Financial Statements of

INTEGRA DIVERSIFIED FUND

Year ended December 31, 2018

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 Diversified Fund

Opinion

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

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

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

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

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 27, 2019

INTEGRA DIVERSIFIED FUND

Statement of Financial Position

December 31, 2018, with comparative information for 2017

		2018		2017
Assets				
Cash	$	51,714	$	1,997
Receivable for securities sold		43,420		–
Accrued dividend receivable		12,945		–
Investments, at fair value		88,391,386		93,762,202
Total assets		88,499,465		93,764,199
Liabilities				
Payable for securities purchased		62,918		–
Redemptions payable		43,420		–
Accrued expenses		11,061		12,603
Total liabilities, excluding net assets attributable to holders of redeemable units		117,399		12,603
Net assets attributable to holders of redeemable units	$	88,382,066	$	93,751,596
Redeemable units (note 3)		1,351,295		1,393,708
Net assets attributable to holders of redeemable units per unit	$	65.41	$	67.27

See accompanying notes to financial statements.

On behalf of the Manager,
Integra Capital Limited:

_________________________ Director
Graham Rennie

_________________________ Director
Steven Carlson

INTEGRA DIVERSIFIED FUND

Statement of Comprehensive Income (Loss)

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Income:		
Interest income for distribution purposes	$ 1,653	$ 2,042,395
Income from funds	2,249,433	–
Other changes in fair value of investments and derivatives:		
Net realized gain on sale of investments	3,566,154	1,872,519
Net foreign exchange loss on cash	–	(324)
Net other gain	89	82
Net change in unrealized appreciation (depreciation) of investments	(8,240,611)	4,297,966
Total income (loss)	(2,423,282)	8,212,638
Expenses:		
Custodial fees	29,401	41,260
Operating fees	6,701	5,388
Audit fees	17,520	15,002
Filing fees	748	748
Investment performance monitoring fees	–	(2,457)
Securityholder reporting costs	2,000	2,000
Harmonized sales tax	7,231	7,337
	63,601	69,278
Expenses waived or absorbed by manager (note 7)	(5,650)	–
Total expenses	57,951	69,278
Increase (decrease) in net assets attributable to holders of redeemable units	$ (2,481,233)	$ 8,143,360
Increase (decrease) in net assets attributable to holders of redeemable units per unit (based on the weighted average number of units outstanding during the year)	$ (1.18)	$ 5.80

See accompanying notes to financial statements.

INTEGRA DIVERSIFIED FUND

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

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Net assets attributable to holders of redeemable units, beginning of year	$ 93,751,596	$ 87,226,536
Increase (decrease) in net assets attributable to holders of redeemable units	(2,481,233)	8,143,360
Distributions paid or payable to holders of redeemable units:		
From net investment income	(2,193,086)	(1,972,083)
Redeemable unit transactions (note 3):		
Issuance of units	3,184,342	3,674,488
Reinvestment of distributions	2,193,086	1,972,083
Redemption of units	(6,072,639)	(5,292,788)
Net increase (decrease) from redeemable unit transactions	(695,211)	353,783
Net increase (decrease) in net assets attributable to holders of redeemable units	(5,369,530)	6,525,060
Net assets attributable to holders of redeemable units, end of year	$ 88,382,066	$ 93,751,596

See accompanying notes to financial statements.

INTEGRA DIVERSIFIED FUND

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

		2018		2017
Cash flows from (used in) operating activities:				
Increase (decrease) in net assets attributable to holders of redeemable units	$	(2,481,233)	$	8,143,360
Change in non-cash operating working capital:				
Net foreign exchange loss on cash		–		324
Net realized gain on sale of investments		(3,566,154)		(1,872,519)
Net change in unrealized depreciation (appreciation) of investments		8,240,611		(4,297,966)
Purchase of investments		(14,642,145)		(41,477,550)
Proceeds from the sale of investments		15,358,002		41,132,517
Accrued dividend receivable		(12,945)		–
Accrued expenses		(1,542)		(16,237)
Cash provided by operating activities		2,894,594		1,611,929
Cash flows from (used in) financing activities:				
Amount received from the issuance of units		3,184,342		3,674,488
Amount paid on redemptions of units		(6,029,219)		(5,292,788)
Cash used in financing activities		(2,844,877)		(1,618,300)
Increase (decrease) in cash		49,717		(6,371)
Net foreign exchange loss on cash		–		(324)
Cash, beginning of year		1,997		8,692
Cash, end of year	$	51,714	$	1,997
Supplemental information:				
Interest received	$	1,653	$	2,042,395
Dividends received, net of withholding taxes		2,236,488		–

See accompanying notes to financial statements.

