

Financial Statements of

**INTEGRA CANADIAN VALUE  
GROWTH FUND**

Years ended December 31, 2017 and 2016



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## INDEPENDENT AUDITORS' REPORT

To the Unitholders of Integra Canadian Value Growth Fund

We have audited the accompanying financial statements of Integra Canadian Value Growth 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.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Integra Canadian Value Growth 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*

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Chartered Professional Accountants, Licensed Public Accountants

March 22, 2018  
Toronto, Canada

# INTEGRA CANADIAN VALUE GROWTH FUND

Statements of Financial Position

December 31, 2017 and 2016

	2017	2016
<b>Assets</b>		
Cash	\$ 1,272,548	\$ 1,354,760
Subscriptions receivable	24,232	85,545
Accrued dividends receivable	306,106	293,328
Investments, at fair value	129,084,118	121,358,560
<b>Total assets</b>	<b>130,687,004</b>	<b>123,092,193</b>
<b>Liabilities</b>		
Redemptions payable	185,889	535,368
Accrued expenses	62,083	105,747
<b>Total liabilities</b>	<b>247,972</b>	<b>641,115</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 130,439,032</b>	<b>\$ 122,451,078</b>
Redeemable units (note 3)	6,924,752	6,718,264
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$ 18.84</b>	<b>\$ 18.23</b>

See accompanying notes to financial statements.

On behalf of the Manager,  
Integra Capital Limited:



Graham Rennie

Director



Craig Honey

Director

# INTEGRA CANADIAN VALUE GROWTH FUND

## Statements of Comprehensive Income

Years ended December 31, 2017 and 2016

	2017	2016
Income:		
Dividends	\$ 3,502,796	\$ 3,592,903
Revenue from securities lending (note 7)	14,172	15,165
Other changes in fair value of investments:		
Net realized gain on sale of investments	4,323,098	7,963,901
Net foreign exchange gain (loss) on cash	209	(61)
Net other loss	(2,575)	(1,967)
Net change in unrealized appreciation of investments	2,205,111	12,581,585
<b>Total income</b>	<b>10,042,811</b>	<b>24,151,526</b>
Expenses (income):		
Custodial fees	58,562	77,965
Operating fees	10,956	45,000
Audit fees	29,999	30,000
Legal fees	—	495
Filing fees	7,001	7,000
Investment performance monitoring fees	(8,341)	10,000
Securityholder reporting fees	(4,345)	3,500
Independent Review Committee fees (note 8)	7,501	8,119
Transaction costs	96,571	202,010
Withholding taxes	—	435
Harmonized sales tax	8,057	21,210
<b>Total expenses</b>	<b>205,961</b>	<b>405,734</b>
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>\$ 9,836,850</b>	<b>\$ 23,745,792</b>
<b>Increase in net assets attributable to holders of redeemable units per unit (based on the weighted average number of units outstanding during the year)</b>	<b>\$ 1.48</b>	<b>\$ 3.42</b>

See accompanying notes to financial statements.

# INTEGRA CANADIAN VALUE GROWTH 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	\$ 122,451,078	\$ 89,385,824
Increase in net assets attributable to holders of redeemable units	9,836,850	23,745,792
Distributions paid or payable to holders of redeemable units:		
From net investment income	(3,340,018)	(3,291,602)
From net realized capital gains	(2,401,107)	(3,901,720)
Total distributions to holders of redeemable units	(5,741,125)	(7,193,322)
Redeemable unit transactions (note 3):		
Issuance of units	9,427,663	52,218,006
Reinvestment of distributions	5,741,125	7,193,322
Redemptions of units	(11,276,559)	(42,898,544)
Net increase from redeemable unit transactions	3,892,229	16,512,784
Net increase in net assets attributable to holders of redeemable units	7,987,954	33,065,254
Net assets attributable to holders of redeemable units, end of year	\$ 130,439,032	\$ 122,451,078

See accompanying notes to financial statements.

# INTEGRA CANADIAN VALUE GROWTH 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	\$ 9,836,850	\$ 23,745,792
Change in non-cash operating working capital:		
Net foreign exchange loss (gain) on cash	(209)	61
Net realized gain on sale of investments	(4,323,098)	(7,963,901)
Net change in unrealized appreciation of investments	(2,205,111)	(12,581,585)
Purchase of investments	(68,391,695)	(135,480,560)
Proceeds from the sale of investments	67,194,347	121,919,273
Accrued dividends receivable	(12,778)	(72,902)
Accrued expenses	(43,664)	(22,382)
Cash provided by (used in) operating activities	2,054,642	(10,456,204)
Cash flows from (used in) financing activities:		
Amount received from the issuance of units	9,488,975	52,176,553
Amount paid on redemptions of units	(11,626,038)	(42,434,945)
Cash provided by (used in) financing activities	(2,137,063)	9,741,608
Decrease in cash	(82,421)	(714,596)
Net foreign exchange gain (loss) on cash	209	(61)
Cash, beginning of year	1,354,760	2,069,417
Cash, end of year	\$ 1,272,548	\$ 1,354,760
Supplemental information:		
Dividends received, net of withholding taxes	\$ 3,490,018	\$ 3,519,568

See accompanying notes to financial statements.

