

Condensed Interim Financial Statements (unaudited)

# **INTEGRA INTERNATIONAL EQUITY FUND**

June 30, 2018

## **NOTICE TO THE READER**

The enclosed semi-annual financial statements have not been reviewed by the external auditors of the Fund.

# INTEGRA INTERNATIONAL EQUITY FUND

Statements of Financial Position (unaudited)

As at June 30, 2018 and December 31, 2017

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Cash	\$ 579,625	\$ 419,843
Receivable for securities sold	45	67,330
Subscriptions receivable	9,326	5
Accrued dividend receivable	163,348	137,053
Investments, at fair value	21,068,287	22,600,533
Total assets	21,820,631	23,224,764
<b>Liabilities</b>		
Payable for securities purchased	102,315	33,613
Redemptions payable	-	30,224
Accrued expenses	40,174	51,929
Total liabilities	142,489	115,766
Net assets attributable to holders of redeemable units	\$ 21,678,142	\$ 23,108,998
Redeemable units (note 3)	1,192,866	1,286,382
Net assets attributable to holders of redeemable units per unit	\$18.17	\$ 17.96

See accompanying notes to financial statements.

# INTEGRA INTERNATIONAL EQUITY FUND

Statements of Comprehensive Income (unaudited)

Six months ended June 30

	2018	2017
Income:		
Interest income for distribution purposes	\$ 834	\$ 208
Dividends	396,323	375,098
Revenue from securities lending (note 7)	1,773	1,784
Other changes in fair value of investments and derivatives:		
Net realized gain on sale of investments	1,345,248	2,148,331
Net realized gain on sale of derivatives	2,854	-
Net foreign exchange gain (loss) on cash	(1,610)	548
Net other gain (loss)	(3,495)	93,084
Net change in unrealized depreciation of investments and derivatives	(1,363,783)	(273,673)
Total income	378,144	2,345,380
Expenses:		
Custodial fees	17,185	21,469
Operating fees	843	-
Audit fees	17,356	17,356
Filing fees	3,472	3,472
Investment performance monitoring fees	-	4,959
Securityholder reporting costs	496	496
Independent Review Committee fees (note 8)	2,976	2,976
Transaction costs	11,581	16,223
Withholding taxes	34,594	33,109
Harmonized sales tax	5,051	6,143
Total expenses	93,554	106,203
Increase in net assets attributable to holders of redeemable units	\$ 284,590	\$ 2,239,177
Increase in net assets attributable to holders of redeemable units per unit (based on the weighted average number of units outstanding during the period)	\$ 0.23	\$ 1.60

See accompanying notes to financial statements.

# INTEGRA INTERNATIONAL EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

Six months ended June 30

	2018	2017
Net assets attributable to holders of redeemable units, beginning of period	\$ 23,108,998	\$ 32,007,883
Increase in net assets attributable to holders of redeemable units	284,590	2,239,177
Distributions paid or payable to holders of redeemable units:		
From net investment income	-	(187,197)
Redeemable unit transactions (note 3):		
Issuance of units	386,751	633,409
Reinvestment of distributions	-	187,197
Redemption of units	(2,102,197)	(11,886,168)
Net decrease from redeemable unit transactions	(1,715,446)	(11,065,562)
Net decrease in net assets attributable to holders of redeemable units	(1,430,856)	(9,013,582)
Net assets attributable to holders of redeemable units, end of period	\$ 21,678,142	\$ 22,994,301

See accompanying notes to financial statements.

# INTEGRA INTERNATIONAL EQUITY FUND

Statements of Cash Flows (unaudited)

