

## **Interim Management Report of Fund Performance**

**As at June 30, 2008**

### **Analytic Core US Equity Fund**

This semi-annual report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements for the investment fund. You may request a copy of the semi-annual financial statements at no cost, by calling 1-877-446-8347, by writing to us Integra Capital Limited ("Integra"), 2020 Winston Park Drive, Suite 200, Oakville ON L6H 6X7 or by visiting our website at [www.integra.com](http://www.integra.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

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

## **Management Discussion of Fund Performance**

### **Results of Operations**

For the six months ended June 30, 2008, the Fund experienced a loss of 8.7% compared to a 9.5% loss by the S&P 500 while the Fund's benchmark (95% S&P 500 plus 5% Scotia Capital 91-day Government of Canada Treasury Bill Total Return Index) had a negative return of 8.9%. All of the returns are presented in Canadian dollar terms. Over the past year, the strength of the loonie relative to the American currency has diminished the returns of Canadian investors in U.S. stocks.

The first six months of 2008 witnessed a continuation of the slide in equity markets which began last summer. Financial Services stocks (down 27.8%) continued to lead the U.S. market lower, while the Energy (up 11.9%) and Materials (up 4.1%) sectors have been the only bright spots in the broad market during the first half of the year.

The Financial Services sector, with its sub-prime mortgage exposures and structured products has not provided investors with any reason to be confident that the worst is behind it. The Federal Reserve's bailout of Bear Stearns in late March gave some hope that the market had reached its low point and the stock prices experienced a nice bounce in the weeks that followed. However by early June, the S&P 500 had started what was to become a 6.5% decline during the month. The banks, insurance companies and brokerages began another round of asset write-offs, set up more provisions and, in many cases, were forced to seek new equity to maintain their capital bases. Furthermore, financial institutions have tightened their lending standards and that has negative implications for consumer and corporate spending.

The recent sharp jumps in food and energy prices have renewed inflationary fears. The higher costs for these non-discretionary items coupled with the unprecedented decline in the housing market puts the American consumer in an uncomfortable situation of less wealth and higher day to day living expenses. The current level of consumer price increases is leaving the Federal Reserve little room to maneuver to keep the American economy from sliding into a recession.

Consequently, only the Energy and Materials sectors generated positive returns during the first six months of the year, while the other eight industry groupings, despite brief rallies, experienced lower valuations as at the end of June.

The Fund's performance surpassed its benchmark largely due to stock selection, particularly in the Financial Services industry. In general, an overweight to companies with attractive relative earnings yields and cash flow to price ratios performed well, as investors rewarded these measures of valuation. Also, an overweight to companies with strong recent earnings growth and sensitivity to low quality debt also contributed positively over the period. Lastly, the Fund's underweight to companies with high dividend yields and to those with above average trading volume also proved successful as investors penalized these valuation and liquidity measures.

### **Recent Developments**

The American economy has lost over 400 thousand jobs this year. However, the Federal Reserve is not in a favourable position to stimulate the economy with lower interest rates as the U.S. Consumer Price Index (CPI) is now sitting at 4.2%.

Currently, the U.S. stock market is trading at 17x earnings which suggests equities are not a bargain. However, should energy prices decline and inflationary pressures ease, stocks could perform reasonably well. More specifically, the recent market volatility and economic uncertainty has caused the shares of some quality companies to become meaningfully inexpensive.

### **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, Integra is entitled to receive a monthly fee from investors in the Fund.

**Analytic Core US 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 six-month period ended June 30, 2008 and for the remaining financial years ended December 31, as indicated. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

**The Fund's Net Asset Value (NAV) per [Unit Data]**

For the periods ended	June 30, 2008 (\$)	Dec 31, 2007 (\$)	Dec 31, 2006 (\$)	Dec 31, 2005 (\$)	Dec 31, 2004 (\$)
Net Asset Value, Beginning of Period	\$ 4.64	\$ 5.28	\$ 4.74	\$ 4.56	\$ 4.57
Adjustment for New Accounting Standards	\$ (0.01)	\$ -	\$ -	\$ -	\$ -
Net Assets, Beginning of Period	\$ 4.63	\$ -	\$ -	\$ -	\$ -
<b>Increase (Decrease) From Operations:</b>			\$ -	\$ -	\$ -
Total revenue	\$ 0.12	\$ 0.24	\$ 0.08	\$ 0.07	\$ 0.08
Total expenses	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Realized gains for the period	\$ (0.23)	\$ 0.14	\$ 0.14	\$ 0.26	\$ 0.06
Unrealized gains (losses) for the period	\$ (0.29)	\$ (0.71)	\$ 0.37	\$ (0.06)	\$ (0.07)
<b>Total Increase (Decrease) From Operations (1)</b>	\$ (0.41)	\$ (0.34)	\$ 0.58	\$ 0.26	\$ 0.06
<b>Distributions:</b>					
From income (excluding dividends)	\$ -	\$ (0.24)	\$ (0.08)	\$ (0.07)	\$ (0.08)
From dividends	\$ (0.11)	\$ -	\$ -	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Annual Distributions (2)</b>	\$ -	\$ -	\$ (0.08)	\$ (0.07)	\$ (0.08)
<b>Net Assets, End of Period</b>	\$ 4.12	\$ 4.63	\$ 5.28	\$ 4.74	\$ 4.56

