



Portland Investment Counsel®

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PORTLAND ALTERNATIVE MUTUAL FUNDS
ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022

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Table of Contents

| | |
|--|----|
| • Chairman's Message..... | 3 |
| • Management's Responsibility for Financial Reporting..... | 4 |
| • Independent Auditor's Report | 5 |
| • Portland 15 of 15 Alternative Fund | 9 |
| • Portland Global Alternative Fund..... | 17 |
| • Portland Life Sciences Alternative Fund..... | 25 |
| • Portland North American Alternative Fund..... | 32 |
| • Notes to Financial Statements..... | 39 |

Chairman's Message



The past year certainly has not lacked in major developments. Climate change, the world reaching a population of 8 billion, recovery from the COVID-19 pandemic, the war in Ukraine, the energy crisis, the passing of Queen Elizabeth II, the assassination of Shinzo Abe, inflation, and political turmoil; all have taken prominence in the news cycles. Among business developments, the concerted effort of the central banks to stave off rampant inflation, has led to an overall more challenging environment for households and businesses alike. Financial markets, while seemingly climbing the famous wall of worry for a while, were eventually subjected to meaningful volatility, marked notably by a down-rating of the tech companies and punctuated by what it appears to be, as I write, a broad-based implosion of the cryptocurrencies' infrastructure. Meanwhile, the businessperson most often in the news has been Elon Musk, the planet's wealthiest individual. During a period of upheaval, Elon has provided much needed communications support through Skylink to the embattled Ukrainian army in the face of the Russian invasion; has reinforced his commitment for a manned interplanetary expedition to Mars; continued to drive the push towards electrification of transportation through Tesla vehicles; and, is working to ensure that Twitter, "the public square", is free of bias, misinformation or wanton censorship. What does Elon see that others may be missing? Is his success entirely predicated by luck? Could this be replicated by other entrepreneurs? Let us examine.

Having been a student of wealth creation throughout my career, a commonality I found among wealthy people, is the fact that their behaviour is governed by an overarching framework. Success is created by predicting the future, planning for it, and persevering with your planning. I call this framework the "PPP" or the three P's. I will next enlist the help of Wayne Gretzky and Charlie Munger in further describing this framework. When asked to divulge the secret of his athletic success, Wayne famously said "I skate to where the puck is going to be, not where it has been." But, how do you predict in a way that you are confident it is not speculation? As Charlie Munger points out, "a few major opportunities, clearly recognizable as such, will usually come to one who continuously searches and waits, with a curious mind that loves diagnosis involving multiple variables." How about planning? "Our experience tends to confirm a long-held notion that being prepared, on a few occasions in a lifetime, to act promptly in scale, in doing some simple and logical thing, will often dramatically improve the financial results of that lifetime," Charlie reflects. Investment success also requires a patient yet decisive approach to capital allocation anchored by consistent behaviour over time: "And then all that is required is a willingness to bet heavily when the odds are extremely favourable, using resources available as a result of prudence and patience in the past." Insofar as Elon's success is concerned, would you agree that his open mindedness and curiosity allows him to predict trends in how people will travel or communicate? And that his assiduous work, learning and planning prepares him to take advantage of opportunities? While his consistent pursuit of execution excellence allows him to build on his past success?

Similarly, Portland Investment Counsel Inc. (Portland) and my other companies, including Portland Holdings Inc., have taken the PPP framework to heart. Starting with innate curiosity and execution of opportunities, Portland has been able to leverage knowledge, access and experience. Our early success was based on our ability to predict, plan and persevere with the buildout of an asset management business. We don't know what the future may hold, and we don't have a crystal ball, but we recognize that some of humankind's highest unmet needs, namely cancer care and clean energy, need to be tackled. During the year, we continued our work on identifying some of the most promising new approaches involving precision oncology, specifically geared towards developing cancer therapies using alpha-emitting radio-isotopes. Portland Holdings Inc. was also privileged to enter into a Memorandum of Understanding with the Canadian Nuclear Laboratories (CNL), a world leader in nuclear science, technology and creation of intellectual property of great importance for the global effort of achieving net zero emission targets over the next couple of decades. As I am sure you are aware, most countries worldwide have the ambition to become net zero before 2050. However, most countries lack the capabilities and are faced with exponential energy demand growth as populations continue to grow globally. It has become increasingly evident that the availability of nuclear initiatives becomes necessary to achieve their net zero goals. Canada and CNL's competencies in the field of clean energy, environmental remediation and medical radioisotopes, including expertise in hydrogen and alternative fuel sources, play an essential role in ensuring the transmission of critical technology and intellectual property to entities and countries with net zero aspirations.

We are humbled to have the opportunity to work towards tackling some of humankind's highest unmet needs, and honoured to have investors join us. In doing so, this will contribute to the alignment of your portfolios with the PPP framework.

Thank you,

"Michael Lee-Chin"

Director, Executive Chairman, CEO and Portfolio Manager
Portland Investment Counsel Inc.

Notes

Certain statements included in this message constitute forward-looking statements, including those identified by the expressions "may", "should", "will", "anticipate", "believe", "plan", "predict", "estimate", "expect", "intend" and similar expressions. These forward-looking statements are not historical facts, but reflect the current expectations of the Executive Chairman regarding future results or events. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results or events to differ materially from current expectations. There is no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.

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Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland 15 of 15 Alternative Fund, Portland Global Alternative Fund, Portland Life Sciences Alternative Fund and Portland North American Alternative Fund (collectively the Funds) have been prepared by Portland Investment Counsel Inc. (the Manager) in its capacity as manager of the Funds. The Manager of the Funds is responsible for the information and representations contained in these financial statements. The Board of Directors of the Manager, in its capacity as trustee of the Funds, have approved these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in note 3 to these financial statements.

KPMG LLP is the external auditor of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders, their opinion on the financial statements. Their report is attached.

"Michael Lee-Chin"

**Michael Lee-Chin,
Director
December 7, 2022**

"Robert Almeida"

**Robert Almeida,
Director
December 7, 2022**



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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of:

Portland 15 of 15 Alternative Fund
Portland Global Alternative Fund
Portland Life Sciences Alternative Fund
Portland North American Alternative Fund
(Collectively, the "Funds")

Opinion

We have audited the financial statements of the Funds, which comprise:

- the statements of financial position as at September 30, 2022
- the statements of comprehensive income (loss) for the year then ended
- the statements of changes in net assets attributable to holders of redeemable units for the year then ended
- the statements of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at September 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

Other Matter - Comparative Information

The financial statements for the year ended September 30, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 16, 2021.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Reports of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information or appears to be materially misstated.

We obtained the Management Reports of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Page 4

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

A handwritten signature in black ink that reads "KPMG LLP". The letters are slanted and connected in a cursive style. A horizontal line is drawn underneath the signature, extending from the left side of the "K" to the right side of the "P".

