

**Integra Canadian Value Growth Fund  
Annual Management Report of Fund Performance  
As at December 31, 2017**

This annual report of fund performance contains financial highlights but does not contain the complete annual financial statements for the investment fund. You may request a copy of the annual financial statements at no cost, by calling 1-800-363-3480, by writing to us at Integra Capital Limited (“Integra”), 2020 Winston Park Drive, Suite 200, Oakville, ON, L6H 6X7 or by visiting our website at [www.integra.com](http://www.integra.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us using one of these methods to request a copy of the proxy voting policies and procedures, proxy voting disclosure record, or portfolio disclosure relating to the Fund.

**Investment Objective and Strategies**

The Integra Canadian Value Growth Fund (the “Fund”), seeks to provide long-term capital growth by investing primarily in equity securities of Canadian businesses. The Fund may hold up to an aggregate of 10% in cash or cash equivalents.

The Fund is sub-advised by two investment teams: a “core enhanced” manager and a quantitative core manager. The structure of the Fund is designed to provide a tracking error to the S&P/TSX Index of 1.5 - 3%.

The Fund will not invest in foreign securities. Each manager is authorized to keep a percentage of the assets it manages in cash or cash equivalents as an ongoing strategy.

**Risk**

Most of the Fund’s assets will be invested in common shares. As a result, the Fund is exposed to stock market risk and specific issuer risk. Equity risk can be described as the potential for a decline in stock prices. The share price of a company will be impacted by various factors including profit growth, dividend policy, balance sheet leverage, quality of management, market share, product development, and technology investment.

The Integra Canadian Value Growth Fund may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Fund’s other investment strategies in an appropriate manner to achieve the Fund’s investment objectives. Accordingly, it may be subject to securities lending risks.

As is most often the case, the Canadian equity market is heavily influenced by trends and events outside our borders. Canada’s economy relies heavily on exports of natural resources and thus is impacted by the level of activity outside of our borders, particularly the United States. The new administration in Washington was quick to pronounce an aggressive agenda some of which was expected to have a significant impact on Canada. Opening up the North American Free Trade Agreement (NAFTA) for renegotiations as President Trump promised better trade terms to his constituents and plans for heavy infrastructure spending had implications for Canadian exports.

President Trump’s push for improved trade terms, increased spending along with tax reform and deregulation was expected to enhance American consumer demand and contribute to the global expansion. However, it became evident the new President, unlike his previous role on a reality television show, could not make his wishes come true in a timely fashion.

While the U.S. economy and most other regions experienced stable growth, the oil and gas industry remained challenged due to an overhang of supply. American fracking technology and OPEC’s inability to abide by production quotas kept energy prices depressed. Additionally, concerns about overheating in the housing market and well-publicized issues at Home Capital resulted in the Canadian stock market being one of the weaker performers through the first six months of 2017.

As the global expansion demonstrated sustainability illustrated by lower jobless rates, growing manufacturing activity and improving consumer spending around the world, Canadian stocks began to participate in the global equity rally through the second half of the year.

Nonetheless, with central banks around the world, including the Bank of Canada, shifting away from easy monetary policies, stock valuations were somewhat stretched by the end of the year. In response to rising prices and the domestic economy gaining more solid footing, the Bank of Canada raised its short-term policy rate twice during the summer. The two increases took the over-night rate from 0.50% to 1.00%.

The Integra Diversified Fund held approximately 25% of the outstanding units of the Fund. The Integra Diversified Fund may invest its assets directly in the Integra Canadian Value Growth Fund and the amount and timing of such purchases and redemptions may be material at any point in time. Additionally, one client holds approximately 33% of the assets in the Fund. As a result, the Integra Canadian Value Growth Fund may have to alter its portfolio to accommodate large purchases and redemptions.

## **Management Discussion of Fund Performance**

### **Results of Operations**

For the fourth quarter, six-month and one-year periods ending December 31st, 2017, the Fund returned 4.1%, 7.8% and 8.2% respectively. In comparison, the Fund's benchmark (100% S&P/TSX Composite Index) similarly enjoyed a good year returning 4.5%, 8.3% and 9.1% during the same periods. All returns are presented in Canadian dollar terms and gross of investment management fees. Returns for periods less than one year are not annualized.

