Annual Management Report of Fund Performance

Integra Bond Fund

As at December 31, 2018

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 1-800-363-2480, 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 or the SEDAR website at www.sedar.com.

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

Integra Bond Fund

Management discussion of fund performance

Investment objective and strategies

The Integra Bond Fund seeks to provide conservative investors with a higher level of income than a money market fund provides, while still preserving investment capital. To meet this objective, the Fund invests primarily in a broad range of Canadian government and high quality corporate bonds with longer terms to maturity than those held in money market type funds. The Fund may hold up to 22.5% in cash or cash equivalents.

Risk

Most of the Fund's assets will be invested in Canadian government and investment grade corporate bonds. As a result, the Fund is exposed to interest rate risk and credit risk.

Securities lending transactions will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate to achieve the Fund's objectives and to enhance the Fund's returns. Accordingly, it may be subject to securities lending risks.

Heading into 2018, there were no early indications of a recession on the horizon. The global economy was growing in a synchronized fashion with expectations of a potential expansion in the range of 3.5%. Thus, there was little expectation for spreads on investment grade corporate bonds to rise significantly through the year.

Canada as a major exporter of commodities was expected to be a primary beneficiary of the synchronized expansion around the world. The domestic economy was operating at near capacity with inflation running at close to 2%. The job market was healthy considering unemployment was running around 6% which was near a 40-year low. While the consumer was somewhat reticent to make big ticket purchases due to rising interest rates and tighter mortgage financing measures, the manufacturing sector demonstrated robust behavior.

Beyond Canada's borders, approaching the summer, most regions were enjoying quality economic expansion with the United States performing particularly well. Early in the year the U.S. government followed through on President Trump's promised tax cuts despite the strength in the world's largest economy to further boost growth. Canada, with the United States as its largest trade partner, was expected to benefit.

Unfortunately, as the summer months arrived, President Trump's renewed his vow to renegotiate the North American Free Trade Agreement (NAFTA) and what would be the final outcome was a potential negative. Beyond Canada and Mexico, the U.S. administration also began to threaten China, the world's second largest economy, with trade restrictions. The rhetoric and uncertainty all served to put into question the global economy's ability to maintain its robust expansion. Additionally, higher oil prices were having a slightly negative effect on global growth, with the impact varying depending on countries being exporters or importers of the commodity.

Notwithstanding the uncertainty largely due to factors beyond Canada's borders, the Bank of Canada raised its key short-term interest rate three times during 2018, with the policy rate rising from 1.00% to 1.75% over the course of the year.

The economic recovery subsequent to the credit crisis of a decade ago, is long in the tooth, but due to the excessive leverage on government balance sheets and financial institutions gradually unwinding some of their riskier business units, it was expected to be a more prolonged recovery and at a slower pace, than most rebounds following a recession.

As at December 31, 2018, one unitholder held approximately 33.9% of the outstanding units of the Fund. The purchase or redemption of a substantial number of securities of a Fund may require the manager to change the composition of the Fund's portfolio significantly or may force the Fund's sub-advisors to buy or sell investments at unfavourable prices, which can affect the Fund's return.

Results of operations

For the quarter, six-month and one-year periods ended December 31st, 2018, the Fund returned 1.57%, 0.72% and 1.23% respectively. In comparison, the Fund's benchmark (100% FTSE Bond Universe) returned 1.76%, 0.79% and 1.41% for the same periods. All the returns are presented in Canadian dollar terms and gross of investment management fees.

Through the first nine months of 2018, the Canadian fixed income market experienced a small loss due to rising interest rates and continuing optimism for solid global economic growth. However, once the Trump administration ramped up its rhetoric reinforcing its determination to renegotiate various trade deals to be more beneficial to the United States and the threats of tariffs, concerns grew about the continuing global synchronized expansion. Additionally, data points out of overseas economies such as Germany and Japan indicated individual nations were already experiencing a slowdown. Lastly, the political impasse over Brexit intensified over the second half of the year as the March separation deadline drew closer.

Yields peaked in the late-September/early-October period. Thereafter the bond market enjoyed a strong rebound during the remaining weeks of 2018 as uncertainty about the global economy grew and equity markets sold off. After peaking at

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2.60%, the Government of Canada 10-year bond finished the year with a yield of 1.928%. The 30-year benchmark yield dropped to 2.15% after reaching a high of 2.61%. With short-term rates rising over the period under review, the Canadian yield curve flattened over the course of the year.

Due to the flight to quality amidst the economic and geopolitical uncertainty during the later stages of the year, federal government bonds were the best performing sector of the fixed income market. With the flattening of the yield curve, the long-end was the best performing position.

