

**Interim Management Report of Fund Performance****As at June 30, 2008****Integra Bond 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 30th, the Fund gained 2.5% compared to a 2.2% return achieved by the DEX Bond Universe and the Fund's benchmark (95% Scotia Capital Bond Universe plus 5% Scotia Capital 91-day Government of Canada Treasury Bill Total Return Index) return of 2.2%.

The Canadian bond market was quite volatile during the first six months of 2008. Interest rates across the yield curve bottomed during the second half of March, as the crisis and eventual bail-out at Bear Stearns played itself out and investors worried about the collateral damage within the global financial system. During the second quarter, bond yields then increased as central banks shifted their focus away from growth considerations to the potential for inflationary pressures in the months ahead. The 30-year Government of Canada bond yield was unchanged from the beginning of the year, sitting at 4.08% while the short and middle portions of the yield curve did not rebound to the levels recorded at the beginning of the year. The result was a steepening of the yield curve from December to June.

The new issuance of corporate bonds accelerated late in the second quarter. The volume of new issues was buoyed by the Canadian banks sourcing new funds in the market.

During the first half of 2008, the Fund was in a slightly defensive position to protect against rising interest rates. (Bond prices will fall, when interest rates are rising.) However, the duration of the Fund (sensitivity to changes in interest rates) was increased during the second quarter while the benchmark's duration declined slightly. Due to timing factors in a very volatile period for the bond market, the Fund was able to out-perform its benchmark in the first six months of 2008.

**Recent Developments**

The Bank of Canada and the U.S. Federal Reserve will likely leave their respective target rates steady for the next few months, as they wait for the weakening North American economy to ease inflationary pressures.

The duration of the Fund at the end of June was at 6.35 years versus the benchmark of 6.40 years. With corporate yield spreads at historically very attractive levels, the Fund is selectively adding to its corporate bond holdings. However, the weakening economic environment requires extra vigilance about credit quality.

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

**Integra Bond 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	\$ 15.96	\$ 16.03	\$ 16.18	\$ 16.64	\$ 16.39
Adjustment for New Accounting Standards	\$ (0.01)	\$ -	\$ -	\$ -	\$ -
Net Assets, Beginning of Period	\$ 15.95	\$ -	\$ -	\$ -	\$ -
<b>Increase (Decrease) From Operations:</b>					
Total revenue	\$ 0.39	\$ 0.75	\$ 0.76	\$ 0.78	\$ 0.80
Total expenses	\$ (0.02)	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.03)
Realized gains for the period	\$ 0.11	\$ (0.16)	\$ 0.04	\$ 0.32	\$ 0.12
Unrealized gains (losses) for the period	\$ (0.09)	\$ 0.02	\$ (0.11)	\$ (0.34)	\$ 0.15
<b>Total Increase (Decrease) From Operations (1)</b>	\$ 0.39	\$ 0.57	\$ 0.65	\$ 0.72	\$ 1.04
<b>Distributions:</b>					
From income (excluding dividends)	\$ (0.30)	\$ (0.72)	\$ (0.73)	\$ (0.83)	\$ (0.66)
From dividends	\$ -	\$ -	\$ -	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ (0.07)	\$ (0.31)	\$ (0.03)
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Annual Distributions (2)</b>	\$ (0.30)	\$ (0.72)	\$ (0.80)	\$ (1.14)	\$ (0.69)
<b>Net Assets, End of Period</b>	\$ 16.04	\$ 15.95	\$ 16.03	\$ 16.18	\$ 16.64

**Ratios and Supplemental Data**

	2008	2007	2006	2005	2004
Net Asset Value (000's)	\$ 68,457	\$ 73,589	\$ 85,270	\$ 84,258	\$ 106,711
Number of units outstanding	4,268,403	4,613,730	5,318,237	5,207,851	6,414,367
Management expense ratio (%)	1.62%	1.62%	1.64%	1.61%	1.57%
Management expense ratio before waivers or absorptions (%)	1.62%	1.62%	1.64%	1.61%	1.57%
Portfolio turnover rate (%) <sup>(3)</sup>	85.88%	286.30%	184.7%	110.4%	73.5%
Trading expense ratio (%) <sup>(4)</sup>	-	-	-	-	-