Following an exceptional year for Canadian equities in 2016, the past 12-month window was a more challenging period for investors in domestic stocks. Depressed energy prices, the Home Capital situation and worries about residential real estate on the banking sector created an environment resulting in a lack of enthusiasm regarding Canadian stocks.

Softness in oil and gas prices caused the Energy group to lose 7% over the course of the year. It was the only sector to produce a negative return. The extremely narrow Health Care sub-index was the best performer returning 34% but it holds a very limited number of constituents. That was a reversal of 2016 when Valeant Pharmaceutical's downward spiral in 2016 took the group into negative territory. Amongst more sizeable groupings, Consumer Discretionary and Industrials performed relatively well. Banks and insurers achieved better performance during the second half of the year as the Bank of Canada raised its short-term policy rate twice during the summer.

The Fund's performance lagged that of its benchmark over the course of 2017. The major detriment to relative performance was the Energy sector. The portfolio was overweight oil and gas stocks. The price of oil fell 20% during the first half of the year putting substantial pressure on valuations. In addition to being above market weight in this area, stock selection also had a negative impact. Holdings such as Peyto Exploration & Development, Raging River Exploration and Whitecap Resources hampered the Fund's nominal and relative performance. The one positive in this area was the underweight to Cenovus Energy, which lost investor confidence which in the face of lower prices and abundant debt made a questionable acquisition.

To a lesser degree, holdings in the Information Technology and Materials groups were also impediments to relative performance.

The portfolio added value with security selection in the Consumer and Real Estate sectors. Dollarama was a strong performer as was Alimentation Couche-Tard, the convenience store operator.

The Fund additionally generated value by being overweight the Financial Services area. Both banks and insurance companies benefit from rising interest rates. Bank margins improve and the discount rate applied to insurers' future liabilities increases.

Specific stocks held in the Fund that performed particularly well on a relative basis was an assortment of stocks. These included Canadian National Railway, WSP Global, Kirkland Lake Gold and Labrador Iron Ore Royalty Corporation.

Fund expenses vary period over period mainly as the result of changes in average Net Asset Values and investment activity. Total expenses incurred by the Fund were substantially lower in 2017 largely due to a sizeable reduction in transaction costs.

There were net contributions in the Fund totaling \$3.9 million during 2017.

### **Recent Developments**

Following the lead of the United States which raised its short-term policy rate a few times late in 2017, the Bank of Canada increased its target for the overnight rate to 1.25% in January. Economic data have been relatively strong and inflation is approaching the 2% target.

There are currently no early indications of a recession on the horizon. The global economy is strengthening with a potential expansion of 3.5% in 2018. The Trump administration expects the recently announced tax cuts will spur on the American economy. Canada would be a significant beneficiary if that were to unfold, due to our significant trade with our southern neighbours. However, there is some uncertainty with respect to the future of NAFTA and where the negotiations land.

Commodity prices have gathered momentum on the back of the world economic expansion. This benefits Canada due to our energy and materials exports.

The Bank of Canada is anticipating real GDP growth to slow to 2.2% in 2018. The consumer has been more exuberant than the Bank has anticipated. However, rising interest rates should slow down housing demand. On the other hand, business investment conditions are improving.

Some stocks that the Fund has taken larger positions in recently include BRP Inc., the maker of recreational vehicles for land and water, Intact Financial Corp. and Royal Bank of Canada.

### **Caution Regarding Forward-looking Statements**

This report may contain forward-looking statements about the Fund, including its strategies and expected performance. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to potential future events or market and economic conditions.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and capital market and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results may differ materially from those expressed or implied in any forward-looking statements made by the Fund. A wide range of factors may contribute to these variances, including general economic, geopolitical and market influences in Canada or globally, interest rates and currencies, capital markets, technology innovations, regulations and catastrophic events.

Investors are encouraged to consider these and other factors including their own investment objectives carefully before making any investment decisions and are urged to avoid placing undue reliance on forward-looking statements.