Amongst the corporate sector, high yield bonds were the best performers. The combination of the greater spreads and the consensus confidence in the economy for most of the year, led to the outperformance. Nonetheless, once confidence began to wane in the fourth quarter, this group sold off along with equities.

Provincial issues were the weakest performers in the Canadian bond market during 2018. The long end of this group generated negative returns for the full year.

As a result of the Fund's positioning for a steepening yield curve, it lagged its benchmark's performance during the year. The vast majority of the underperformance occurred in the fourth quarter as long bonds rallied. Additionally, the portfolio was underweight federal government issues, which as previously mentioned, were the best performers during the period under review.

Conversely, the Fund added value in two areas. First, although the portfolio was slightly overweight provincials, the holdings in the portfolio had a shorter duration than the market at large. Second, while an overweight to investment grade corporates was maintained throughout the year, a slightly longer duration in this sector relative to the benchmark added value.

Fund expenses vary period over period mainly as the result of changes in average Net Asset Values and investment activity. Overall, fund expenses were lower year over year. This was largely the result of lower custodian expenses.

The Fund had net contributions of $8.7 million.

Recent developments

IFRS 9, *"Financial Instruments"* Transition

Effective January 1, 2018, the Fund adopted the IFRS 9 Financial Instruments 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. 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 IAS 39, "Financial Instruments Recognition and Measurement", generally based on the fair value option, 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.

While the domestic jobs market is robust, there is some risk in the consumer sector with the housing market has cooled. Additionally, the energy market continues to be volatile due to a combination of pricing pressures and transport issues. At the beginning of 2019, Alberta premier Rachel Notley ordered oil producers to cut production by 8.7% due to a lack of additional pipeline capacity within Canada. As more infrastructure is developed, Canadian prices should stabilize. In the interim, the price of Alberta oil has been trading at a significant discount compared to international producers.

The federal government has a healthy balance sheet and thus has the wherewithal to provide some stability to the economy if necessary. While the Bank of Canada's rate hike in October was expected, the general consensus has changed regarding future increases. Expectations are that 2019 will witness the Bank largely remaining on the sidelines. The potential for continued weakness in energy prices coupled with households managing large item expenditures due to a combination of higher interest rates and tighter borrowing standards provide some cause for concern. At the same time, outside of Canada there are global trade policy and geopolitical issues that are fairly significant to be resolved in the coming months.

The Bank of Canada is anticipating inflation pressures may soften during the early stages of 2019 before returning to around 2% by year-end. Real GDP growth is projected at 1.9% by the end of 2019 which is down from the Bank's previous forecasts.

The overall duration of the Fund is 7.06 years compared to the benchmark's 7.46 years. The duration was shortened during the fourth quarter to take advantage of the dramatic rally in bond yields that occurred.

The Fund continues to be managed with a focus on quality and liquidity. The average credit rating remains at AA.

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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.

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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.

	Years ended December 31				
	2018	**2017**	**2016**	**2015**	**2014**
Net Asset Value, beginning of year[1]	$15.88	$15.89	$17.11	$17.19	$16.35
Increase (decrease) from operations:					
Total revenue	0.46	0.46	0.52	0.55	0.57
Total expenses	(0.01)	(0.02)	(0.04)	(0.02)	(0.02)
Realized gains (losses)	(0.14)	(0.03)	0.99	0.16	0.04
Unrealized gains (losses)	(0.09)	(0.13)	(0.93)	(0.16)	0.77
Total increase (decrease) from operations[2]	0.22	0.28	$0.54	$0.53	$1.36
Distributions:					
From income (excluding dividends)	—	(0.43)	(0.52)	(0.37)	(0.50)
From dividends	(0.43)	—	—	—	—
From capital gains	—	—	(1.11)	(0.22)	(0.02)
Return of capital	—	—	—	—	—
Total Annual Distributions[3]	($0.43)	($0.43)	($1.63)	($0.59)	($0.52)
Net Assets, end of period[1]	$15.64	$15.88	$15.89	$17.11	$17.19
Ratios and Supplemental Data (Based on Pricing NAV)					
Net assets (000's)	$100,691	$91,054	$55,240	$161,642	$172,570
Number of units outstanding	6,439,393	5,733,324	3,471,746	9,449,777	10,040,096
Expense ratio (%)	0.08%	0.13%	0.21%	0.10%	0.10%
Expense ratio before waivers or absorptions (%)	0.08%	0.13%	0.21%	0.10%	0.10%
Portfolio turnover rate (%)[4]	72.38%	48.24%	62.87%	40.26%	165.33%
Trading expense ratio (%)[5]	—	—	—	—	—

Ratios and Supplemental Data

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

(1) The information is 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 period.