INTEGRA DIVERSIFIED FUND

Schedule of Investments

December 31, 2018

	Number of shares	Average cost	Fair value
Acadian Core International Equity Fund	811,045	$ 4,376,400	$ 5,459,956
ICL Global Equity Fund	767,562	5,928,949	4,878,319
Integra Bond Fund	2,400,103	38,553,692	37,529,684
Integra Canadian Value Growth Fund	1,619,111	27,602,065	26,415,964
Integra Emerging Markets Equity Fund	381,335	3,933,231	4,101,529
Integra U.S. Value Growth Fund	632,334	6,917,325	10,005,934
Total investment portfolio - 100.01%		$ 87,311,662	88,391,386
Other assets, net of liabilities - (0.01%)			(9,320)
Net assets attributable to holders of redeemable units - 100.00%			$ 88,382,066

See accompanying notes to financial statements.

1. Financial instruments risk:

Investment activities of the Integra Diversified 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 may invest in several underlying funds that have holdings in a range 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.

The Fund employs a passive investment strategy, whereby investments in the underlying funds are based on target asset weightings. The 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 long-term target asset mix of the Fund is 57% in stocks, 40% in Canadian and foreign fixed-income instruments, and 3% in cash and short-term instruments.

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

2. Risk management (continued):

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:

(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 statement 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 honor 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 direct and indirect exposure to the credit ratings of debt securities, whose credit ratings were primarily based on ratings issued by Standard & Poor's:

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

2018	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
United States Dollar	$ 13,843,596	$ 322,103	$ 14,165,699	16.03
Euro	2,578,508	(318,865)	2,259,643	2.56
Japanese Yen	1,653,523	–	1,653,523	1.87
Hong Kong Dollar	1,103,526	–	1,103,526	1.25
British Pound	837,025	–	837,025	0.95
Swiss Franc	655,982	–	655,982	0.74
South Korean Won	493,037	–	493,037	0.56
Australian Dollar	434,238	–	434,238	0.49
Indian Rupee	420,570	–	420,570	0.48
Indonesian Rupiah	292,357	–	292,357	0.33
South African Rand	280,519	–	280,519	0.32
New Taiwan Dollar	266,045	–	266,045	0.30
Swedish Krona	265,452	–	265,452	0.30
Brazilian Real	262,224	–	262,224	0.30
Singapore Dollar	218,348	–	218,348	0.25
Danish Krone	122,066	–	122,066	0.14
Israeli Shekel	98,273	–	98,273	0.11
Thai Baht	94,564	–	94,564	0.11
Norwegian Krone	91,555	–	91,555	0.10
Mexican Peso	84,476	–	84,476	0.10
Polish Zloty	60,597	–	60,597	0.07
Colombian Peso	58,519	–	58,519	0.07
Philippine Peso	36,777	–	36,777	0.04
Malaysian Ringgit	26,602	–	26,602	0.03
Hungarian Forint	17,577	–	17,577	0.02
Qatari Rial	15,509	–	15,509	0.02
Russian Ruble	14,513	–	14,513	0.02
New Zealand Dollar	9,737	–	9,737	0.01
Peruvian Nuevo Sol	10	–	10	–

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

2. Risk management (continued):

2017	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
U.S. Dollar	$ 15,688,144	$ 71,878	$ 15,760,022	16.81
Euro	3,775,294	(74,201)	3,701,093	3.95
Japanese Yen	1,923,689	–	1,923,689	2.05
British Pound	1,345,949	–	1,345,949	1.44
Hong Kong Dollar	1,190,962	–	1,190,962	1.27
South Korean Won	1,164,080	–	1,164,080	1.24
Indian Rupee	677,827	–	677,827	0.72
South African Rand	530,108	–	530,108	0.57
Swiss Franc	500,853	–	500,853	0.53
Singapore Dollar	456,131	–	456,131	0.49
New Taiwan Dollar	422,180	–	422,180	0.45
Thai Baht	280,257	–	280,257	0.30
Norwegian Krone	275,916	–	275,916	0.29
Indonesian Rupiah	274,744	–	274,744	0.29
Brazilian Real	240,224	–	240,224	0.26
Swedish Krona	232,486	–	232,486	0.25
Australian Dollar	230,852	–	230,852	0.25
Polish Zloty	133,024	–	133,024	0.14
Malaysian Ringgit	115,707	–	115,707	0.12
Danish Krone	81,360	–	81,360	0.09
Mexican Peso	73,411	–	73,411	0.08
Israeli Shekel	48,196	–	48,196	0.05
New Zealand Dollar	34,335	–	34,335	0.04
Philippine Peso	32,400	–	32,400	0.03
Russian Ruble	21,253	–	21,253	0.02
Kenyan Shilling	16,665	–	16,665	0.02
Qatari Rial	14,174	–	14,174	0.02
Colombian Peso	2,588	–	2,588	–
Peruvian Nuevo Sol	11	–	11	–