Additionally, investors should be aware that the Fund has no specific intention to update any forward-looking statements, whether as a result of new information and future events, prior to the release of the next Management Report on Fund Performance.

**Related Party Transactions**  
**Manager and Transfer Agent**

The Fund is managed by Integra. Integra provides or arranges for the provision of all general management and administrative services rendered by the Fund in its day-to-day operations, including providing or arranging the provision of investment advice and record-keeping services for the Fund.

As a result of providing investment advisory and management services, the Fund's Manager receives management fees from the Fund's unitholders, based on the net asset value 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

### Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years. This information is on a per unit basis and is derived from the Fund's audited annual financial statements.

<b>Canadian Value Growth Fund</b>					
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net Assets, beginning of year <sup>(1)</sup>	\$18.23	\$16.00	\$17.04	\$15.51	\$13.72
Increase (decrease) from operations:					
Total revenue	0.53	0.52	0.46	0.44	0.41
Total expenses	(0.03)	(0.06)	(0.05)	(0.07)	(0.05)
Realized gains (losses)	0.65	1.15	0.89	2.01	0.57
Unrealized gains (losses)	0.33	1.81	(1.72)	(0.25)	1.27
Total increase (decrease) from operations <sup>(2)</sup>	\$1.48	\$3.42	(\$0.42)	\$2.13	\$2.20
Distributions:					
From income (excluding dividends)	—	—	—	—	—
From dividends	(0.50)	(0.49)	(0.42)	(0.40)	(0.39)
From capital gains	(0.36)	(0.57)	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions <sup>(3)</sup>	(\$0.86)	(\$1.06)	(\$0.42)	(\$0.40)	(\$0.39)
Net Assets per unit, end of year <sup>(1)(4)</sup>	\$18.84	\$18.23	\$16.00	\$17.04	\$15.51
<i>Ratios and Supplemental Data (Based on Pricing NAV)</i>					
Net asset values (000's)	\$130,439	\$123,092	\$89,386	\$125,891	\$93,518
Number of units outstanding	6,924,752	6,178,264	5,586,562	7,388,293	6,030,279
Expense ratio (%)	0.09%	0.17%	0.20%	0.26%	0.23%
Expense ratio before waivers or absorptions (%)	0.09%	0.17%	0.20%	0.26%	0.23%
Portfolio turnover rate (%) <sup>(4)</sup>	55.02%	104.55%	64.85%	112.83%	130.12%
Trading expense ratio (%) <sup>(5)</sup>	0.08%	0.17%	0.12%	0.16%	0.12%

### Ratios and Supplemental Data

Supplementary information to the Financial Highlights calculations are based on the following:

1. The information for 2017, 2016, 2015, 2014 and 2013 are derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period.
3. Distributions were paid in cash/reinvested in additional units of the Fund, or both.
4. The Fund's portfolio turnover rate is a measure of trading activity in a Fund's portfolio. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a Fund.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's average net asset value during the year.

### Management Fees

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

## Integra Canadian Value Growth Fund Past Performance

The performance reported below assumes that all distributions made by the Fund in the year shown were reinvested in additional units of the Fund. If an investor holds the Fund outside of a registered plan, he/she will be taxed on these distributions.