# INTEGRA CANADIAN VALUE GROWTH FUND

Schedule of Investments

December 31, 2017

	Number of shares	Average cost	Fair value
<b>Common shares - 98.96%</b>			
Canadian Equities - 98.96%:			
Consumer Discretionary - 5.27%:			
BRP Inc.	19,251	\$ 729,223	\$ 895,364
Canadian Tire Corp. Ltd., Class 'A'	3,112	489,630	510,057
Cogeco Communications Inc.	3,355	293,919	290,140
Dollarama Inc.	3,845	383,090	603,857
Gildan Activewear Inc.	2,051	79,605	83,291
Great Canadian Gaming Corp.	7,436	162,710	251,263
Linamar Corp.	1,739	106,030	127,312
Magna International Inc.	5,839	265,309	415,970
Martinrea International Inc.	18,702	239,915	299,980
Quebecor Inc., Class 'B'	14,278	255,270	338,389
Restaurant Brands International Inc.	36,344	2,700,984	2,808,301
Shaw Communications Inc., Class 'B'	1,361	38,970	39,047
Thomson Reuters Corp.	1,629	74,707	89,253
Uni-Select Inc.	4,484	129,701	127,391
		5,949,063	6,879,615
Consumer Staples - 4.06%:			
Alimentation Couche-Tard Inc., Class 'B'	56,445	3,272,521	3,702,227
Empire Co. Ltd., Class 'A'	14,314	343,787	350,550
George Weston Ltd.	3,379	362,931	368,852
Loblaw Cos. Ltd.	1,141	73,329	77,839
Maple Leaf Foods Inc.	9,204	279,239	329,687
North West Co. Inc. (The)	9,082	265,788	273,096
Saputo Inc.	4,235	180,712	191,337
		4,778,307	5,293,588
Energy - 17.70%:			
ARC Resources Ltd.	7,834	165,201	115,552
Canadian Natural Resources Ltd.	106,032	4,207,708	4,762,957
Cenovus Energy Inc.	3,940	47,010	45,231
Enbridge Inc.	99,592	5,090,563	4,895,943
Enbridge Income Fund Holdings Inc.	11,403	385,117	339,923
Encana Corp.	5,642	80,486	94,616
Enerflex Ltd.	7,428	101,129	113,946
Enerplus Corp.	29,413	321,781	362,074
Ensign Energy Services Inc.	11,078	74,777	71,675
Husky Energy Inc.	23,166	356,803	411,196
Imperial Oil Ltd.	2,642	102,557	103,646
Inter Pipeline Ltd.	34,207	951,867	890,408
Nuvista Energy Ltd.	36,884	231,901	295,810



# INTEGRA CANADIAN VALUE GROWTH FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
Paramount Resources Ltd., Class 'A'	14,026	328,894	272,385
Parex Resources Inc.	18,784	208,054	341,117
Pason Systems Inc.	21,376	372,102	388,829
Pembina Pipeline Corp.	12,860	526,568	585,259
Peyto Exploration & Development Corp.	43,927	1,469,669	660,223
PrairieSky Royalty Ltd.	11,744	340,129	376,513
Raging River Exploration Inc.	55,330	540,517	442,640
Secure Energy Services Inc.	33,848	330,510	296,508
Suncor Energy Inc.	101,171	3,753,119	4,669,042
TransCanada Corp.	24,553	1,347,686	1,502,153
Whitecap Resources Inc.	117,292	1,196,828	1,049,763
		22,530,976	23,087,409
Financials - 35.74%:			
Bank of Montreal	49,677	4,146,870	4,997,009
Bank of Nova Scotia	28,446	1,683,628	2,307,540
Brookfield Asset Management Inc., Class 'A'	15,637	545,984	855,657
Canadian Imperial Bank of Commerce	33,317	3,299,005	4,082,665
Canadian Western Bank	11,767	275,873	461,855
CI Financial Corp.	14,859	387,825	442,352
ECN Capital Corp.	19,679	62,776	77,339
Fairfax Financial Holdings Ltd.	285	173,252	190,762
Genworth MI Canada Inc.	4,968	181,446	216,108
Industrial Alliance Insurance and Financial Services Inc.	6,598	361,376	394,692
Intact Financial Corp.	22,516	2,335,151	2,363,955
iShares S&P/TSX 60 Index ETF	28,600	685,286	690,690
Labrador Iron Ore Royalty Corp.	11,837	179,642	321,966
Manulife Financial Corp.	199,535	4,315,165	5,231,808
National Bank of Canada	6,828	284,495	428,252
Onex Corp.	18,927	1,677,659	1,744,880
Power Corp. of Canada	78,178	2,317,153	2,530,622
Power Financial Corp.	12,709	421,818	438,969
Royal Bank of Canada	77,814	5,922,866	7,987,607
Sun Life Financial Inc.	76,482	3,787,986	3,967,886
TMX Group Ltd.	4,533	312,455	319,305
Toronto-Dominion Bank (The)	89,080	4,791,145	6,560,742
		38,148,856	46,612,661
Health Care - 0.24%:			
Aphria Inc.	1,223	17,596	22,870
Canopy Growth Corp.	2,995	38,693	89,071
Extencicare Inc.	4,398	46,342	40,242
Valeant Pharmaceuticals International Inc.	6,332	499,306	165,898
		601,937	318,081