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

December 7, 2022

Statements of Financial Position

| As at September 30, | 2022 | | 2021 | |
|--|-----------|-------------------|-----------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ | 3,409,901 | \$ | 4,006,536 |
| Subscriptions receivable | | 8,734 | | 33,870 |
| Dividends receivable | | 10,130 | | 5,436 |
| Investments (note 5) | | 14,778,126 | | 15,899,372 |
| | | 18,206,891 | | 19,945,214 |
| Liabilities | | | | |
| Management fees payable | | 25,127 | | 25,863 |
| Expenses payable | | 9,024 | | 9,299 |
| Redemptions payable | | - | | 29,585 |
| | | 34,151 | | 64,747 |
| Net Assets Attributable to Holders of Redeemable Units | \$ | 18,172,740 | \$ | 19,880,467 |
| Net Assets Attributable to Holders of Redeemable Units Per Series | | | | |
| Series A | | 12,227,838 | | 13,157,564 |
| Series F | | 5,944,902 | | 6,722,903 |
| | \$ | 18,172,740 | \$ | 19,880,467 |
| Number of Redeemable Units Outstanding (note 6) | | | | |
| Series A | | 1,776,964 | | 1,558,571 |
| Series F | | 793,934 | | 739,699 |
| Net Assets Attributable to Holders of Redeemable Units Per Unit | | | | |
| Series A | \$ | 6.88 | \$ | 8.44 |
| Series F | \$ | 7.49 | \$ | 9.09 |

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin"

Director

"Robert Almeida"

Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Loss)

| For the years ended September 30, | 2022 | 2021 |
|---|-----------------------|---------------------|
| Income | | |
| Net gain (loss) on investments | | |
| Dividends | \$ 36,432 | \$ 36,171 |
| Interest for distribution purposes | 50,380 | 9,972 |
| Net realized gain (loss) on investments | (167,583) | 129,456 |
| Change in unrealized appreciation (depreciation) on investments | (3,342,004) | 2,876,274 |
| | <u>(3,422,775)</u> | <u>3,051,873</u> |
| Other income | | |
| Foreign exchange gain (loss) on cash and other net assets | (1,082) | (11,074) |
| Total income (loss) | <u>(3,423,857)</u> | <u>3,040,799</u> |
| Expenses | | |
| Management fees (note 8) | 309,659 | 231,194 |
| Unitholder reporting costs | 186,055 | 77,537 |
| Performance fees (note 8) | 45,228 | 400,170 |
| Audit fees | 23,082 | 18,097 |
| Legal fees | 13,477 | 13,905 |
| Custodial fees | 13,267 | 10,878 |
| Transaction costs | 5,519 | 6,992 |
| Withholding tax expense (reclaims) | 3,055 | 4,726 |
| Independent review committee fees | 2,539 | 3,367 |
| Bank charges | 21 | 248 |
| Total operating expenses | <u>601,902</u> | <u>767,114</u> |
| Less: expenses absorbed by Manager | <u>(126,771)</u> | <u>(42,152)</u> |
| Net operating expenses | <u>475,131</u> | <u>724,962</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | <u>\$ (3,898,988)</u> | <u>\$ 2,315,837</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series | | |
| Series A | \$ (2,628,418) | \$ 1,588,857 |
| Series F | \$ (1,270,570) | \$ 726,980 |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit | | |
| Series A | \$ (1.58) | \$ 1.29 |
| Series F | \$ (1.63) | \$ 1.33 |

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

| For the years ended September 30, | 2022 | | 2021 | |
|--|------|--------------------|------|-------------------|
| Net Assets Attributable to Holders of Redeemable Units at Beginning of Period | | | | |
| Series A | \$ | 13,157,564 | \$ | 5,965,937 |
| Series F | | 6,722,903 | | 1,765,699 |
| | | <u>19,880,467</u> | | <u>7,731,636</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | | | | |
| Series A | | (2,628,418) | | 1,588,857 |
| Series F | | (1,270,570) | | 726,980 |
| | | <u>(3,898,988)</u> | | <u>2,315,837</u> |
| Redeemable Unit Transactions | | | | |
| Proceeds from redeemable units issued | | | | |
| Series A | | 2,591,193 | | 6,245,915 |
| Series F | | 1,499,435 | | 4,562,536 |
| | | <u>4,090,628</u> | | <u>10,808,451</u> |
| Redemptions of redeemable units | | | | |
| Series A | | (892,502) | | (643,145) |
| Series F | | (1,006,865) | | (332,312) |
| | | <u>(1,899,367)</u> | | <u>(975,457)</u> |
| Net Increase (Decrease) from Redeemable Unit Transactions | | <u>2,191,261</u> | | <u>9,832,994</u> |
| Net Assets Attributable to Holders of Redeemable Units at End of Year | | | | |
| Series A | | 12,227,838 | | 13,157,564 |
| Series F | | 5,944,902 | | 6,722,903 |
| | \$ | <u>18,172,740</u> | \$ | <u>19,880,467</u> |

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

| For the years ended September 30, | 2022 | | 2021 | |
|---|-----------|--------------------|-----------|--------------------|
| Cash Flows from Operating Activities | | | | |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | \$ | (3,898,988) | \$ | 2,315,837 |
| Adjustments for: | | | | |
| Net realized (gain) loss on investments | | 167,583 | | (129,456) |
| Change in unrealized (appreciation) depreciation on investments | | 3,342,004 | | (2,876,274) |
| Unrealized foreign exchange (gain) loss on cash | | (467) | | 164 |
| (Increase) decrease in dividends receivable | | (4,694) | | (1,557) |
| Increase (decrease) in management fees and expenses payable | | (1,011) | | 15,941 |
| Purchase of investments | | (3,308,379) | | (7,773,989) |
| Proceeds from sale of investments | | 920,038 | | 411,229 |
| Net Cash Generated (Used) by Operating Activities | | <u>(2,783,914)</u> | | <u>(8,038,105)</u> |
| Cash Flows from Financing Activities | | | | |
| Proceeds from redeemable units issued (note 3) | | 3,998,209 | | 10,720,349 |
| Amount paid on redemption of redeemable units (note 3) | | (1,811,397) | | (856,128) |
| Net Cash Generated (Used) by Financing Activities | | <u>2,186,812</u> | | <u>9,864,221</u> |
| Net increase (decrease) in cash and cash equivalents | | (597,102) | | 1,826,116 |
| Unrealized foreign exchange gain (loss) on cash | | 467 | | (164) |
| Cash and cash equivalents - beginning of year | | 4,006,536 | | 2,180,584 |
| Cash and cash equivalents - end of year | | <u>3,409,901</u> | | <u>4,006,536</u> |
| Cash and cash equivalents comprise: | | | | |
| Cash at bank | \$ | 3,409,901 | \$ | 1,007,424 |
| Short-term investments | | - | | 2,999,112 |
| | <u>\$</u> | <u>3,409,901</u> | <u>\$</u> | <u>4,006,536</u> |
| From operating activities: | | | | |
| Interest received, net of withholding tax | \$ | 50,380 | \$ | 9,972 |
| Dividends received, net of withholding tax | \$ | 28,683 | \$ | 29,888 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio

As at September 30, 2022

| No. of Shares | Security Name | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-----------------------------------|---|---------------|----------------------|--|
| EQUITIES | | | | |
| Australia | | | | |
| 984,088 | Telix Pharmaceuticals Limited | \$ 2,910,276 | \$ 4,112,847 | 22.6% |
| British Virgin Islands | | | | |
| 15,000 | Nomad Foods Ltd. | 442,328 | 294,228 | 1.6% |
| Canada | | | | |
| 5,077 | Brookfield Asset Management Inc. Class A | 240,663 | 286,766 | |
| 24,800 | Horizons Cash Maximizer ETF | 2,500,133 | 2,555,640 | |
| 40,000 | Purpose High Interest Savings ETF | 2,000,435 | 2,001,200 | |
| | | 4,741,231 | 4,843,606 | 26.7% |
| Guernsey | | | | |
| 4,185 | Pershing Square Holdings Ltd. | 115,639 | 173,429 | 1.0% |
| India | | | | |
| 490 | Reliance Industries Ltd. | 22,699 | 39,596 | 0.2% |
| Japan | | | | |
| 22,500 | SoftBank Group Corp. - ADR | 852,097 | 524,015 | 2.9% |
| South Korea | | | | |
| 105 | Samsung Electronics Co., Ltd. | 181,034 | 133,729 | 0.7% |
| United States | | | | |
| 77,770 | Altice USA, Inc. | 1,648,107 | 626,303 | |
| 2,530 | Ares Management Corporation | 115,955 | 216,504 | |
| 6,534 | Berkshire Hathaway Inc., Class B | 1,925,107 | 2,410,053 | |
| 3,590 | D.R. Horton, Inc. | 374,503 | 333,992 | |
| 1,152 | Danaher Corporation | 249,011 | 411,021 | |
| 2,500 | Meta Platforms, Inc. | 952,677 | 468,554 | |
| 680 | Stryker Corporation | 175,680 | 190,249 | |
| | | 5,441,040 | 4,656,676 | 25.6% |
| | Total investment portfolio | 14,706,344 | 14,778,126 | 81.3% |
| | Transaction costs | (18,637) | - | - |
| | | \$ 14,687,707 | 14,778,126 | 81.3% |
| | Other assets less liabilities | | 3,394,614 | 18.7% |
| | NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | \$ 18,172,740 | 100.0% |

(a) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Fund may borrow on margin for the purposes of making investments. Collateral in the form of securities is required to secure the borrowing. Securities pledged as collateral have not been offset against the borrowing but are presented separately on the statements of financial position as investments that are pledged as collateral. The broker holding the collateral has the right to sell or re-pledge such securities in order to pay back the loan. However, the Fund does not have the right of offset. As at September 30, 2022 and September 30, 2021, there was no borrowing in the Fund.

(b) RISK MANAGEMENT

Please see note 5 for a description of the various financial risks detailed below.

Price Risk

The Manager moderates price risk through diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy.

If the price of investments held by the Fund on September 30, 2022 had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by \$1,477,813 (September 30, 2021: \$1,589,937). Actual results may differ from the above sensitivity analysis and the difference could be material.

Concentration Risk

The following tables present the Fund's exposure as a percentage of its net assets attributable to holders of redeemable units by geographic region and by industry sector as at September 30, 2022 and September 30, 2021

| By Geographic Region | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| Canada | 26.7% | 24.4% |
| United States | 25.6% | 24.2% |
| Australia | 22.6% | 24.5% |
| Cash & Other Net Assets (Liabilities) | 18.7% | 20.0% |
| Japan | 2.9% | 3.8% |
| British Virgin Islands | 1.6% | 0.9% |
| Guernsey | 1.0% | 1.0% |
| South Korea | 0.7% | 1.0% |
| India | 0.2% | 0.2% |
| Total | 100.0% | 100.0% |

| By Industry Sector | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| Health Care | 26.0% | 27.8% |
| Exchange Traded Funds | 25.1% | 22.7% |
| Cash & Other Net Assets (Liabilities) | 18.7% | 20.0% |
| Financials | 17.0% | 15.4% |
| Communication Services | 8.9% | 10.1% |
| Consumer Discretionary | 1.8% | 0.2% |
| Consumer Staples | 1.6% | 0.9% |
| Information Technology | 0.7% | 2.7% |
| Industrials | 0.2% | 0.2% |
| Total | 100.0% | 100.0% |

Currency Risk

The tables below indicate the foreign currencies to which the Fund had significant exposure as at September 30, 2022 and September 30, 2021 in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

| September 30, 2022 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|---|---------------|-------------------|-------------------|--|-------------------|------------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| Australian Dollar | (1) | 4,112,848 | 4,112,847 | - | 411,285 | 411,285 |
| British Pound | 1 | - | 1 | - | - | - |
| United States Dollar | 9,811 | 6,108,438 | 6,118,249 | 981 | 610,844 | 611,825 |
| Total | 9,811 | 10,221,286 | 10,231,097 | 981 | 1,022,129 | 1,023,110 |
| % of net assets attributable to holders of redeemable units | - | 56.3% | 56.3% | - | 5.6% | 5.6% |

| September 30, 2021 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|---|---------------|-------------------|-------------------|--|-------------------|------------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| Australian Dollar | - | 4,874,983 | 4,874,983 | - | 487,498 | 487,498 |
| British Pound | 1 | - | 1 | - | - | - |
| Euro | 5 | - | 5 | 1 | - | 1 |
| Swiss Franc | 1 | - | 1 | - | - | - |
| United States Dollar | 7,883 | 6,513,389 | 6,521,272 | 788 | 651,339 | 652,127 |
| Total | 7,890 | 11,388,372 | 11,396,262 | 789 | 1,138,837 | 1,139,626 |
| % of net assets attributable to holders of redeemable units | - | 57.3% | 57.3% | - | 5.7% | 5.7% |

Interest Rate Risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant direct exposure to interest rate risk. The Fund has indirect exposure to interest rate risk through its investments in ETFs.

Credit Risk

As at September 30, 2022 and September 30, 2021, the Fund had exposure to credit risk due to its holding of cash and cash equivalents, such as bankers acceptances. The Fund's cash accounts and bankers acceptances are maintained at financial institutions with a Standard & Poor's credit rating of A and therefore credit risk is deemed minimal.

Liquidity Risk

The Fund is exposed to liquidity risk on its obligations associated with financial liabilities.

The liquidity risk associated with issued redeemable units is managed by investing in a portfolio of highly liquid equity securities. Redeemable units are redeemed on demand at the holder's option. All other obligations were due within three months from the financial reporting date.

Leverage Risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant direct exposure to leverage risk as borrowing was nil.

(c) FAIR VALUE MEASUREMENTS

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at September 30, 2022 and September 30, 2021:

| September 30, 2022 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|--------------|--------------|-------------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities - Long | 14,778,126 | - | - | 14,778,126 |
| Total | 14,778,126 | - | - | 14,778,126 |

| September 30, 2021 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|--------------|--------------|-------------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities - Long | 15,899,372 | - | - | 15,899,372 |
| Total | 15,899,372 | - | - | 15,899,372 |

(d) STRUCTURED ENTITIES

The Fund's investments in ETFs are susceptible to market price risk arising from uncertainties about the future values. The Manager makes investment decisions after its due diligence on the strategy and overall quality of the ETF's manager.