Six months ended June 30

	2018	2017
Cash flows from operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 284,590	\$ 2,239,177
Change in non-cash operating working capital:		
Net change in unrealized foreign exchange (gain) on cash	-	(548)
Net realized gain on sale of investments	1,610	(2,148,331)
Net change in unrealized (appreciation) depreciation of investments and derivatives	(1,345,248)	273,673
Purchase of investments	1,363,783	(3,945,756)
Proceeds from the sale of investments	(3,887,960)	13,810,679
Accrued dividend receivable	5,537,677	15,080
Dividend Receivable	(26,295)	-
Accrued expenses	(11,755)	(51,149)
Cash provided by operating activities	1,916,402	10,192,825
Cash flows from financing activities:		
Amount received from the issuance of units	377,411	649,865
Amount paid on redemptions of units	(2,132,421)	(11,844,075)
Cash used in financing activities	(1,755,010)	(11,194,210)
Increase (decrease) in cash	161,392	(1,001,385)
Net change in unrealized foreign exchange gain (loss) on cash	(1,610)	548
Cash, beginning of period	419,843	1,328,241
Cash, end of period	\$ 579,625	\$ 327,404
Supplemental cash flow information:		
Interest received	\$ 834	\$ 208
Dividends received, net of withholding taxes	335,434	357,069

See accompanying notes to financial statements.

# INTEGRA INTERNATIONAL EQUITY FUND

Schedule of Investments (unaudited)

June 30, 2018

	Number of Shares	Average Cost \$	Fair Value \$
<b>COMMON SHARES — 97.19%</b>			
<b>Brazil — 0.33%</b>			
International Meal Co. Alimentacao SA	25,837	101,073	70,671
<b>China — 0.97%</b>			
Baidu Inc., ADR	657	148,159	210,013
<b>France — 6.93%</b>			
AXA SA	11,171	450,507	360,555
BNP Paribas SA	5,666	525,651	462,867
Total SA	4,374	289,753	350,738
Vivendi SA	10,206	288,237	329,173
		<b>1,554,148</b>	<b>1,503,333</b>
<b>Germany — 9.88%</b>			
Deutsche Post AG, Registered	5,037	262,594	216,379
Deutsche Wohnen SE	2,482	131,523	156,482
HELLA GmbH & Co. KGaA	4,661	287,188	343,613
Infineon Technologies AG	12,120	234,760	406,356
LEG Immobilien GmbH	2,239	199,958	320,219
SAP AG	2,451	245,102	372,485
Volkswagen AG, Preferred	1,494	306,649	326,333
		<b>1,667,774</b>	<b>2,141,867</b>
<b>Hong Kong — 3.74%</b>			
AIA Group Ltd.	52,749	268,575	606,729
Man Wah Holdings Ltd.	198,572	56,668	205,095
		<b>325,243</b>	<b>811,824</b>
<b>India — 1.79%</b>			
HDFC Bank Ltd., ADR	2,802	224,518	387,092
<b>Ireland — 3.82%</b>			
AIB Group PLC	48,842	392,994	348,816
CRH PLC	10,297	359,702	478,371
		<b>752,696</b>	<b>827,187</b>
<b>Japan — 31.18%</b>			
Don Quijote Holdings Co. Ltd.	6,700	198,267	423,310
Ebara Corp.	9,600	374,816	392,764
Fanuc Corp.	800	135,368	209,066
Japan Airlines Co. Ltd.	6,522	195,009	304,245
Japan Tobacco Inc.	12,800	416,894	470,481
Macromill Inc.	6,600	224,497	213,591
Mitsubishi UFJ Financial Group Inc.	42,400	384,016	317,787
Recruit Holdings Co. Ltd.	9,870	139,475	359,386
Seven & I Holdings Co. Ltd.	4,100	236,487	235,230
Skylark Co. Ltd.	10,700	154,703	208,274
SoftBank Group Corp.	3,500	296,195	331,407
So-net M3 Inc.	4,500	116,377	235,947
Sony Corp.	12,100	570,902	813,917
Sugi Holdings Co. Ltd.	5,700	197,165	433,915
Suntory Beverage & Food Ltd.	3,500	159,916	196,608
Suzuki Motor Corp.	4,000	281,678	290,631
TechnoPro Holdings Inc.	10,000	416,837	808,759
TOPCON CORP.	11,600	191,001	261,748
Yokogawa Electric Corp.	10,800	250,937	252,931
		<b>4,940,540</b>	<b>6,759,997</b>
<b>Netherlands — 8.99%</b>			
RELX NV	8,258	145,506	231,656
Royal Dutch Shell PLC, Class 'B'	15,039	570,177	708,728
Unilever NV	5,307	391,404	389,485
Wolters Kluwer NV	8,341	243,978	618,237
		<b>1,351,065</b>	<b>1,948,106</b>
<b>Norway — 1.58%</b>			
DNB ASA	13,354	259,387	343,339