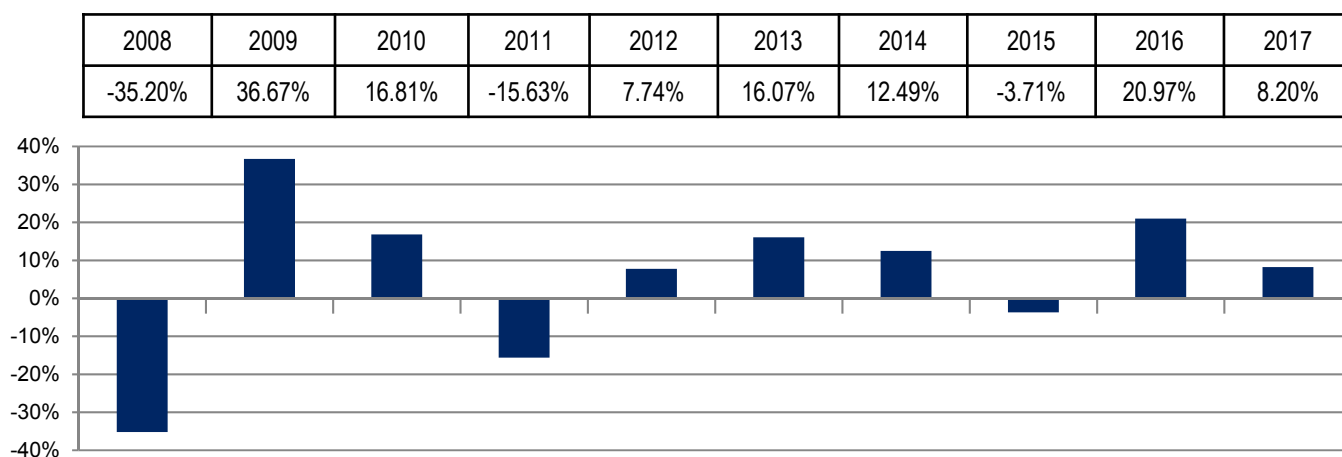
How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

All rates of return are calculated based on Pricing NAV and are in Canadian dollars unless stated otherwise.

**Fund Inception** - March 12, 1999

### Year-by-Year Returns

The following bar chart shows the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



### Annualized Returns

This table shows the fund's historical annualized returns for the year ending December 31, 2017.

Annualized Returns	Past 1 year	Past 3 years	Past 5 years	Past 10 Years
Integra Canadian Value Growth Fund	8.20%	8.01%	10.47%	4.46%
Benchmark	9.10%	6.59%	8.63%	4.75%

### Benchmark

The Integra Canadian Value Growth Fund Benchmark reflects the market sectors in which the Fund invests.

100.0%	S&P/TSX Composite Index
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The S&P/TSX Composite Index (Total Return) is a total return index that tracks the performance of some of the largest and most widely held stocks listed on the Toronto Stock Exchange.

**Integra Canadian Value Growth Fund**  
**Summary of Investment Portfolio as at December 31, 2017**

<b>Asset Mix</b>		<b>Top 25 Issuers</b>	
	% of Fund's Net Asset Value	(excluding cash equivalents)	% of Fund's Net Asset Value
Canadian Equities	98.96%	1 Royal Bank of Canada	6.19%
Other Assets, Net of Liabilities	1.04%	2 Canadian National Railway Co.	5.48%
		3 Toronto-Dominion Bank (The)	5.08%
		4 Manulife Financial Corp.	4.05%
		5 Bank of Montreal	3.87%
		6 Enbridge Inc.	3.79%
		7 Canadian Natural Resources Ltd.	3.69%
		8 Suncor Energy Inc.	3.62%
		9 Canadian Imperial Bank of Commerce	3.16%
		10 Sun Life Financial Inc.	3.07%
		11 Alimentation Couche-Tard Inc., Class 'B'	2.87%
		12 BCE Inc.	2.61%
		13 CGI Group Inc., Class 'A'	2.56%
		14 Restaurant Brands International Inc.	2.18%
		15 Power Corp. of Canada	1.96%
		16 Open Text Corp.	1.85%
		17 Intact Financial Corp.	1.83%
		18 Bank of Nova Scotia	1.79%
		19 Teck Resources Ltd., Class 'B'	1.61%
		20 Agnico Eagle Mines Ltd.	1.58%
		21 TELUS Corp.	1.55%
		22 CCL Industries Inc., Class 'B'	1.50%
		23 Fortis Inc.	1.37%
		24 Onex Corp.	1.35%
		25 CAE Inc.	1.20%
<b>Total Fund Net Asset Value: \$130,439,032</b>			

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. The most recent annual report, semi-annual report or quarterly report is available at no cost, by calling 1-800-363-2480, by writing to us at Integra Capital Limited, 2020 Winston Park Drive, Suite 200, Oakville, ON, L6H 6X7 or by visiting our website at [www.integra.com](http://www.integra.com).



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