Peso	73,164	–	73,164	0.12
Philippine Peso	66,809	–	66,809	0.11
Israeli Shekel	50,521	–	50,521	0.08
Danish Krone	42,854	–	42,854	0.07
New Zealand Dollar	30,326	–	30,326	0.05
Polish Zloty	28,964	–	28,964	0.05
Hungarian Forint	11,796	–	11,796	0.02
Russian Ruble	11,423	–	11,423	0.02
Qatari Rial	10,224	–	10,224	0.02
Kenyan Shilling	8,940	–	8,940	0.01
Colombian Peso	1,385	–	1,385	–
Czech Koruna	113	–	113	–
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).

2. Risk management (continued):

As at December 31, 2017, 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 $1,047,685 (December 31, 2016 - $930,765). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(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, 2017 and 2016, 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.

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	2017	2016
Less than 1 year	$ –	$ 154,984
1 - 3 years	3,937,816	5,412,399
3 - 5 years	6,043,295	4,172,475
> 5 years	10,891,683	12,201,576
Total exposure	$ 20,872,794	$ 21,941,434

As at December 31, 2017, 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 $1,538,919 (2016 - $1,636,540).

(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).

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, 2017, 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 $3,544,409 (2016 - $3,484,583). 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	
	2017	2016
Acadian Core International Equity Fund	7.86	6.76
ICL Global Equity Fund	6.57	6.51
Integra Bond Fund	32.86	35.44
Integra Canadian Value Growth Fund	34.15	34.46
Integra Emerging Markets Equity Fund	6.66	5.02
Integra U.S. Value Growth Fund	11.99	11.91
Total investment portfolio	100.09	100.10
Other assets, net of liabilities	(0.09)	(0.10)
Net assets attributable to holders of redeemable units	100.00	100.00

2. Risk management (continued):

Summary of the investments of the indirect holdings:

	As a % of net assets	
	2017	2016
Acadian Core International Equity Fund:		
Australia	3.18	5.29
Austria	1.39	1.86
Belgium	0.15	0.33
Brazil	0.29	–
China	0.30	0.26
Colombia	0.04	0.03
Denmark	1.10	1.01
Finland	0.84	4.64
France	5.76	7.87
Gabon	–	0.02
Germany	14.33	5.97
Greece	–	0.09
Guernsey	0.07	–
Hong Kong	0.46	0.28
India	–	0.59
Indonesia	0.13	0.36
Ireland	0.62	0.45
Israel	0.72	1.19
Italy	2.14	1.71
Japan	18.93	18.67
Jersey C.I.	0.10	–
Luxembourg	0.29	0.25
Malaysia	1.56	1.11
Mexico	0.14	0.42
Netherlands	8.37	7.34
New Zealand	0.46	0.71
Norway	3.11	1.90
Poland	0.66	0.68
Portugal	0.16	–
Qatar	0.20	0.24
Russia	0.31	0.02
Singapore	6.19	2.69
South Africa	1.33	1.27
South Korea	4.80	3.35
Spain	1.89	2.79
Sweden	3.21	4.13
Switzerland	3.15	5.35
Taiwan	0.25	1.63
Thailand	0.57	0.19
Turkey	–	0.02
United Kingdom	11.52	14.98
	98.72	99.69
Other assets, net of liabilities	1.28	0.31
Total	100.00	100.00

2. Risk management (continued):

	As a % of net assets	
	2017	2016
ICL Global Equity Fund:		
Belgium	–	1.34
Canada	2.81	1.97
France	3.53	2.83
Germany	5.40	2.80
Hong Kong	2.75	1.69
Ireland	4.64	3.47
Israel	0.01	1.85
Japan	8.89	5.54
Netherlands	7.52	4.98
Norway	0.82	1.14
South Korea	1.20	–
Switzerland	6.51	6.59
Thailand	0.74	–
United Kingdom	8.85	10.40
United States	42.61	51.20
	96.28	95.80
Other assets, net of liabilities	3.72	4.20
Total	100.00	100.00