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

2. Risk management (continued):

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by $1,216,948 (2017 - $1,489,025). 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 statement 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.

The Fund may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

As at December 31, 2018 and 2017, the Fund did not have any amounts to offset.

2. Risk management (continued):

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

Bonds	2018	2017
Less than 1 year	$ 789,710	$ –
1 - 3 years	5,618,666	5,809,163
3 - 5 years	10,054,836	8,915,213
> 5 years	19,976,913	16,067,673
	$ 36,440,125	$ 30,792,049

As at December 31, 2018, had the prevailing interest rates increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased, respectively, by $2,690,218 (2017 - $2,270,250).

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.

The 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 unitholders (refer to note 3).

(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 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, 2018, due to a 5% increase or decrease in the Fund's benchmark (30% S&P/TSX, 27% MSCI ACWI (ND), 40% FTSE TMX Bond Index, 3% Government of Canada Treasury Bills Indices), with all other variables held constant, would have been $4,928,184 (2017 - $5,182,588). 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.

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:

	As a % of net assets	
	2018	2017
Acadian Core International Equity Fund	6.18	7.72
ICL Global Equity Fund	5.52	6.59
Integra Bond Fund	42.46	33.31
Integra Canadian Value Growth Fund	29.89	34.39
Integra Emerging Markets Equity Fund	4.64	6.17
Integra U.S. Value Growth Fund	11.32	11.83
Total investment portfolio	100.01	100.01
Other assets, net of liabilities	(0.01)	(0.01)
Net assets attributable to holders of redeemable units	100.00	100.00

2. Risk management (continued):

Summary of investments of the indirect holdings:

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

2. Risk management (continued):

	As a % of net assets	
	2018	2017
ICL Global Equity Fund		
Canada	2.95	2.81
France	4.11	3.53
Germany	5.99	5.40
Hong Kong	2.93	2.75
Ireland	4.74	4.64
Israel	–	0.01
Japan	9.87	8.89
Netherlands	4.59	7.52
Norway	0.77	0.82
South Korea	1.30	1.20
Switzerland	8.19	6.51
Thailand	–	0.74
United Kingdom	10.11	8.85
United States	41.86	42.61
	97.41	96.28
Other assets, net of liabilities	2.59	3.72
Total	100.00	100.00

	As a % of net assets	
	2018	2017
Integra Bond Fund		
Government of Canada	21.55	35.81
Provincial Government	34.35	23.75
Corporate	41.20	39.05
Total Canadian bonds	97.10	98.61
Short-term notes	2.18	0.66
Total bonds	99.28	99.27
Other assets, net of liabilities	0.72	0.73
Total	100.00	100.00

2. Risk management (continued):

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

2. Risk management (continued):

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

2. Risk management (continued):

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

4. Fair value measurements (continued):

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

2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in funds	$ 88,391,386	$ –	$ –	$ 88,391,386

2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in funds	$ 93,762,202	$ –	$ –	$ 93,762,202

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.

(a) Equities:

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

(b) Bonds and short-term investments:

Bonds include primarily government and corporate bonds, which are valued using quotation services or pricing models with inputs, including interest rate curves, credit spreads, and volatilities. The inputs that are significant to valuation are generally observable and, therefore, the Fund's bonds and short-term investments have been classified as Level 2.

4. Fair value measurements (continued):

(c) Derivative assets and liabilities:

Derivative assets and liabilities consist of foreign currency forward contracts which are valued based primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency, interest rates and credit spreads. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit-related inputs are determined not to be significant to fair value, are classified as Level 2.

For the years ended December 31, 2018 and 2017, 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.

1. Establishment of the Fund:

The Integra Diversified Fund (the "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 June 30, 1987 and commenced operations on this date.