The Fund's investments in ETFs as at September 30, 2022 and September 30, 2021 is summarized below:

| September 30, 2022 | Investment at Fair Value (\$) | Net Asset Value (\$ millions) | % of Net Asset Value |
|-----------------------------------|----------------------------------|----------------------------------|----------------------|
| Horizons Cash Maximizer ETF | 2,555,640 | 2,098 | 0.1% |
| Purpose High Interest Savings ETF | 2,001,200 | 2,719 | 0.1% |
| Pershing Square Holdings Ltd | 173,429 | 7,972 | 0.0% |

| September 30, 2021 | Investment at Fair Value (\$) | Net Asset Value (\$ millions) | % of Net Asset Value |
|-----------------------------------|----------------------------------|----------------------------------|----------------------|
| Horizons Cash Maximizer ETF | 2,511,000 | 1,253 | 0.2% |
| Purpose High Interest Savings ETF | 2,000,000 | 1,798 | 0.1% |
| Pershing Square Holdings Ltd | 191,356 | 9,719 | 0.0% |

Statements of Financial Position

| As at September 30, | 2022 | 2021 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 19,811 | \$ 15,482 |
| Margin account (note 11) | 5,611 | - |
| Subscriptions receivable | 250 | - |
| Receivable for investments sold | - | 4,114 |
| Dividends receivable | 2,170 | 4,677 |
| Investments (note 5) | 1,371,706 | 1,822,245 |
| Investments - pledged as collateral (note 5 and 11) | 471,889 | 471,113 |
| | <u>1,871,437</u> | <u>2,317,631</u> |
| Liabilities | | |
| Borrowing (note 11) | 336,000 | 334,265 |
| Management fees payable | 2,060 | 3,174 |
| Expenses payable | 1,784 | 1,149 |
| Redemptions payable | 315 | 63 |
| Payable for investments purchased | - | 4,110 |
| | <u>340,159</u> | <u>342,761</u> |
| Net Assets Attributable to Holders of Redeemable Units | <u>\$ 1,531,278</u> | <u>\$ 1,974,870</u> |
| Net Assets Attributable to Holders of Redeemable Units Per Series | | |
| Series A | 1,023,056 | 1,900,821 |
| Series F | 508,222 | 74,049 |
| | <u>\$ 1,531,278</u> | <u>\$ 1,974,870</u> |
| Number of Redeemable Units Outstanding (note 6) | | |
| Series A | 135,881 | 219,329 |
| Series F | 60,599 | 7,762 |
| Net Assets Attributable to Holders of Redeemable Units Per Unit | | |
| Series A | \$ 7.53 | \$ 8.67 |
| Series F | \$ 8.39 | \$ 9.54 |

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin"

Director

"Robert Almeida"

Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Loss)

| For the years ended September 30, | 2022 | 2021 |
|---|---------------------|-------------------|
| Income | | |
| Net gain (loss) on investments | | |
| Dividends | \$ 46,860 | \$ 51,151 |
| Net realized gain (loss) on investments and options | (11,849) | 118,874 |
| Change in unrealized appreciation (depreciation) on investments and derivatives | (186,253) | 186,837 |
| | <u>(151,242)</u> | <u>356,862</u> |
| Other income | | |
| Foreign exchange gain (loss) on cash and other net assets | (14,665) | (16,415) |
| Total income (loss) | <u>(165,907)</u> | <u>340,447</u> |
| Expenses | | |
| Unitholder reporting costs | 148,915 | 146,363 |
| Management fees (note 8) | 32,268 | 39,878 |
| Audit fees | 22,461 | 17,662 |
| Legal fees | 13,114 | 13,571 |
| Interest expense and bank charges (note 11) | 7,238 | 3,470 |
| Performance fees (note 8) | 6,776 | 39,918 |
| Withholding tax expense | 6,004 | 6,608 |
| Custodial fees | 2,996 | 4,604 |
| Independent review committee fees | 2,471 | 3,287 |
| Transaction costs | 222 | 1,631 |
| Total operating expenses | <u>242,465</u> | <u>276,992</u> |
| Less: expenses absorbed by Manager | (179,787) | (173,716) |
| Net operating expenses | <u>62,678</u> | <u>103,276</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | <u>\$ (228,585)</u> | <u>\$ 237,171</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series | | |
| Series A | \$ (129,914) | \$ 227,100 |
| Series F | \$ (98,671) | \$ 10,071 |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit | | |
| Series A | \$ (0.73) | \$ 0.91 |
| Series F | \$ (2.98) | \$ 1.00 |

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

| For the years ended September 30, | 2022 | | 2021 | |
|--|------|------------------|------|------------------|
| Net Assets Attributable to Holders of Redeemable Units at Beginning of Period | | | | |
| Series A | \$ | 1,900,821 | \$ | 2,335,368 |
| Series F | | 74,049 | | 121,250 |
| | | <u>1,974,870</u> | | <u>2,456,618</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | | | | |
| Series A | | (129,914) | | 227,100 |
| Series F | | (98,671) | | 10,071 |
| | | <u>(228,585)</u> | | <u>237,171</u> |
| Redeemable Unit Transactions | | | | |
| Proceeds from redeemable units issued | | | | |
| Series A | | - | | - |
| Series F | | 539,571 | | - |
| | | <u>539,571</u> | | <u>-</u> |
| Redemptions of redeemable units | | | | |
| Series A | | (747,851) | | (661,647) |
| Series F | | (6,727) | | (57,272) |
| | | <u>(754,578)</u> | | <u>(718,919)</u> |
| Net Increase (Decrease) from Redeemable Unit Transactions | | <u>(215,007)</u> | | <u>(718,919)</u> |
| Net Assets Attributable to Holders of Redeemable Units at End of Year | | | | |
| Series A | | 1,023,056 | | 1,900,821 |
| Series F | | 508,222 | | 74,049 |
| | \$ | <u>1,531,278</u> | \$ | <u>1,974,870</u> |

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

| For the years ended September 30, | 2022 | | 2021 | |
|---|------|------------------|------|------------------|
| Cash Flows from Operating Activities | | | | |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | \$ | (228,585) | \$ | 237,171 |
| Adjustments for: | | | | |
| Net realized (gain) loss on investments and options | | 11,849 | | (118,874) |
| Change in unrealized (appreciation) depreciation on investments and derivatives | | 186,253 | | (186,837) |
| Unrealized foreign exchange (gain) loss on cash | | 58 | | 24 |
| (Increase) decrease in dividends receivable | | 2,507 | | (159) |
| Increase (decrease) in management fees and expenses payable | | (479) | | (2,095) |
| Purchase of investments | | (34,215) | | (1,263,650) |
| Proceeds from sale of investments | | 285,880 | | 827,221 |
| Net Cash Generated (Used) by Operating Activities | | <u>223,268</u> | | <u>(507,199)</u> |
| Cash Flows from Financing Activities | | | | |
| Increase (decrease) in borrowing | | 1,735 | | 334,265 |
| Change in margin account | | (5,611) | | - |
| Proceeds from redeemable units issued (note 3) | | 535,822 | | - |
| Amount paid on redemption of redeemable units (note 3) | | (750,827) | | (718,856) |
| Net Cash Generated (Used) by Financing Activities | | <u>(218,881)</u> | | <u>(384,591)</u> |
| Net increase (decrease) in cash and cash equivalents | | 4,387 | | (891,790) |
| Unrealized foreign exchange gain (loss) on cash | | (58) | | (24) |
| Cash and cash equivalents - beginning of year | | 15,482 | | 907,296 |
| Cash and cash equivalents - end of year | | <u>19,811</u> | | <u>15,482</u> |
| Cash and cash equivalents comprise: | | | | |
| Cash at bank | \$ | 19,811 | \$ | 15,482 |
| From operating activities: | | | | |
| Dividends received, net of withholding tax | \$ | 43,363 | \$ | 44,384 |
| From financing activities: | | | | |
| Interest paid | \$ | (6,404) | \$ | (2,855) |

