INTEGRA® CAPITAL LIMITED

Annual Management Report of Fund Performance

Integra Equity 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 Equity Fund

Management discussion of fund performance

Investment objective and strategies

The Integra Equity Fund seeks to provide long-term capital growth by investing in equity securities of Canadian businesses as well as companies in the United States and outside of North America. The Fund may hold up to an aggregate of 10% in cash or cash equivalents.

The Fund invests in the securities of the Integra Canadian Value Growth Fund, the Integra U.S. Value Growth Fund and the Integra International Equity Fund otherwise referred to as the "Underlying Funds". The target weighting of the Fund's investment in the Integra Canadian Value Growth Fund is 70%, in the Integra U.S. Value Growth Fund 15% and in the Integra International Equity Fund 15% of net assets (exclusive of cash and cash equivalents), subject to a permitted deviation of 2.5% above or below the target weighting to account for market fluctuations.

The Fund employs a strategic 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.

Risk

Most of the Fund's assets will be invested in Underlying Funds which invest 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 Underlying Funds also invest in stocks outside of Canada, with a long-term target of 30% of the holdings being shares of foreign companies. As the Underlying Funds are investing in foreign securities it will also be subject to foreign security risk and currency risk.

The Underlying Funds may also invest in American Depository Receipts and would therefore be exposed to ADR risk.

The Underlying Funds held by the Integra Equity Fund may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Underlying Funds' other investment strategies in an appropriate manner to achieve the Fund's 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.

Canada as a major exporter of commodities was expected to be a primary beneficiary of the anticipated continuation of the synchronized global expansion. During the early stages of 2018, the domestic economy was operating at near capacity with inflation running at close to 2%. The job market was healthy considering unemployment was running at about 6%, near a 40-year low. While the consumer was somewhat reticent to make big ticket purchases due to rising interest rates, high household debt levels 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.

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.

While many market observers have worried about the debt levels of Canadian households, there are indications the situation has stabilized if not demonstrating some improvement. In a sign that the great Canadian consumer debt frenzy is finally calming down, new data released by the Bank of Canada reports household debt grew by 3.5% over the past year.

While that may seem like a solid pace of growth, it is in fact the slowest debt growth Canadian consumers have generated in over three decades.

New mortgage rules shaved an estimated 21% off the maximum mortgage borrowers can assume. Mortgage growth slowed to a 3.2% pace in October, the weakest in almost two decades. The slowdown in credit suggests there will not be much upward

Integra Equity Fund

pressure on Canadian house prices going forward, and it also implies policymakers' moves to calm years of runaway housing market growth in some major urban centres have had an effect.

Outside of Canada's borders, the ongoing trade dispute between the world's two largest economies, the United States and China heated up in the final months of the year. The rhetoric and uncertainty all served to put into question both the global economy's ability to maintain its synchronized expansion and the future corporate earnings growth. The longer the conflict continues, the greater the potential for inflationary pressures, a slower pace of economic growth and challenged corporate profits.

Heading into the final few months of 2018, it was already apparent that the pace of global growth was beginning to slow. In addition to China, major economies such as Germany and Japan were reporting disappointing levels of activity.

On December 31, 2018, one client's plan members held 62.3% of the Fund's outstanding units. 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-advisor to buy or sell investments at unfavourable prices, which can affect the Fund's return.

Results of operations

For the fourth quarter, six-month and one-year periods ended December 31st, the Fund recorded returns of -10.3%, -10.1% and -7.2%, respectively. In comparison, the Fund's benchmark (70% S&P/TSX Composite Index, 15% Russell 1000 Index and 15% MSCI EAFE ND Index) experienced returns of -9.7%, -9.4% and -6.7% for the same periods. All the returns are presented in Canadian dollar terms and gross of investment management fees.

The domestic stock market was one of the more volatile asset classes during 2018. After experiencing a loss of 4.5% during the first quarter, the Canadian stock market was one of the top performers during the following three months. The sharp reversal occurred as a result of the sharp rise in energy prices and thus, oil and gas stocks.