	As a % of net assets	
	2017	2016
Integra Bond Fund:		
Government of Canada	35.81	23.01
Provincial Government	23.75	32.30
Corporate	39.05	41.41
Maple Bonds	–	0.70
Total Canadian bonds	98.61	97.42
Foreign bonds	–	1.51
Total bonds	98.61	98.93
Cash and cash equivalents	0.66	0.36
Other assets, net of liabilities	0.73	0.71
Total	100.00	100.00

2. Risk management (continued):

	As a % of net assets	
	2017	2016
Integra Canadian Value Growth Fund:		
Consumer Discretionary	5.27	4.99
Consumer Staples	4.06	5.01
Energy	17.70	20.88
Financials	35.74	35.03
Health Care	0.24	0.18
Industrials	11.02	8.75
Information Technology	6.08	4.20
Materials	9.61	9.43
Real Estate	1.23	1.76
Telecommunication Services	4.86	7.14
Utilities	3.15	1.74
	98.96	99.11
Other assets, net of liabilities	1.04	0.89
Total	100.00	100.00

	As a % of net assets	
	2017	2016
Integra Emerging Markets Equity Fund:		
Argentina	1.30	0.28
Brazil	6.74	5.93
Canada	1.20	–
China	23.65	18.80
Cyprus	0.45	–
Hong Kong	3.23	3.68
Hungary	–	0.38
India	12.59	10.99
Indonesia	4.59	6.11
Jersey C.I.	0.31	0.34
Kenya	0.29	0.28
Luxembourg	0.21	0.61
Malaysia	–	1.00
Mexico	1.17	2.59
Netherlands	1.19	1.35
Peru	0.97	1.10
Philippines	0.56	2.13
Poland	1.46	–
Russia	6.69	8.03
South Africa	7.20	6.44
South Korea	12.72	11.76
Switzerland	0.47	0.54
Taiwan	6.72	7.71
Thailand	3.35	3.27
United Kingdom	–	0.41
United States	1.58	1.88
	98.64	95.61
Other assets, net of liabilities	1.36	4.39
Total	100.00	100.00

2. Risk management (continued):

	As a % of net assets	
	2017	2016
Integra U.S. Value Growth Fund		
United States equities:		
Consumer Discretionary	13.53	13.65
Consumer Staples	6.77	6.79
Energy	6.01	5.76
Financials	9.83	11.28
Health Care	10.47	14.31
Industrials	9.48	8.61
Information Technology	21.44	18.02
Materials	5.19	3.89
Real Estate	2.29	1.20
Telecommunication Services	0.99	2.54
Utilities	–	0.32
	86.00	86.37
International equities:		
Bermuda	0.70	0.62
France	0.61	0.80
Ireland	3.72	3.49
Israel	0.60	1.46
Netherlands	1.13	1.11
Singapore	0.44	–
Switzerland	0.73	0.62
United Kingdom	2.45	3.28
	10.38	11.38
Total equities	96.38	97.75
Other assets, net of liabilities	3.62	2.25
Total	100.00	100.00

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.

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:

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

2016	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in funds	$ 62,642,369	$ –	$ –	$ 62,642,369

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.

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, 2017 and 2016, 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.

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.

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 22, 2018.

(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.

(c) Functional and presentation currency:

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

3. Significant accounting policies:

(a) Financial instruments:

(i) Recognition, initial measurement and classification:

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in the statements of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The Fund classifies financial assets and financial liabilities into the following categories:

Financial assets at FVTPL:

- Held for trading ("HFT"): derivative financial instruments;

- Designated as FVTPL: debt securities, equity investments and investments in other funds; and

- Financial assets at amortized cost: all other financial assets are classified as loans and receivables.

Financial liabilities at FVTPL:

- HFT: derivative financial instruments; and

- Financial liabilities at amortized cost: all other financial liabilities are classified as other financial liabilities.