**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.

## Integra Bond Fund Past Performance

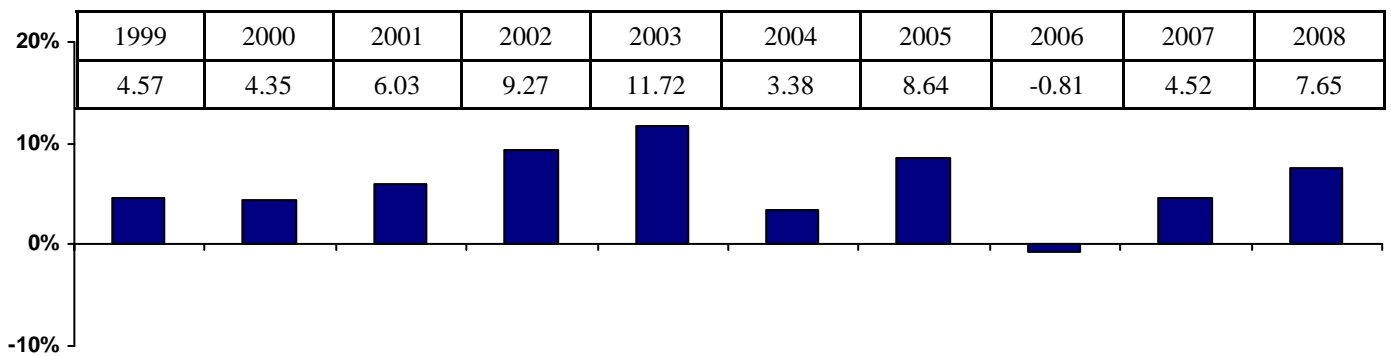
The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges 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** - November 27, 1996 (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

Annual Returns ending June 30



**Integra Bond Fund**  
**Summary of Investment Portfolio as at June 30, 2008**

**Asset Mix**

	% of Fund's Net Assets
Bonds	98.10%
Cash and Cash Equivalents	1.75%
Other Assets, Net of Liabilities	0.15%

**Sector Mix**

	% of Fund's Net Assets
Government of Canada	37.21%
Provincial Government	20.59%
Municipal Government	0.51%
Supranational	0.11%
Corporate	37.65%
Foreign Currency	2.03%

**Top 25 Issuers**

(excluding cash equivalents)		% of Fund's Net Assets
1	Canada Housing Trust No. 1, 4.550%, 2012/12/15	7.26%
2	Government of Canada, 3.750%, 2011/09/01	4.70%
3	Government of Canada, 5.000%, 2037/06/01	3.69%
4	Canada Housing Trust No. 1, 3.750%, 2010/03/15	3.54%
5	Province of Quebec, 4.500%, 2018/12/01	3.48%
6	Government of Canada, 4.000%, 2017/06/01	3.29%
7	Canada Housing Trust No. 1, 4.050%, 2011/03/15	3.03%
8	Government of Canada, 5.750%, 2033/06/01	2.75%
9	Province of Ontario, 4.700%, 2037/06/02	1.94%
10	Canada Housing Trust No. 1, 3.950%, 2013/06/15	1.82%
11	Province of Ontario, Series 'KJ', 7.600%, 2027/06/02	1.65%
12	Canada Housing Trust No. 1, 4.600%, 2011/09/15	1.58%
13	Farm Credit Canada, 4.600%, 2021/06/01	1.56%
14	Canada Housing Trust No. 1, Series '17', 4.800%, 2012/06/15	1.47%
15	Master Credit Card Trust, Class 'A', Series '2006-1', 4.380%, 2009/11/21	1.46%
16	Province of Manitoba, 5.700%, 2037/03/05	1.37%
17	Royal Office Finance L.P., Series 'A', Callable, 5.209%, 2037/11/12	1.17%
18	Government of Canada, Series 'YG30', 3.750%, 2012/06/01	1.12%
19	Royal Bank of Canada, 5.000%, 2014/01/20	1.03%
20	Hydro One Inc., 4.640%, 2016/03/03	1.02%
21	Royal Bank of Canada, 4.710%, 2014/12/22	1.01%
22	Province of Quebec, 5.000%, 2038/12/01	0.94%
23	Province of British Columbia, 5.400%, 2035/06/18	0.90%
24	Royal Bank of Canada, 5.130%, 2010/09/27	0.88%
25	Golden Credit Card Trust, Class 'A', Series '2005- 1', Callable, 4.047%, 2010/06/15	0.87%

Total Fund Net Assets \$ 68,555,036.19

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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