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 Bond Fund

Past performance

The performance reported below assumes that all distributions made by the Fund in the period 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.

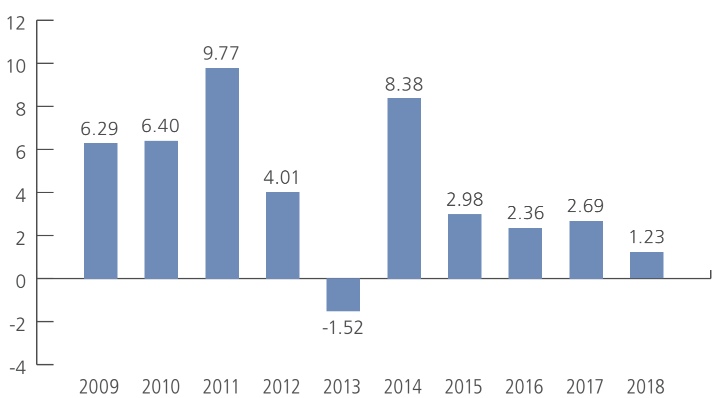
All rates of return are calculated based on Pricing NAV and are in Canadian dollars unless stated otherwise.

Fund Inception: November 27, 1996

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.

Annual Returns (%) ending December 31



Annualized Returns (%)

This table shows the fund's historical annualized returns for the periods shown ending December 31, 2018, compared to the returns of its benchmark.

	1 yr	3 yrs	5 yrs	10 yrs
Integra Bond Fund	1.23	2.09	3.50	4.21
Benchmark	1.41	1.86	3.54	4.16

Benchmark

The Integra Bond Fund Benchmark reflects the market sectors in which the Fund invests.

100%	FTSE TMX Universe Bond Index

The FTSE TMX Universe Bond Index is comprised of marketable Canadian bonds intended to reflect the performance of the broad Canadian investment grade bond market.

Integra Bond Fund

Summary of Investment Portfolio
as at December 31, 2018

Asset Mix

	% of Fund's Net Asset Value
Bonds	97.10
Short Term Notes	2.18
Other Assets, Net of Liabilities	0.72

Sector Mix

	% of Fund's Net Asset Value
Government of Canada	21.55
Provincial Government	34.35
Corporates	40.03
Municipal Government	1.17
Short Term Notes	2.18

Top 25 Holdings

(excluding cash equivalents)	% of Fund's Net Asset Value
1. Canada Housing Trust No. 1, 2.46%, 2021/09/15	7.84
2. Government of Canada, 0.50%, 2022/03/01	5.10
3. Province of Ontario, 2.60%, 2027/06/02	4.73
4. Province of Quebec, 3.50%, 2045/12/01	4.44
5. Province of Ontario, 3.15%, 2022/06/02	4.12
6. Government of Canada, 2.75%, 2048/12/01	4.08
7. Province of Ontario, 3.45%, 2045/06/02	4.01
8. Canada Housing Trust No. 1, 2.35%, 2027/06/15	3.85
9. Province of Alberta, 2.35%, 2025/06/01	3.41
10. Province of Ontario, 2.60%, 2025/06/02	3.31
11. Toronto-Dominion Bank (The), 1.91%, 2023/07/18	2.82
12. Bank of Nova Scotia, 2.36%, 2022/11/08	2.29
13. Bank of Montreal, 2.27%, 2022/07/11	2.26
14. Government of Canada Treasury Bill, 1.69%, 2019/03/07	2.19
15. Province of Ontario, 2.85%, 2023/06/02	2.03
16. Province of New Brunswick, 4.55%, 2037/03/26	1.86
17. Province of Manitoba, 5.70%, 2037/03/05	1.79
18. Teranet Holdings L.P., Callable, 4.81%, 2020/12/16	1.65
19. Rogers Communications Inc., Callable, 4.00%, 2022/06/06	1.60
20. Province of British Columbia, 4.30%, 2042/06/18	1.55
21. Royal Bank of Canada, 2.36%, 2022/12/05	1.46
22. Canadian Imperial Bank of Commerce, 2.47%, 2022/12/05	1.25
23. Bell Canada, Series 'M-24', Callable, 4.95%, 2021/05/19	1.19
24. Province of Saskatchewan, Series 'GC', 4.75%, 2040/06/01	1.15
25. Wells Fargo Financial Canada Corp., 2.94%, 2019/07/25	1.07

Total Fund Net Asset Value: $100,690,625

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

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