# INTEGRA CANADIAN VALUE GROWTH FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
Industrials - 11.02%:			
Badger Daylighting Ltd.	3,973	134,803	107,986
CAE Inc.	66,585	1,262,024	1,554,760
Canadian National Railway Co.	68,201	5,685,124	7,069,034
Canadian Pacific Railway Ltd.	3,293	586,071	756,270
Chorus Aviation Inc.	11,712	109,127	113,021
Finning International Inc.	615	17,874	19,508
Morneau Shepell Inc.	4,186	86,085	93,348
New Flyer Industries Inc.	16,967	811,632	916,218
Russel Metals Inc.	10,268	276,507	299,517
Superior Plus Corp.	16,448	207,884	195,238
TFI International Inc.	35,011	1,039,796	1,150,461
Transcontinental Inc., Class 'A'	11,323	276,714	281,263
Waste Connections Inc.	3,312	219,976	295,298
WestJet Airlines Ltd.	12,024	294,525	316,953
Westshore Terminals Investment Corp.	7,190	179,453	189,025
WSP Global Inc.	16,914	759,173	1,013,318
		11,946,768	14,371,218
Information Technology - 6.08%:			
Celestica Inc.	14,172	193,927	186,787
CGI Group Inc., Class 'A'	48,369	2,854,984	3,303,603
Constellation Software Inc.	120	73,738	91,442
Descartes Systems Group Inc. (The)	29,276	800,503	1,046,324
Kinaxis Inc.	10,599	664,151	813,897
Open Text Corp.	53,381	1,925,207	2,386,665
Shopify Inc., Class 'A'	836	105,131	106,264
		6,617,641	7,934,982
Materials - 9.61%:			
Agnico Eagle Mines Ltd.	35,128	2,102,884	2,038,829
Agrium Inc.	3,097	365,190	447,764
B2Gold Corp.	34,167	138,242	132,568
Barrick Gold Corp.	41,465	845,368	753,834
Canfor Corp.	11,059	250,667	274,042
Cascades Inc.	19,733	296,649	268,763
CCL Industries Inc., Class 'B'	33,256	1,567,542	1,931,509
Centerra Gold Inc.	41,130	331,743	264,877
Chemtrade Logistics Income Fund	2,566	47,850	49,780
Franco-Nevada Corp.	15,187	1,454,340	1,525,686
Goldcorp Inc.	3,928	94,781	62,966
Hudbay Minerals Inc.	19,292	178,033	214,720
IAMGOLD Corp.	30,815	209,478	225,874
Kirkland Lake Gold Ltd.	18,212	197,131	350,945
Lucara Diamond Corp.	103,417	360,226	290,602

# INTEGRA CANADIAN VALUE GROWTH FUND

Schedule of Investments (continued)