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 is not a reporting issuer and is exempt, pursuant to National Instrument 81-106, Investment Fund Continuous Disclosure from the requirement to file its financial statements with the regulatory authorities and has notified the Ontario Securities Commission that it is relying on this exemption.

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

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

2. Basis of preparation:

(a) Basis of accounting:

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

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

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

3. Significant accounting policies:

(a) IFRS 9, Financial Instruments Transition:

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

3. Significant accounting policies (continued):

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

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

(b) Financial instruments:

(i) Recognition, initial measurement and classification:

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

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 net asset value ("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 statement of comprehensive income (loss) as change in unrealized appreciation (depreciation) on derivatives. When the forward contracts are closed out, any gains or losses realized are included in net realized gain (loss) on derivatives.

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

3. Significant accounting policies (continued):

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

(iii) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statement 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. In the normal course of business, the Fund may enter into master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of such contract.

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

(c) Cash and cash equivalents:

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

(d) Investment transactions and income recognition:

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

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

3. Significant accounting policies (continued):

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

Realized gain (loss) on sale of investments and unrealized appreciation (depreciation) in 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 statement of comprehensive income (loss).

(e) Cost of investments:

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

(f) Transaction costs:

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

(g) Securities lending transactions:

The Fund and the underlying funds are permitted to enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver 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 statement of comprehensive income (loss).

3. Significant accounting policies (continued):

(h) 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 statement of comprehensive income (loss).

(i) Income taxes:

The Fund presently qualifies as a unit 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, 2018, the Fund had non-capital losses of nil (2017 - nil) and net capital losses carryforward of $4,579,030 (2017 - $6,418,820).

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

3. Significant accounting policies (continued):

(j) Redeemable units:

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

The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net 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 statement of changes in net assets attributable to holders of redeemable units. The Fund endeavors to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

Redeemable unit transactions during the years were as follows:

	2018		2017	
	Number of Fund units	Amount	Number of Fund units	Amount
Redeemable units issued	47,236	$ 3,184,342	57,210	$ 3,674,488
Redeemable units redeemed	(89,649)	(6,072,639)	(81,952)	(5,292,788)
Redeemable units issued on reinvestments	–	(2,193,086)	–	1,972,083

The number of issued and outstanding units as at December 31, 2018 is 1,351,295 (2017 - 1,393,708).

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.

3. Significant accounting policies (continued):

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

The weighted average number of units outstanding for the year ended December 31, 2018 is 1,380,064 (2017 - 1,404,544).

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

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

(k) 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.

(l) Future accounting changes:

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

4. Critical accounting estimates and judgments:

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

5. Involvement with unconsolidated structured entities:

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

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

- The voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;

- Each of the underlying fund's activities are restricted by its prospectus; and

- The underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

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

5. Involvement with unconsolidated structured entities (continued):

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

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 statement of financial position.

The tables below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

5. Involvement with unconsolidated structured entities (continued):

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

Name of fund	Place of business	Proportion of interest	Control/significant influence
Acadian Core International Equity Fund	Ontario	8%	–
ICL Global Equity Fund	Ontario	11%	–
Integra Bond Fund	Ontario	37%	Significant Influence
Integra Canadian Value Growth Fund	Ontario	23%	Significant Influence
Integra Emerging Markets Equity Fund	Ontario	12%	–
Integra U.S. Value Growth Fund	Ontario	13%	–

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	10%	–
ICL Global Equity Fund	Ontario	13%	–
Integra Bond Fund	Ontario	34%	Significant Influence
Integra Canadian Value Growth Fund	Ontario	25%	Significant Influence
Integra Emerging Markets Equity Fund	Ontario	13%	–
Integra U.S. Value Growth Fund	Ontario	14%	–

5. Involvement with unconsolidated structured entities (continued):

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

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

6. Brokerage commissions:

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

7. Related party transactions and fund expenses:

The Manager administers and regulates the day-to-day operations of the Fund. In return for the services provided, the Manager receives management fees from the Fund's holders of redeemable units, based on the NAV of the Fund. These management fees are paid either by redemption of units or the unitholder, if an institution, may be invoiced and payment will be delivered to the Manager.

The Manager 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 statement of comprehensive income (loss).

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

7. Related party transactions and fund expenses (continued):

The Manager, at its discretion, may agree to waive or absorb certain expenses associated with the Fund. For the year ended December 31, 2018, the expenses waived or absorbed by the Manager in the amount of $5,650 (2017 - nil) are shown in the statement of comprehensive income (loss). Such absorption or waiver, where applicable, may be terminated by the Manager at any time without notice.

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.