<b>Portugal — 1.02%</b>			
Galp Energia SGPS SA, Class 'B'	8,807	168,249	220,952
<b>South Korea — 1.59%</b>			
Samsung SDI Co. Ltd.	1,362	302,026	344,021
<b>Switzerland — 10.18%</b>			
Credit Suisse Group AG, Registered	20,745	504,107	410,867
Ferguson PLC	5,173	359,096	552,481
Novartis AG	4,844	374,925	483,093
Roche Holding AG Genussscheine	1,503	415,744	439,150
Zurich Insurance Group AG	822	331,539	320,268
		<b>1,985,411</b>	<b>2,205,859</b>
<b>United Kingdom — 15.19%</b>			
Anglo American PLC	7,117	219,498	209,482
Associated British Foods PLC	6,130	270,785	291,490
Barclays PLC	141,382	550,210	464,073
Diageo PLC	5,196	201,702	245,633
GlaxoSmithKline PLC	13,091	335,064	347,807
Prudential PLC	12,456	291,120	375,218
Royal Bank of Scotland Group PLC	168,590	690,866	749,846
TBC Bank Group PLC	5,637	103,422	170,932
Vodafone Group PLC	137,683	680,668	439,545
		<b>3,343,335</b>	<b>3,294,026</b>
<b>TOTAL EQUITIES — 97.19%</b>		<b>17,123,624</b>	<b>21,068,287</b>
<b>TRANSACTION COSTS</b>		<b>(39,934)</b>	
<b>TOTAL INVESTMENT PORTFOLIO — 97.19%</b>		<b>17,083,690</b>	<b>21,068,287</b>
<b>OTHER ASSETS, NET OF LIABILITIES — 2.81%</b>			<b>609,855</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.00%</b>			<b>21,678,142</b>

See accompanying notes to financial statements.

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited)

June 30, 2018

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## 1. Financial instruments risk:

Investment activities of the Integra International Equity 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:

This Fund's objective is to achieve long-term investment returns through a portfolio of international equities, which are sufficiently diversified to minimize investment risk. To achieve its objective, the Fund invests in equities issued by companies outside of North America, based primarily in Europe, Australia and the Far East. The Fund may hold up to an aggregate of 25% in Emerging Markets. The Fund may also hold up to 10% in cash or cash equivalents.

The investment process of Newton Capital Management Limited (the "Sub-Advisor") combines global bottom-up stock-picking based on proprietary stock and sector research within a strategic framework, based on tangible investment trends and themes.

The Sub-Advisor's investment philosophy is structured around the central tenet that no company, market or economy should be considered in isolation. Each must be understood in a global context.

The Sub-Advisor's economists, fund managers and globally focused research analysts work as a team to stimulate fresh ideas on investment themes and stocks with the greatest potential.

The Sub-Advisor is authorized to keep a percentage of the assets it manages in cash or cash equivalents as an ongoing strategy. For cash equity purposes, the Sub-Advisor is authorized to purchase iShares and exchange-traded funds. The Fund will invest in emerging market securities as part of the ongoing strategy. The Fund may use foreign exchange forward contracts for hedging purposes.

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.



# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

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## 2. Risk management (continued):

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.

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 June 30, 2018 and December 31, 2017 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.

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

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

## 2. Risk management (continued):

### (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.

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:

June 30, 2018	Currency risk-exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
Japanese Yen	\$ 6,792,257	\$ —	\$ 6,792,257	31.33
Euro Dollar	5,374,608	—	5,374,608	24.79
British Pound	5,087,653	—	5,087,653	23.47
Swiss Franc	1,745,182	—	1,745,182	8.05
Hong Kong Dollar	811,824	—	811,824	3.74
United States Dollar	599,218	—	599,218	2.76
South Korean Won	345,351	—	345,351	1.59
Norwegian Krone	343,339	—	343,339	1.58
Brazilian Real	70,718	—	70,718	0.33
Malaysian Ringgit	2	—	2	—
New Zealand Dollar	1	—	1	—
Swedish Krona	1	—	1	—