**Ratios and Supplemental Data**

	2008	2007	2006	2005	2004
Net Asset Value (000's)	\$ 75,789	\$ 80,387	\$ 174,474	\$ 185,643	\$ 182,251
Number of units outstanding	18,375,901	17,351,689	33,058,665	39,198,812	39,933,056
Management expense ratio (%)	2.12%	2.06%	2.04%	2.07%	2.22%
Management expense ratio before waivers or absorptions (%)	2.12%	2.06%	2.04%	2.07%	2.22%
Portfolio turnover rate (%) <sup>(3)</sup>	117.60%	230.08%	225.7%	200.3%	181.8%
Trading expense ratio (%) <sup>(4)</sup>	0.06%	0.00%	0.09%	0.09%	0.17%

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

1. Net asset 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.
2. Distributions were paid in cash/reinvested in additional units of the Fund, or both.
3. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. 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 period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Values during the period.

**Analytic Core US Equity Fund  
Past Performance**

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the investment fund has performed in the past does not necessarily indicate how it will perform in the future.

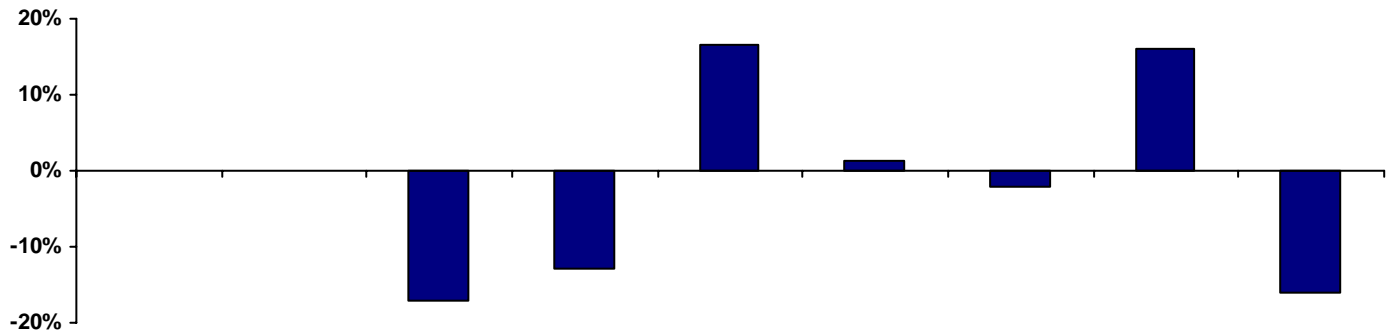
**Fund Inception** - September 27, 2000 (Prior to this date, the Fund was a non-public mutual fund)  
**Year-by-Year Returns**

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 Chart**

2002	2003	2004	2005	2006	2007	2008
-16.99	-12.88	16.58	1.19	-1.98	16.07	-16.00

Annual Returns ending June 30



**Analytic Core US Equity Fund**  
**Summary of Investment Portfolio as at June 30, 2008**

**Asset Mix**

	% of Fund's Net Assets
U.S. Equities	99.07%
Cash and Cash Equivalents	0.91%
Other Assets, Net of Liabilities	0.02%

**Sector Mix**

	% of Fund's Net Assets
Consumer Discretionary	5.00%
Consumer Staples	8.41%
Energy	16.07%
Financials	14.21%
Health Care	10.92%
Industrials	16.17%
Information Technology	15.27%
Materials	5.14%
Telecommunication Services	3.92%
Utilities	3.96%

**Top 25 Holdings**

(excluding cash equivalents)		% of Fund's Net Assets
1	ExxonMobil Corp.	<b>6.50%</b>
2	General Electric Co.	<b>4.52%</b>
3	Microsoft Corp.	<b>4.33%</b>
4	Chevron Corp.	<b>4.01%</b>
5	AT&T Inc.	<b>3.92%</b>
6	Hewlett-Packard Co.	<b>3.39%</b>
7	Schlumberger Ltd.	<b>2.83%</b>
8	MetLife Inc.	<b>2.50%</b>
9	Medco Health Solutions Inc.	<b>2.24%</b>
10	Loews Corp.	<b>2.23%</b>
11	Devon Energy Corp.	<b>2.21%</b>
12	Corning Inc.	<b>2.19%</b>
13	Newmont Mining Corp. Holding Co.	<b>2.15%</b>
14	News Corp., Class 'A'	<b>2.10%</b>
15	Boeing Co. (The)	<b>2.09%</b>
16	McKesson Corp.	<b>2.03%</b>
17	Charles Schwab Corp. (The)	<b>1.98%</b>
18	Bank of New York Mellon Corp.	<b>1.98%</b>
19	FedEx Corp.	<b>1.86%</b>
20	PG&E Corp.	<b>1.86%</b>
21	Lockheed Martin Corp.	<b>1.81%</b>
22	Molson Coors Brewing Co., Class 'B'	<b>1.78%</b>
23	Tyson Foods Inc., Class 'A'	<b>1.72%</b>
24	Archer-Daniels-Midland Co.	<b>1.70%</b>
25	Travelers Cos. Inc. (The)	<b>1.64%</b>

Total Fund Net Assets \$ 75,850,698.10

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

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