December 31, 2017

	Number of shares	Average cost	Fair value
OceanaGold Corp.	49,330	155,668	159,336
Pan American Silver Corp.	15,764	393,629	308,659
Potash Corp. of Saskatchewan Inc.	19,285	536,525	497,167
Tahoe Resources Inc.	14,000	93,715	84,420
Teck Resources Ltd., Class 'B'	63,256	1,469,533	2,079,225
West Fraser Timber Co. Ltd.	5,106	269,193	396,072
Western Forest Products Inc.	68,387	148,387	167,548
Wheaton Precious Metals Corp.	588	15,776	16,341
		11,522,550	12,541,527
Real Estate - 1.23%:			
Allied Properties REIT	378	15,342	15,906
Artis REIT	2,522	37,054	35,560
Canadian Apartment Properties REIT	3,862	99,142	144,130
Chartwell Retirement Residences	5,901	78,579	95,950
Dream Global REIT	25,112	241,236	306,869
First Capital Realty Inc.	12,190	244,982	252,577
Granite REIT	6,215	272,439	306,089
Killam Apartment REIT	2,730	38,650	38,821
RioCan REIT	16,882	407,804	411,245
		1,435,228	1,607,147
Telecommunication Services - 4.86%:			
BCE Inc.	55,702	3,096,014	3,363,287
Rogers Communications Inc., Class 'B'	8,355	396,717	535,137
TELUS Corp.	51,179	2,032,742	2,437,144
		5,525,473	6,335,568
Utilities - 3.15%:			
Algonquin Power & Utilities Corp.	92,123	1,248,705	1,295,250
ATCO Ltd., Class 'I'	6,747	297,573	303,615
Brookfield Infrastructure Partners L.P.	3,901	209,466	219,938
Capital Power Corp.	13,153	288,307	322,117
Fortis Inc.	38,393	1,603,408	1,770,301
Hydro One Ltd.	5,929	134,484	132,810
Northland Power Inc.	621	15,437	14,500
TransAlta Corp.	5,878	43,533	43,791
		3,840,913	4,102,322
Total Canadian equities - 98.96%		112,897,712	129,084,118
Transaction costs		(79,522)	—
Total investment portfolio - 98.96%		<u>\$ 112,818,190</u>	129,084,118
Other assets, net of liabilities - 1.04%			1,354,914
Net assets attributable to holders of redeemable units - 100.00%			<u>\$ 130,439,032</u>

See accompanying notes to financial statements.

# INTEGRA CANADIAN VALUE GROWTH FUND

## Risk Disclosures

Years ended December 31, 2017 and 2016

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### 1. Financial instruments risk:

Investment activities of the Integra Canadian Value Growth 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 provide long-term capital appreciation through a portfolio of Canadian equities, which are sufficiently diversified to minimize investment risk. To achieve this objective, the Fund invests in a diverse portfolio of Canadian common stocks.

The Fund combines the expertise of two specialist investment sub-advisors; a "quantitative core" manager with strict risk controls and a disciplined primarily quantitative "bottom-up" core manager, focusing on growth, value, quality and risk. The management of the Fund's portfolio is delegated to State Street Global Advisors and Highstreet Asset Management Inc. (the "Sub-Advisors"). The maximum cash positions are 10% of assets for the portion of the Fund sub-advised by State Street Global Advisors and 5% of assets for the portion of the Fund sub-advised by Highstreet Asset Management Inc.

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

The Fund invests in a range of investment strategies that exposes it to various types of risks, as follows:

#### (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.

# INTEGRA CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

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## 2. Risk management (continued):

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.

As at and December 31, 2017 and 2016, the Fund had no significant investments in debt instruments and/or derivatives.

### (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.

### (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 CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

## 2. Risk management (continued):

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

	Currency risk- exposed holdings*	Foreign exchange contracts	Net exposure	% of net assets
2017				
U.S. dollars	\$ 39,704	\$ –	\$ 39,704	0.03

\*Amounts reflect the carrying value of monetary and non-monetary items.

	Currency risk- exposed holdings*	Foreign exchange contracts	Net exposure	% of net assets
2016				
U.S. dollars	\$ 26,306	\$ –	\$ 26,306	0.02

\*Amounts reflect the carrying value of monetary and non-monetary items.

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 \$1,985 (2016 - \$1,315). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

# INTEGRA CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

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## 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, 2017 and 2016, the Fund did not 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.

The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

# INTEGRA CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

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## 2. Risk management (continued):

### (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 (note 3).

### (g) Other market risk:

Other market risk is the risk that the fair value 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 moderate this risk through a careful selection 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.

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 (S&P/TSX Index), with all other variables held constant, would have been \$5,973,455 (2016 - \$5,654,179). This calculation is based on the beta of the Fund, over the past 36 months. In practice, the actual trading results may differ from the sensitivity analysis indicated above and the difference could be material.