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

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

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December 31, 2017	Currency risk- exposed holdings (including derivatives)*	Foreign exchange contracts	Net exposure	% of net assets
Euro Dollar	\$ 7,055,389	\$ —	\$ 7,055,389	30.53
Japanese Yen	6,715,925	—	6,715,925	29.06
British Pound	4,924,026	—	4,924,026	21.31
Swiss Franc	1,502,398	—	1,502,398	6.50
U. S. Dollar	1,017,200	—	1,017,200	4.40
Hong Kong Dollar	830,429	—	830,429	3.59
South Korean Won	347,287	—	347,287	1.50
Norwegian Krone	259,066	—	259,066	1.12
Brazilian Real	85,805	—	85,805	0.37
Malaysian Ringgit	2	—	2	—
New Zealand Dollar	1	—	1	—
Swedish Krona	1	—	1	—

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

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

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## 2. Risk management (continued):

As at June 30, 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 \$1,058,508 (December 31, 2017 - \$1,136,876). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

### (d) Derivatives:

The Fund may utilize foreign exchange forward contract hedging in the management of currency risk associated with its investment in foreign securities. The objective is to protect the Fund from the possibility of capital losses on foreign currency-denominated investments due to increases in the value of the Canadian dollar. However, credit and market risks associated with foreign exchange forward contracts potentially expose the Fund to losses.

In order to minimize the possibility of losses arising from credit risk, the Fund deals only with large financial institutions with a minimum of "A" credit rating.

Currency risk relates to the possibility that foreign exchange forward contracts change in value due to fluctuations in currency prices. The foreign exchange forward contracts are marked to market daily and the resulting unrealized gains or losses are recognized in the statements of financial position.

The result of employing foreign exchange forward contracts is that the foreign exchange gains and losses in the securities portfolio move substantially in opposite directions from the gains and losses in the hedging portfolio.

As at June 30, 2018, and December 31, 2017 the Fund did not hold any foreign exchange forward contracts.

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

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## 2. Risk management (continued):

The Fund may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements 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.

The following tables show financial instruments that may be eligible for offset, if such conditions were to arise as at December 31, 2017. The net column below displays what the net financial assets and liabilities would be on the Fund's statements of financial position if all amounts were set off:

As at June 30, 2018, and December 31, 2017 the Fund did not directly hold any foreign exchange forward contracts.

### (e) Interest rate risk:

Changes in market interest rates expose fixed-income securities, such as bonds, to interest rate risk. Funds that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed-income securities.

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

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 INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

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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 of, and by retaining sufficient cash and cash equivalent positions to maintain liquidity.

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

### (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-Advisor moderates 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 June 30, 2018, due to a 5% increase or decrease in the Fund's benchmark (MSCI EAFE (ND) Index), with all other variables held constant, would have been \$ \$1,073,285 (December 31, 2017 - \$ 1,136,732). This calculation is based on the beta of the Fund, over the past 36 months. In practice, the actual trading results may differ from this sensitivity analysis indicated above and the difference could be material.

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

## 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	
	June 30, 2018	December 31, 2017
<b>Common shares:</b>		
Brazil	0.33	0.37
China	0.97	2.84
France	6.93	6.58
Germany	9.88	14.58
Hong Kong	3.74	3.59
India	1.79	1.56
Ireland	3.82	3.71
Japan	31.18	28.98
Netherlands	8.99	9.08
Norway	1.58	1.12
Portugal	1.02	1.08
South Korea	1.59	1.50
Switzerland	10.18	8.20
United Kingdom	15.19	14.61
Total investment portfolio	97.19	97.80
Other assets, net of liabilities	2.81	2.20
<b>Net assets attributable to holders of redeemable units</b>	<b>100.00</b>	<b>100.00</b>

# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

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

### 4. Fair value measurements:

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	\$ 21,068,287	\$ –	\$ –	\$ 21,068,287
	\$ 21,068,287	\$ –	\$ –	\$ 21,068,287



# INTEGRA INTERNATIONAL EQUITY FUND

Risk Disclosures (unaudited) (continued)

June 30, 2018

## 4. Fair value measurements (continued):

December 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Equities	\$ 22,600,533	\$ –	\$ –	\$ 22,600,533
	\$ 22,600,533	\$ –	\$ –	\$ 22,600,533

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 are classified as Level 1 when the security is actively traded and a reliable price is observable.