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio

As at September 30, 2022

| No. of Shares | Security Name | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-----------------------|---|--------------|---------------------|---|
| EQUITIES | | | | |
| Canada | | | | |
| 350 | Canadian National Railway Company | \$ 40,299 | \$ 52,213 | |
| 415 | Fortis, Inc. | 22,355 | 21,779 | |
| 160 | Metro Inc. | 9,510 | 11,067 | |
| 400 | Royal Bank of Canada | 34,300 | 49,748 | |
| | | 106,464 | 134,807 | 8.8% |
| Denmark | | | | |
| 350 | Coloplast A/S | 66,198 | 49,440 | 3.2% |
| France | | | | |
| 250 | Sanofi | 33,902 | 26,534 | 1.7% |
| Germany | | | | |
| 1,450 | Fresenius Medical Care AG & Co. KGaA | 59,194 | 43,088 | 2.8% |
| Spain | | | | |
| 1,200 | Red Electrica Corporacion S.A. | 27,480 | 25,522 | 1.7% |
| Switzerland | | | | |
| 200 | Nestle S.A. | 29,910 | 29,982 | |
| 280 | Novartis AG | 35,230 | 29,607 | |
| 70 | Roche Holding AG | 31,668 | 31,697 | |
| | | 96,808 | 91,286 | 6.0% |
| United Kingdom | | | | |
| 1,050 | Bunzl PLC | 29,736 | 44,697 | |
| 1,750 | Compass Group PLC | 38,912 | 48,719 | |
| 1,050 | Diageo PLC | 47,486 | 61,499 | |
| 600 | Halma PLC | 24,072 | 18,924 | |
| 6,100 | Legal & General Group PLC | 28,411 | 20,369 | |
| 1,500 | SSE PLC | 35,870 | 35,339 | |
| 28,500 | Vodafone Group PLC | 62,691 | 44,449 | |
| | | 267,178 | 273,996 | 17.9% |
| United States | | | | |
| 320 | Alphabet Inc., Class A | 26,350 | 42,280 | |
| 340 | Alphabet Inc., Class C | 30,457 | 45,158 | |
| 660 | Amazon.com, Inc. | 117,422 | 103,021 | |
| 150 | American Tower Corporation | 49,899 | 44,486 | |
| 310 | Berkshire Hathaway Inc., Class B | 81,238 | 114,343 | |
| 220 | Cincinnati Financial Corporation | 19,337 | 27,220 | |
| 300 | Colgate-Palmolive Company | 30,743 | 29,112 | |
| 700 | Consolidated Edison, Inc. | 76,403 | 82,925 | |
| 100 | Costco Wholesale Corporation | 43,518 | 65,237 | |
| 800 | Hormel Foods Corporation | 52,994 | 50,215 | |
| 240 | Johnson & Johnson | 48,647 | 54,158 | |
| 400 | JPMorgan Chase & Co. | 15,741 | 57,740 | |
| 150 | Kimberly-Clark Corporation | 29,699 | 23,319 | |
| 180 | McDonald's Corporation | 47,075 | 57,372 | |
| 360 | Microsoft Corporation | 85,907 | 115,818 | |
| 140 | Target Corporation | 25,018 | 28,697 | |
| 110 | The Clorox Company | 30,528 | 19,509 | |
| 675 | The Coca-Cola Company | 44,801 | 52,234 | |
| 360 | The Procter & Gamble Company | 60,022 | 62,782 | |
| 210 | The Walt Disney Company | 30,563 | 27,364 | |
| 150 | Visa Inc., Class A | 39,398 | 36,809 | |
| 330 | Walmart Inc. | 58,007 | 59,123 | |
| | | 1,043,767 | 1,198,922 | 78.3% |
| | Total investment portfolio | 1,700,991 | 1,843,595 | 120.4% |
| | Transaction costs | (990) | - | - |
| | | \$ 1,700,001 | 1,843,595 | 120.4% |
| | Other assets less liabilities | | (312,317) | (20.4%) |
| | NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | \$ 1,531,278 | 100.0% |

(a) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Fund may borrow on margin for the purposes of making investments. Collateral in the form of securities is required to secure the borrowing. Securities pledged as collateral have not been offset against the borrowing but are presented separately on the statements of financial position as investments that are pledged as collateral. The broker holding the collateral has the right to sell or re-pledge such securities in order to pay back the loan. However, the Fund does not have the right of offset. As at September 30, 2022, the amount borrowed was \$336,000 (September 30, 2021: \$334,265). For the year ended September 30, 2022, the maximum borrowing in the Fund was \$465,470 (September 30, 2021: \$632,635).

(b) RISK MANAGEMENT

Please see note 5 for a description of the various financial risks detailed below.

Price Risk

The Manager moderates price risk through diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy.

If the price of investments held by the Fund on September 30, 2022 had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by \$184,360 (September 30, 2021: \$229,336). Actual results may differ from the above sensitivity analysis and the difference could be material.

Concentration Risk

The following tables present the Fund's exposure as a percentage of its net assets attributable to holders of redeemable units by geographic region and by industry sector as at September 30, 2022 and September 30, 2021:

| By Geographic Region | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| United States | 78.3% | 65.8% |
| United Kingdom | 17.9% | 15.9% |
| Canada | 8.8% | 7.4% |
| Switzerland | 6.0% | 4.7% |
| Denmark | 3.2% | 3.5% |
| Germany | 2.8% | 2.9% |
| France | 1.7% | 1.5% |
| Spain | 1.7% | 1.7% |
| Japan | - | 9.8% |
| Belgium | - | 1.3% |
| Cayman Islands | - | 1.5% |
| Cash & Other Net Assets (Liabilities) | (20.4%) | (16.0%) |
| Total | 100.0% | 100.0% |

| By Industry Sector | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| Consumer Staples | 30.4% | 26.3% |
| Financials | 17.6% | 16.6% |
| Consumer Discretionary | 15.5% | 14.4% |
| Health Care | 15.3% | 10.0% |
| Information Technology | 11.2% | 11.8% |
| Utilities | 10.8% | 8.6% |
| Communication Services | 10.4% | 12.9% |
| Industrials | 6.3% | 12.8% |
| Real Estate | 2.9% | 2.6% |
| Cash & Other Net Assets (Liabilities) | (20.4%) | (16.0%) |
| Total | 100.0% | 100.0% |