Early in the second half of 2018, optimism began to fade. Protracted negotiations between the United States, Mexico and Canada to settle on a new trade agreement dragged on amongst a fair amount of rhetoric. At the same time, tensions rose between the U.S. and China regarding their trade arrangements and tariffs were soon being introduced. The investment world prefers certainty and the trade talks created angst for investors. At the same time the introduction of tariffs meant reduced corporate profits going forward.

As global economic growth demonstrated signs of slowing, Canada as an exporter of commodities that support that growth, saw its fortunes turn. Energy prices sold off sharply following the rebound witnessed during the second quarter. Accordingly, the domestic stock market once again sold off even more so than other regions through the final six months of the year.

For most of 2018, U.S. equities were one of the top performing asset classes. Yet much of the strong performance was dominated by a few stocks as has been the case for the past couple of years. These select stocks which had become priced for perfection, were amongst the biggest losers over the final months of the year. While many of these companies have very sound business models and healthy financials, they became excessively valued. During the tumultuous fourth quarter, ten of 11 S&P 500 sectors traded lower. Only Utilities managed a positive return. The areas of the American market that experienced the largest losses were those sectors leveraged to global trade, particularly with China and groups that had interest rate or credit exposure.

Overseas, in response to flagging economic momentum and a declining stock market, Chinese authorities announced a number of measures during the second half of the year to provide support. Despite these actions, the Chinese stock market experienced the largest decline amongst major indices. As a whole, emerging markets had a difficult time of it after being the star performers during the previous year.

Amongst developed markets outside of North America the worst performers included the United Kingdom, Italy and Germany. The previously mentioned uncertainty about the negotiated terms and resulting impact of Brexit weighed on investors' confidence about the UK. Italy and Germany were dealing with a reversal of economic fortune. On the other hand, the relatively stronger performers, albeit while suffering losses, were Switzerland, Australia, France and Japan.

The Fund's return trailed that of its benchmark over the course of 2018. The major detriment to relative performance was stock selection in the domestic portion of the portfolio which represents 70% of the Fund. For example, being under-weight Canadian energy stocks was beneficial but holdings in the sector, such as Canadian Natural Resources, underperformed their peers.

Similarly, particular holdings in the Financial Services and Information Technology groups hurt performance relative to the benchmark. Manulife Financial for example struggled to gain traction through the course of the year while Shopify, a cloud-based commerce platform, was a strong IT performer that was unfortunately lacking in the Fund.

Conversely, the portfolio had an overweight in the strong Information Technology sector. Holdings such as CGI Inc., an IT services provider with long-term client contracts and thus recurring revenues, generated incremental value.

Integra Equity Fund

The Fund's American equity allocation was detrimentally impacted by stock selection in a few areas: Industrials, Consumer Discretionary and Communication Services. Within the Industrials group, a holding in General Electric was a significant negative as the company continues to struggle as it works to reinvent itself under new management. In the Consumer Discretionary space, Monster Beverage, a long-term holding which has traditionally performed well, faced growing skepticism that it could maintain its growth going forward. Additionally, the likelihood of Coca Cola acquiring the remainder of the energy drink's shares was diminished when the Coke acquired Costa Coffee. Lastly, the new Communication Services sub-group which includes internet search companies, online gaming firms, social media and telecom services was a standout for most of the year, as it includes companies such as Netflix, Alphabet and Facebook which have generally been top performers during the past couple of years. None of these stocks were in the portfolio.

Overseas, non-Eurozone and emerging market holdings were particularly detrimental to relative performance. Similarly, Communication Services and Financials Services were the two industry groups which were detractors. Names in these groups included Vodafone, Royal Bank of Scotland, BNP Paribas and Credit Suisse.

Other individual names which hurt relative performance included Ebara which fell following the release of third quarter results coming from one-off factors in the company's Fluid Machinery division. Other holdings that were harmful, included Man Wah, a long-time holding, and Topcon.

Fund expenses vary period over period mainly as the result of changes in average Net Asset Values and investment activity. Total expenses decreased significantly during 2018 due to a sizeable reduction in custody expenses.