3. Significant accounting policies (continued):

(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.

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 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.

3. Significant accounting policies (continued):

(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.

(b) 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.

(c) 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 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 funds' NAV is calculated on an ex-dividend basis and are recognized in the statements of comprehensive income 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 appreciation (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.

3. Significant accounting policies (continued):

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.

(d) 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.

(e) 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.

(f) 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 appreciation (depreciation) of investments in the statements of comprehensive income.

(g) 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.

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, 2017, the Fund had non-capital losses of nil (2016 - nil) and net capital losses carry forward of nil (2016 - nil).

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

(h) 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 shares are measured at the present value of 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.

3. Significant accounting policies (continued):

Redeemable unit transaction during the years were as follows:

	2017		2016	
	Number of Fund units	Amount	Number of Fund units	Amount
Redeemable units issued	184,726	$3,024,280	921,602	$ 14,766,275
Redeemable units redeemed	(423,081)	(6,964,422)	(2,554,642)	(40,863,981)
Redeemable units issued on reinvestments	138,192	2,304,620	362,528	5,806,341

The number of issued and outstanding units as at December 31, 2017 is 3,833,647 (2016 - 3,933,810).

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 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, 2017 is 3,824,957 (2016 - 4,422,201).

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

As at December 31, 2017 and 2016, there is no difference between net assets attributable to holders of redeemable units and net asset value attributable to holders of redeemable units.

3. Significant accounting policies (continued):

(i) 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.

(j) Future accounting changes:

The International Accounting Standards Board has issued the following new standard and amendment to existing standards that are not yet effective. The Fund has not yet begun the process of assessing the impact the new and amended standards will have on its financial statements or whether to early adopt any of the new standards.

IFRS 9, Financial Instruments ("IFRS 9"):

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting. The new standard requires assets to be carried at amortized cost, FVTPL or fair value through other comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income. The new standard is effective for the Fund for its fiscal year beginning January 1, 2018. Based on the Manager's assessment, this new standard is not expected to have a material impact on the Fund's financial assets and liabilities.

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. See note 3 for more information on the fair value measurement of the Fund's financial instruments.

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 underlying 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.

5. Net changes from financial instruments at FVTPL:

Net changes in fair value on financial assets and financial liabilities at FVTPL are presented in the statements of comprehensive income and comprise the following: net realized gain on sale of investments, net realized gain (loss) on derivatives, net change in unrealized appreciation (depreciation) of investments, interest income for distribution purposes, dividends and income from funds. Their classifications between HFT and designated at fair value are presented in the following table:

	Total income	
	2017	2016
Financial assets at FVTPL:		
Designated at inception	$ 5,862,436	$ 4,668,804
Total financial assets at FVTPL	$ 5,862,436	$ 4,668,804

6. 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 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.

The table below describes 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

6. Involvement with unconsolidated structured entities (continued):

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, 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%	–

6. Involvement with unconsolidated structured entities (continued):

Investment in open-ended investment funds at December 31, 2016:

Name of fund	Place of business	Proportion of interest	Control/significant influence
Acadian Core International Equity Fund	Ontario	6%	–
ICL Global Equity Fund	Ontario	10%	–
Integra Bond Fund	Ontario	40%	Control
Integra Canadian Value Growth Fund	Ontario	18%	–
Integra Emerging Markets Equity Fund	Ontario	5%	–
Integra U.S. Value Growth Fund	Ontario	8%	–

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.

7. 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, 2017 was nil (2016 - nil).

8. 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.

The Fund is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee 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, 2017 expenses waived or absorbed by the Manager in the amount of nil (2016 - nil) are shown in the statements of comprehensive income. For the year ended December 31, 2017 such absorption or waiver, where applicable, may be terminated by the Manager at any time without notice.

The Independent Review Committee (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, 2017 are disclosed in the statements of comprehensive income in the amount of $7,501 (2016 - $7,625).

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.