Currency Risk

The tables below indicate the foreign currencies to which the Fund had significant exposure as at September 30, 2022 and September 30, 2021 in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

| September 30, 2022 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|--|------------------|-------------------|------------------|--|-------------------|----------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| British Pound | 6,882 | 273,996 | 280,878 | 688 | 27,400 | 28,088 |
| Danish Krone | - | 49,440 | 49,440 | - | 4,944 | 4,944 |
| Euro | 3,298 | 95,144 | 98,442 | 330 | 9,514 | 9,844 |
| Norwegian Krone | 680 | - | 680 | 68 | - | 68 |
| Swiss Franc | 1 | 91,286 | 91,287 | - | 9,129 | 9,129 |
| United States Dollar | (144,150) | 1,198,922 | 1,054,772 | (14,415) | 119,892 | 105,477 |
| Total | (133,289) | 1,708,788 | 1,575,499 | (13,329) | 170,879 | 157,550 |
| % of net assets attributable to holders of redeemable units | (8.7%) | 111.6% | 102.9% | (0.9%) | 11.2% | 10.3% |

| September 30, 2021 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|--|------------------|-------------------|------------------|--|-------------------|----------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| British Pound | 948 | 314,316 | 315,264 | 95 | 31,431 | 31,526 |
| Danish Krone | - | 69,500 | 69,500 | - | 6,950 | 6,950 |
| Euro | 1 | 146,882 | 146,883 | - | 14,688 | 14,688 |
| Hong Kong Dollar | 469 | 30,429 | 30,898 | 47 | 3,043 | 3,090 |
| Japanese Yen | 2,251 | 194,357 | 196,608 | 225 | 19,436 | 19,661 |
| Norwegian Krone | 777 | - | 777 | 78 | - | 78 |
| Swiss Franc | - | 92,403 | 92,403 | - | 9,240 | 9,240 |
| United States Dollar | (144,681) | 1,299,397 | 1,154,716 | (14,468) | 129,940 | 115,472 |
| Total | (140,235) | 2,147,284 | 2,007,049 | (14,023) | 214,728 | 200,705 |
| % of net assets attributable to holders of redeemable units | (7.1%) | 108.7% | 101.6% | (0.7%) | 10.9% | 10.2% |

Interest Rate Risk

As at September 30, 2022, the Fund had significant direct exposure to interest rate risk from its use of borrowing. The amount borrowed as at September 30, 2022 was \$336,000 and was repayable on demand (September 30, 2021: \$334,265). If interest rates had doubled during the year ended September 30, 2022, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by \$7,229 (September 30, 2021: \$3,076).

Credit Risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant direct exposure to credit risk.

Liquidity Risk

The Fund is exposed to liquidity risk on its obligations associated with financial liabilities.

The liquidity risk associated with issued redeemable units is managed by investing in a portfolio of highly liquid equity securities. Redeemable units are redeemed on demand at the holder's option. All other obligations were due within three months from the financial reporting date.

The main concentration of liquidity risk arises from the Fund's borrowing activities. Borrowings are repayable upon demand and are partially covered by collateral held on account at the broker with whom the borrowings are made.

Leverage Risk

As at September 30, 2022, the amount borrowed was \$336,000 (September 30, 2021: \$334,265). The lender nets the amount borrowed with any cash balances held by the Fund and includes the impact of any securities bought or sold that are not yet paid by or to the Fund. When calculated this way, the borrowing percentage as at September 30, 2022 was 21.6% (September 30, 2021: 16.9%). Interest expense for the year ended September 30, 2022 was \$7,229 (September 30, 2021: \$3,076).

(c) FAIR VALUE MEASUREMENTS

The following tables illustrate the classifications of the Fund's financial instruments within the fair value hierarchy as at September 30, 2022 and September 30, 2021:

| September 30, 2022 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|-----------------|-----------------|------------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities – Long | 1,843,595 | - | - | 1,843,595 |
| Total | 1,843,595 | - | - | 1,843,595 |

| September 30, 2021 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|-----------------|-----------------|------------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities – Long | 2,293,358 | - | - | 2,293,258 |
| Total | 2,293,358 | - | - | 2,293,258 |

(d) STRUCTURED ENTITIES

As at September 30, 2022 and September 30, 2021, the Fund did not have any investments in structured entities.

Statements of Financial Position

| As at September 30, | | | 2022 | | | 2021 |
|--|----|------------------|------|--|--|----------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ | 755,059 | \$ | | | 426,454 |
| Subscriptions receivable | | - | | | | 26,446 |
| Receivable for investments sold | | 70,811 | | | | - |
| Investments (note 5) | | 840,675 | | | | 118,431 |
| | | <u>1,666,545</u> | | | | <u>571,331</u> |
| Liabilities | | | | | | |
| Management fees payable | | 2,238 | | | | 531 |
| Expenses payable | | 705 | | | | 186 |
| Payable for investments purchased | | 141,936 | | | | - |
| | | <u>144,879</u> | | | | <u>717</u> |
| Net Assets Attributable to Holders of Redeemable Units | \$ | <u>1,521,666</u> | \$ | | | <u>570,614</u> |
| Net Assets Attributable to Holders of Redeemable Units Per Series | | | | | | |
| Series A | | 1,284,764 | | | | 419,889 |
| Series F | | 236,902 | | | | 150,725 |
| | \$ | <u>1,521,666</u> | \$ | | | <u>570,614</u> |
| Number of Redeemable Units Outstanding (note 6) | | | | | | |
| Series A | | 129,982 | | | | 41,830 |
| Series F | | 23,602 | | | | 14,942 |
| Net Assets Attributable to Holders of Redeemable Units Per Unit | | | | | | |
| Series A | \$ | 9.88 | \$ | | | 10.04 |
| Series F | \$ | 10.04 | \$ | | | 10.09 |

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin"

Director

"Robert Almeida"

Director

The accompanying notes are an integral part of these financial statements.

Statement of Comprehensive Income (Loss)

| For the years ended September 30, | 2022 | 2021 |
|---|------------------|-------------------|
| Income | | |
| Net gain (loss) on investments | | |
| Dividends | \$ 597 | \$ - |
| Interest for distribution purposes | 1,581 | - |
| Change in unrealized appreciation (depreciation) on investments | 34,521 | (3,840) |
| | <u>36,699</u> | <u>(3,840)</u> |
| Other income | | |
| Foreign exchange gain (loss) on cash and other net assets | (433) | (138) |
| Total income (loss) | <u>36,266</u> | <u>(3,978)</u> |
| Expenses | | |
| Unitholder reporting costs | 110,054 | 38,805 |
| Audit fees | 24,490 | 14,508 |
| Management fees (note 8) | 17,270 | 1,148 |
| Legal fees | 13,855 | 1,923 |
| Custodial fees | 3,018 | 406 |
| Independent review committee fees | 2,551 | 1,394 |
| Transaction costs | 531 | 83 |
| Performance fees (note 8) | 267 | 756 |
| Withholding tax expense | 89 | - |
| Bank charges | 2 | - |
| Total operating expenses | 172,127 | 59,023 |
| Less: expenses absorbed by Manager | (148,378) | (56,518) |
| Net operating expenses | <u>23,749</u> | <u>2,505</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | <u>\$ 12,517</u> | <u>\$ (6,483)</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series | | |
| Series A | \$ 11,988 | \$ (7,742) |
| Series F | \$ 529 | \$ 1,259 |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit | | |
| Series A | \$ 0.15 | \$ (1.06) |
| Series F | \$ 0.03 | \$ 0.10 |