The Fund experienced net redemptions of $360 thousand during 2018.

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.

Risks remain in Canada given household debt levels. However, low unemployment should continue to provide some stability for consumer spending until the next downturn.

The federal government has a healthy balance sheet and thus 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 U.S. economy turned in a strong performance during 2018, encouraged by full employment, fiscal stimulus featuring increasing spending and tax cuts. It may prove to be the most robust annual growth in this economic cycle.

Several indicators suggest the world's largest economy may experience a slowdown in 2019:

- a relatively flat yield curve
- widening corporate bond spreads
- a strong dollar
- cumulative impact of higher interest rates
- continuing trade tensions

Integra Equity Fund

The outcome of the trade dispute between the world's two largest economies remains front and centre for investors. Tariffs and other trade restrictions is a significant risk factor.

Overseas, Europe ended 2018 as the probably the most troubled region. The combined uncertainty of Brexit, recent contraction in the German economy and unrest in France and budget battles between the European Union and individual countries are weighing on the continent. The fate of Britain and Ireland rests with the British government which will try to avoid the worst-case scenario of a "no deal" Brexit. Germany which has for much of past decade been the stalwart in the region is facing a lull in its role as the core of the continent's economy.

In Japan, growth remains anemic in the face of significant demographic challenges. Global trade tensions have also been detrimental to growth. Nonetheless, the recent Tankan survey reported a more resilient economy than the data generated for the third quarter. Additionally, recent tax cuts on housing and cars have been introduced to offset the broader consumption tax.

The outlook for emerging markets is skewed towards the downside. Notwithstanding, the impact of various stresses varies by country. The trade dispute between the United States and China remains the dominant challenge. Should the trade talks deteriorate and tariffs escalate it would adversely impact the developing economies.

After the sell-off during the final three months of 2018, equities offer more attractive value. However, looking ahead the horizon looks to offer more challenges that what investors have seen in recent years. Higher quality companies with healthy balance sheets and more predictable earnings growth are most likely positioned to perform relatively better in what is likely to continue to be a volatile market.

Some domestic stocks that the Fund has taken larger positions in recently include Quebecor and Rogers Communications, two dominant communications companies that offer an extensive range of services to corporations and consumers. Quebecor is the largest cable/internet service provider in Quebec. Rogers is focused on driving growth and margins particularly through the higher end wireless customer base. Both companies should continue to demonstrate significant growth in a networked world.

Recent stock additions from south of the border include State Street Corporation. The bank offers investment servicing and management. These two lines of business include investment custody, product and participant-level accounting, security pricing and administration, record-keeping and brokerage services.

Recent additions to the Fund include L'Oreal which continues to execute strongly with solid top-line growth. Positions in Diageo PLC, GlaxoSmithKline PLC and Unilever have also been increased.

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, Portfolio 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 Equity 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.

	Years ended December 31				
	2018	**2017**	**2016**	**2015**	**2014**
Net Asset Value, beginning of year[1]	$20.30	$18.87	$17.23	$16.91	$15.51
Increase (decrease) from operations:					
Total revenue	0.51	0.46	0.47	0.46	0.41
Total expenses	(0.08)	(0.18)	(0.10)	(0.07)	(0.06)
Realized gains (losses)	0.79	1.04	2.38	1.50	1.12
Unrealized gains (losses)	(2.61)	0.33	(1.27)	(1.15)	0.43
Total increase (decrease) from operations[2]	(1.39)	1.65	$1.48	$0.74	$1.90
Distributions:					
From income (excluding dividends)	—	—	—	—	—
From dividends	(0.40)	(0.11)	(0.35)	(0.39)	(0.38)
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	(0.17)
Total Annual Distributions[3]	($0.40)	($0.11)	($0.35)	($0.39)	($0.55)
Net Assets, end of period[1]	$18.46	$20.30	$18.87	$17.23	$16.91
Ratios and Supplemental Data (Based on Pricing NAV)					
Net assets (000's)	$4,516	$5,342	$5,769	$14,240	$14,929
Number of units outstanding	244,686	263,205	304,717	826,578	882,898
Expense ratio (%)	0.50%	1.31%	0.76%	0.60%	0.63%
Expense ratio before waivers or absorptions (%)	0.50%	1.31%	0.76%	0.60%	0.63%
Portfolio turnover rate (%)[4]	11.08%	23.12%	10.83%	14.27%	16.77%
Trading expense ratio (%)[5]	0.00%	0.00%	0.00%	0.00%	0.00%

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 Equity 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.