### (b) 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 periods ended June 30, 2018 and December 31, 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.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited)

June 30, 2018

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## 1. Establishment of the Fund:

The Integra International Equity 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 March 17, 1993 and commenced operations on April 20, 1993.

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 August 27, 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 dollar, which is the Fund's functional currency.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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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. 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 FVTPL:

- Held-for-trading ("HFT"): derivative financial instruments;
- Designated as 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 INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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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 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 changes in fair value of forward contracts are 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.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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

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.

#### (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. 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 statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of such contracts.

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.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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### 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 statements of comprehensive income based on their nature as dividends, capital gains or other income. All such distributions are reinvested in additional units of the underlying funds.

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 statements of comprehensive income.

#### (d) Cost of investments:

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

#### (e) Transaction costs:

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

#### (f) 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 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 statements of comprehensive income.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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

(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.

(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 (2017 - \$5,962,801).

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

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

## 3. Significant accounting policies (continued):

### (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 shares are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units.

The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net asset attributable to holders of redeemable 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.

Redeemable unit transactions during the periods were as follows:

	June 30, 2018		December 31, 2017	
	Number of Fund units	Amount	Number of Fund units	Amount
Redeemable units issued	21,361	\$ 386,751	56,287	\$ 941,256
Redeemable units redeemed	(114,877)	(2,102,197)	(886,396)	(13,758,830)
Redeemable units issued on reinvestments	—	—	29,122	498,988



# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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

The number of issued and outstanding units as at June 30, 2018 is 1,192,866 (December 31, 2017 - 1,286,382).

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 period. 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 period ended June 30, 2018 is 1,244,990 (June 30, 2017 – 1,401,067)

The Fund's unit 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 and are considered a residual amount.

As at June 30, 2018 and December 31, 2017, there is no difference between net assets attributable to holders of redeemable units and NAV attributable to holders of redeemable units.

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

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

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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

(k) Future accounting changes:

The International Accounting Standards Board has issued the following new standard and amendments to existing standard 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.

### 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.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

## 5. Net changes from financial instruments at FVTPL:

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

	Total income	
	June 30, 2018	June 30, 2017
Financial assets at FVTPL:		
HFT	\$ 2,854	\$ (62,886)
Designated at inception	378,622	2,312,850
Total financial assets at FVTPL	\$ 381,476	\$ 2,249,964

## 6. Brokerage commissions:

Brokerage commissions on portfolio transactions may also include research services provided to the Sub-Advisor. The value of the research services paid to certain brokers for the period ended June 30, 2018 is nil (June 30, 2017 - \$2,105).

## 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 June 30, 2018, certain securities shown in the statements of financial position with a market value of \$2,158,910 (December 31, 2017 - \$1,306,614) had been loaned as part of the securities lending program. The counterparty has pledged securities with a market value of \$2,299,516 (December 31, 2017 - \$1,391,494) as collateral for such loans. Under the terms of the program, the Fund may instruct that securities be returned within three days.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

## 7. Securities lending (continued):

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:

	June 30, 2018		June 30, 2017	
	Amount	% of gross securities lending revenue	Amount	% of gross securities lending revenue
Gross securities lending revenue	\$ 2,987	100.0	\$ 3,201	100.0
Withholding taxes	(33)	(1.1)	(228)	(7.1)
Agent fees - Bank of New York Mellon Corp. (The)	(1,181)	(39.5)	(1,189)	(37.1)
Securities lending revenue	\$ 1,773	59.3	\$ 1,784	55.8

## 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.

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 and its parent company on behalf of the Fund. These costs are reported in the operating expenses of the Fund reported in the statements of comprehensive income.

The Fund is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees (if applicable), audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses, such as interest and taxes, and is then reimbursed by the Fund.

# INTEGRA INTERNATIONAL EQUITY FUND

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

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## **8. 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 period ended June 30, 2018, expenses waived or absorbed by the Manager in the amount of nil (December 31, 2017 - 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 period ended June 30, 2018, the fees paid to the IRC are disclosed in the statements of comprehensive income in the amount of \$2,976 (June 30, 2017 – \$2,976).

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.