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

| For the years ended September 30, | 2022 | 2021 |
|--|---------------------|-------------------|
| Net Assets Attributable to Holders of Redeemable Units at Beginning of Period | | |
| Series A | \$ 419,889 | \$ - |
| Series F | 150,725 | - |
| | <u>570,614</u> | <u>-</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | | |
| Series A | 11,988 | (7,742) |
| Series F | 529 | 1,259 |
| | <u>12,517</u> | <u>(6,483)</u> |
| Redeemable Unit Transactions | | |
| Proceeds from redeemable units issued | | |
| Series A | 852,887 | 427,631 |
| Series F | 85,648 | 149,466 |
| Net Increase (Decrease) from Redeemable Unit Transactions | <u>938,535</u> | <u>577,097</u> |
| Net Assets Attributable to Holders of Redeemable Units at End of Year | | |
| Series A | 1,284,764 | 419,889 |
| Series F | 236,902 | 150,725 |
| | <u>\$ 1,521,666</u> | <u>\$ 570,614</u> |

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

| For the years ended September 30, | 2022 | 2021 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | \$ 12,517 | \$ (6,483) |
| Adjustments for: | | |
| Change in unrealized (appreciation) depreciation on investments | (34,521) | 3,840 |
| Unrealized foreign exchange (gain) loss on cash | (171) | - |
| Increase (decrease) in management fees and expenses payable | 2,226 | 717 |
| Purchase of investments | (545,787) | (122,271) |
| Proceeds from sale of investments | (70,811) | - |
| Net Cash Generated (Used) by Operating Activities | (636,547) | (124,197) |
| Cash Flows from Financing Activities | | |
| Proceeds from redeemable units issued (note 3) | 964,981 | 550,651 |
| Net Cash Generated (Used) by Financing Activities | 964,981 | 550,651 |
| Net increase (decrease) in cash and cash equivalents | 328,434 | 426,454 |
| Unrealized foreign exchange gain (loss) on cash | 171 | - |
| Cash and cash equivalents - beginning of year | 426,454 | - |
| Cash and cash equivalents - end of year | 755,059 | 426,454 |
| Cash and cash equivalents comprise: | | |
| Cash at bank | \$ 755,059 | \$ 426,454 |

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio

As at September 30, 2022

| No. of Shares | Security Name | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|----------------------|---|-------------------|------------------|--|
| EQUITIES | | | | |
| Australia | | | | |
| 60,000 | Clarity Pharmaceuticals Limited | \$ 37,629 | \$ 33,930 | |
| 57,176 | Telix Pharmaceuticals Limited | 279,465 | 238,958 | |
| | | <u>317,094</u> | <u>272,888</u> | <u>17.9%</u> |
| United States | | | | |
| 250 | Amgen Inc. | 75,296 | 77,840 | |
| 3,500 | Bridgebio Pharma, Inc. | 46,490 | 48,057 | |
| 1,700 | Fate Therapeutics, Inc. | 59,928 | 52,625 | |
| 900 | Guardant Health, Inc. | 56,320 | 66,922 | |
| 1,300 | IGM Biosciences, Inc. | 29,311 | 40,835 | |
| 600 | Lantheus Holdings, Inc. | 32,613 | 58,290 | |
| 4,850 | POINT Biopharma Global Inc. | 33,743 | 51,788 | |
| 2,000 | RadNet, Inc. | 55,430 | 56,221 | |
| 2,500 | Relay Therapeutics, Inc. | 66,380 | 77,252 | |
| 1,100 | Schrodinger, Inc. | 38,002 | 37,957 | |
| | | <u>493,513</u> | <u>567,787</u> | <u>37.3%</u> |
| | Total investment portfolio | 810,607 | 840,675 | 55.2% |
| | Transaction costs | (625) | - | - |
| | | <u>\$ 809,982</u> | <u>840,675</u> | <u>55.2%</u> |
| | Other assets less liabilities | | 680,991 | 44.8% |
| | NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | <u>\$</u> | <u>1,521,666</u> | <u>100.0%</u> |

(a) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Fund may borrow on margin for the purposes of making investments. Collateral in the form of securities is required to secure the borrowing. Securities pledged as collateral have not been offset against the borrowing but are presented separately on the statements of financial position as investments that are pledged as collateral. The broker holding the collateral has the right to sell or re-pledge such securities in order to pay back the loan. However, the Fund does not have the right of offset. As at September 30, 2022 and September 30, 2021, there was no borrowing in the Fund.

(b) RISK MANAGEMENT

Please see note 5 for a description of the various financial risks detailed below.

Price Risk

The Manager moderates price risk through diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy.

If the price of investments held by the Fund on September 30, 2022 had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by \$84,068 (September 30, 2021: \$11,843). Actual results may differ from the above sensitivity analysis and the difference could be material.

Concentration Risk

The following tables present the Fund's exposure as a percentage of its net assets attributable to holders of redeemable units by geographic region and by industry sector as at September 30, 2022 and September 30, 2021:

| By Geographic Region | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| Cash & Other Net Assets (Liabilities) | 44.8% | 79.2% |
| United States | 37.3% | 8.2% |
| Australia | 17.9% | 12.6% |
| Total | 100.0% | 100.0% |

| By Industry Sector | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| Cash & Other Net Assets (Liabilities) | 44.8% | 79.2% |
| Biotechnology | 38.6% | 17.1% |
| Health Care Services | 8.1% | 1.9% |
| Health Care Supplies | 3.8% | 0.9% |
| Health Care Technology | 2.5% | 0.9% |
| Pharmaceuticals | 2.2% | - |
| Total | 100.0% | 100.0% |

Currency Risk

The tables below indicate the foreign currencies to which the Fund had significant exposure as at September 30, 2022 and September 30, 2021 in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

| September 30, 2022 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|--|---------------|-------------------|----------------|--|-------------------|---------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| Australian Dollar | - | 272,888 | 272,888 | - | 27,289 | 27,289 |
| United States Dollar | 1 | 567,787 | 567,788 | - | 56,779 | 56,779 |
| Total | 1 | 840,675 | 840,676 | - | 84,068 | 84,068 |
| % of net assets attributable to holders of redeemable units | 0.1% | 55.2% | 55.3% | - | 5.5% | 5.5% |

| September 30, 2021 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|--|---------------|-------------------|----------------|--|-------------------|---------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| Australian Dollar | 16 | 71,781 | 71,797 | 2 | 7,178 | 7,180 |
| United States Dollar | 85 | 46,650 | 46,735 | 9 | 4,665 | 4,674 |
| Total | 101 | 118,431 | 118,532 | 11 | 11,843 | 11,854 |
| % of net assets attributable to holders of redeemable units | - | 20.8% | 20.8% | - | 2.1% | 2.1% |

Interest Rate Risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant direct exposure to interest rate risk.