# INTEGRA CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

## 2. Risk management (continued):

### (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:

	% of net assets	
	2017	2016
<b>Common shares</b>		
Canadian equities:		
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
Total investment portfolio	98.96	99.11
Other assets, net of liabilities	1.04	0.89
<b>Net assets attributable to holders of redeemable units</b>	<b>100.00</b>	<b>100.00</b>

# INTEGRA CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

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### 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 not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or a 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 carried at fair values:

2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	\$ 129,084,118	\$ –	\$ –	\$ 129,084,118

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# INTEGRA CANADIAN VALUE GROWTH FUND

Risk Disclosures (continued)

Years ended December 31, 2017 and 2016

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## 4. Fair value measurements (continued):

2016	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	\$ 121,358,560	\$ –	\$ –	\$ 121,358,560

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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.

The Fund's equity positions 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 level as a result of the securities no longer being traded in an active market and no investments were transferred from any level as a result of the securities now being traded in an active market.

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements

Years ended December 31, 2017 and 2016

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## 1. Establishment of the Fund:

The Integra Canadian Value Growth 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 10, 1998 and commenced operations on December 8, 1998.

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.

## 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.

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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## 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 (loss). 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 at FVTPL: debt securities and equity investments; 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.

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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## 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 the 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 or 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 date.

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

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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## 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 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.

Realized gain (loss) 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.

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.

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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### 3. Significant accounting policies (continued):

(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) Securities lending transactions:

The Fund is permitted to enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to re-deliver the same securities at a future date. Income is earned from these transactions in the form of fees paid by the counterparty. Income earned from these transactions is recognized on an accrual basis and included in the statements of comprehensive income.

(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 (loss) on foreign exchange, except for those arising from financial instruments at FVTPL, which are recognized as a component within net realized gain (loss) on sale of investments and change in net unrealized appreciation (depreciation) in the statements of comprehensive income.



# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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### 3. Significant accounting policies (continued):

#### (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.

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 carryforward of nil (2016 - 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 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 assets attributable to holders of redeemable units 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 CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

### 3. Significant accounting policies (continued):

Redeemable unit transactions during the year were as follows:

	2017		2016	
	Number of Fund units	Amount	Number of Fund units	Amount
Redeemable units issued	509,479	\$ 9,427,663	3,254,634	\$ 52,218,006
Redeemable units redeemed	(611,542)	(11,276,559)	(2,532,146)	(42,898,544)
Redeemable units issued on reinvestments	308,551	5,741,125	(409,214)	(7,193,322)

The number of issued and outstanding units as at December 31, 2017 is 6,924,752 (2016 - 6,718,264).

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 6,652,275 (2016 - 6,949,477).

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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### 3. Significant accounting policies (continued):

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 NAV attributable to holders of redeemable units.

(j) Receivable or payable 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 date.

(k) Future accounting changes:

The International Accounting Standards Board has issued the following new standards and amendments to existing standards that are not yet effective.

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.

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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## 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.

## 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 change in unrealized appreciation (depreciation) of investments, interest income for distribution purposes and dividends. 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	\$ 10,031,005	\$ 24,138,388

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## 6. Brokerage commissions:

Brokerage 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 is \$ 6,965 (2016 - \$7,759).

# INTEGRA CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

## 7. Securities lending:

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with Bank of New York Mellon. The aggregate market value of all securities cannot exceed 50% of the net assets attributable to holders of redeemable units of the Fund. The Fund receives collateral in the form of debt obligations of the Government of Canada and any other Sovereign States and Canadian provincial governments, against the loaned securities. The Fund maintains a minimum collateral requirement of 102% for North American equities and 105% for non-North American equities of the market value of the loaned securities during the period of the loan. As at December 31, 2017, certain securities shown in the statements of financial position with a market value of \$6,910,061 (2016 - \$9,532,834) had been loaned as part of the securities lending program. The counterparty has pledged securities with a market value of \$7,261,438 (2016 - \$10,029,341) as collateral for such loans. Under the terms of the program, the Fund may instruct that securities be returned within three days.

The table below shows a reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from the securities lending disclosed in the statements of comprehensive income:

	2017		2016	
	Amount	% of gross securities lending revenue	Amount	% of gross securities lending revenue
Gross securities lending revenue	\$ 23,633	100.0	\$ 25,415	100.0
Withholding taxes	(18)		(148)	(0.6)
Agent fees - Bank of New York Mellon Corp. (The)	(9,443)	(40.0)	(10,102)	(39.7)
Securities lending revenue	\$ 14,172	60.0	\$ 15,165	59.7

## 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 CANADIAN VALUE GROWTH FUND

Notes to Financial Statements (continued)

Years ended December 31, 2017 and 2016

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## 8. Related party transactions and fund expenses (continued):

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, 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. 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. For the year ended December 31, 2017, the fees paid to the IRC are disclosed in the statements of comprehensive income in the amount of \$7,501 (2016 - \$8,119).

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.