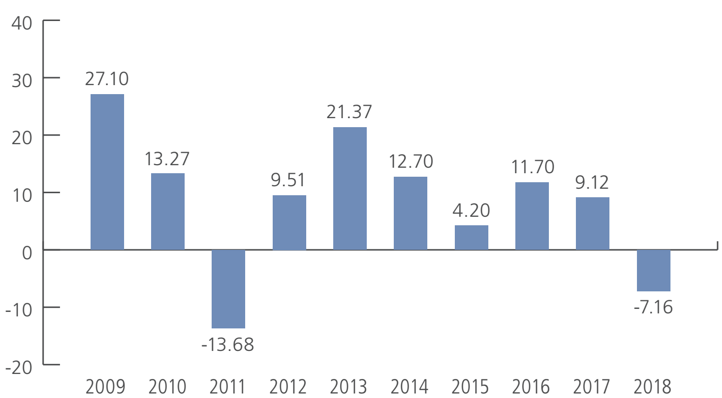
All rates of return are calculated based on Pricing NAV and are in Canadian dollars unless stated otherwise.

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 Equity Fund	-7.16	4.21	5.85	8.18
Benchmark	-6.71	6.13	5.83	8.93

Benchmark

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

70%	S&P/TSX Composite Index
15%	Russell 1000 Index
15%	Morgan Stanley Capital International EAFE (ND) Index*

*EAFE – European, Australasian, and Far East Index

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.

The Russell 1000 Index consists of the largest 1000 companies in the Russell 3000 Index. This index represents the universe of large capitalization stocks from which most active money managers typically select.

The MSCI EAFE (ND) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. It consists of approximately 21 European, Australasian, and Far East country indices. Indices with net dividends reinvested use the same dividend minus-tax-credit calculations, but subtract withholding taxes retained at the source for foreigners who do not benefit from a double taxation treaty.

Integra Equity Fund

Summary of Investment Portfolio
as at December 31, 2018

Asset Mix

	% of Fund's Net Asset Value
Canadian Equities	69.34
U.S. Equities	15.88
International Equities	14.71
Other Assets, Net of Liabilities	0.07

Canadian Sector Mix

Integra Canadian Value Growth Fund	% of Investee Fund's Net Asset Value
Consumer Discretionary	5.68
Consumer Staples	2.18
Energy	15.71
Financials	36.72
Health Care	0.48
Industrials	9.96
Information Technology	5.65
Materials	11.45
Real Estate	2.15
Telecommunication Services	6.07
Utilities	2.58

U.S. Sector Mix

Integra U.S. Value Growth Fund	% of Investee Fund's Net Asset Value
Consumer Discretionary	12.23
Consumer Staples	5.95
Energy	6.92
Financials	11.99
Health Care	12.36
Industrials	8.25
Information Technology	21.47
Materials	5.34
Real estate	1.94
Telecommunication Services	1.87
Utilities	2.04
Non US Equities	7.88

EAFE Country Mix

Integra International Equity Fund	% of Investee Fund's Net Asset Value
Brazil	0.33
China	0.78
France	10.49
Georgia	0.35
Germany	10.87
Hong Kong	3.72
Ireland	1.07
Japan	27.76
Netherlands	7.32
Norway	1.16
South Korea	1.86
Switzerland	12.64
United Kingdom	19.74

Top 3 Issuers

(excluding cash equivalents)	% of Fund's Net Asset Value
Integra Canadian Value Growth Fund	69.34
Integra U.S. Value Growth Fund	15.88
Integra International Equity Fund	14.71

Total Fund Net Asset Value: $4,516,020

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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