Credit Risk

As at September 30, 2022 and September 30, 2021, the Fund had exposure to credit risk due to its holding of cash. The Fund's cash accounts are maintained at a financial institution with a Standard & Poor's credit rating of A and therefore credit risk is deemed minimal.

Liquidity Risk

The Fund is exposed to liquidity risk on its obligations associated with financial liabilities.

The liquidity risk associated with issued redeemable units is managed by investing in a portfolio of highly liquid equity securities. Redeemable units are redeemed on demand at the holder's option. All other obligations were due within three months from the financial reporting date.

Leverage Risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant direct exposure to leverage risk as borrowing was nil.

(c) FAIR VALUE MEASUREMENTS

The following table illustrates the classifications of the Fund's financial instruments within the fair value hierarchy as at September 30, 2022 and September 30, 2021:

| September 30, 2022 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|--------------|--------------|----------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities - Long | 840,675 | - | - | 840,675 |
| Total | 840,675 | - | - | 840,675 |

| September 30, 2021 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|--------------|--------------|----------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities - Long | 118,431 | - | - | 118,431 |
| Total | 118,431 | - | - | 118,431 |

(d) STRUCTURED ENTITIES

As at September 30, 2022 and September 30, 2021, the Fund did not have any investments in structured entities.

Statements of Financial Position

| As at September 30, | 2022 | | 2021 | |
|--|-----------|------------------|-----------|------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ | 169,705 | \$ | 549,881 |
| Margin accounts (note 11) | | - | | 3,724 |
| Subscriptions receivable | | 100 | | 48,019 |
| Receivable for investments sold | | 111,333 | | 133,617 |
| Dividends receivable | | 413 | | 5,996 |
| Investments (note 5) | | 1,172,933 | | 2,574,182 |
| Investments - pledged as collateral (note 5 and 9) | | 238,547 | | - |
| | | 1,693,031 | | 3,315,419 |
| Liabilities | | | | |
| Borrowing (note 11) | | 153,160 | | - |
| Management fees payable | | 1,809 | | 3,247 |
| Expenses payable | | 6,841 | | 1,479 |
| Redemptions payable | | - | | 770 |
| Payable for investments purchased | | 76,012 | | 133,573 |
| | | 237,822 | | 139,069 |
| Net Assets Attributable to Holders of Redeemable Units | \$ | 1,455,209 | \$ | 3,176,350 |
| Net Assets Attributable to Holders of Redeemable Units Per Series | | | | |
| Series A | | 634,549 | | 1,092,600 |
| Series F | | 820,660 | | 2,083,750 |
| | \$ | 1,455,209 | \$ | 3,176,350 |
| Number of Redeemable Units Outstanding (note 6) | | | | |
| Series A | | 81,560 | | 89,743 |
| Series F | | 103,672 | | 168,435 |
| Net Assets Attributable to Holders of Redeemable Units Per Unit | | | | |
| Series A | \$ | 7.78 | \$ | 12.17 |
| Series F | \$ | 7.92 | \$ | 12.37 |

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin"

Director

"Robert Almeida"

Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Loss)

| For the years ended September 30, | 2022 | 2021 |
|---|---------------------|-------------------|
| Income | | |
| Net gain (loss) on investments and derivatives | | |
| Dividends | \$ 79,349 | \$ 50,737 |
| Interest for distribution purposes | 8 | 4,694 |
| Net realized gain (loss) on investments | (533,035) | 159,837 |
| Change in unrealized appreciation (depreciation) on investments | (294,185) | 89,113 |
| | <u>(747,863)</u> | <u>304,381</u> |
| Other income | | |
| Foreign exchange gain (loss) on cash and other net assets | (10,928) | (881) |
| Total income (loss) | <u>(758,791)</u> | <u>303,500</u> |
| Expenses | | |
| Unitholder reporting costs | 147,451 | 86,126 |
| Management fees (note 8) | 28,388 | 26,116 |
| Audit fees | 23,178 | 18,253 |
| Legal fees | 13,846 | 12,960 |
| Interest expense and bank charges | 5,730 | 182 |
| Minimum Tax | 5,673 | 1,236 |
| Transaction costs | 4,008 | 1,780 |
| Custodial fees | 3,193 | 1,412 |
| Withholding tax expense | 2,914 | 2,658 |
| Independent review committee fees | 2,550 | 3,396 |
| Performance fees (note 8) | - | 39,086 |
| Total operating expenses | <u>236,931</u> | <u>193,205</u> |
| Less: expenses absorbed by Manager | (177,825) | (110,408) |
| Net operating expenses | <u>59,106</u> | <u>82,797</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | <u>\$ (817,897)</u> | <u>\$ 220,703</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series | | |
| Series A | \$ (345,782) | \$ 72,106 |
| Series F | \$ (472,115) | \$ 148,597 |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit | | |
| Series A | \$ (4.10) | \$ 1.15 |
| Series F | \$ (3.78) | \$ 1.36 |

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

| For the years ended September 30, | 2022 | 2021 |
|--|---------------------|---------------------|
| Net Assets Attributable to Holders of Redeemable Units at Beginning of Period | | |
| Series A | \$ 1,092,600 | \$ 159,807 |
| Series F | 2,083,750 | 310,595 |
| | <u>3,176,350</u> | <u>470,402</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | | |
| Series A | (345,782) | 72,106 |
| Series F | (472,115) | 148,597 |
| | <u>(817,897)</u> | <u>220,703</u> |
| Distributions to Holders of Redeemable Units | | |
| From net investment income | | |
| Series A | - | (2,558) |
| Series F | - | (5,020) |
| | <u>-</u> | <u>(7,578)</u> |
| From net realized gains on investments | | |
| Series A | (26,374) | - |
| Series F | (72,342) | - |
| | <u>(98,716)</u> | <u>-</u> |
| Net Decrease from Distributions to Holders of Redeemable Units | <u>(98,716)</u> | <u>(7,578)</u> |
| Redeemable Unit Transactions | | |
| Proceeds from redeemable units issued | | |
| Series A | 110,119 | 1,061,974 |
| Series F | 298,677 | 2,151,758 |
| | <u>408,796</u> | <u>3,213,732</u> |
| Reinvestments of distributions | | |
| Series A | 26,374 | 2,558 |
| Series F | 50,042 | 4,873 |
| | <u>76,416</u> | <u>7,431</u> |
| Redemptions of redeemable units | | |
| Series A | (222,388) | (201,287) |
| Series F | (1,067,352) | (527,053) |
| | <u>(1,289,740)</u> | <u>(728,340)</u> |
| Net Increase (Decrease) from Redeemable Unit Transactions | <u>(804,528)</u> | <u>2,492,823</u> |
| Net Assets Attributable to Holders of Redeemable Units at End of Year | | |
| Series A | 634,549 | 1,092,600 |
| Series F | 820,660 | 2,083,750 |
| | <u>\$ 1,455,209</u> | <u>\$ 3,176,350</u> |

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

| For the years ended September 30, | 2022 | 2021 |
|---|------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | \$ (817,897) | \$ 220,703 |
| Adjustments for: | | |
| Net realized (gain) loss on investments | 533,035 | (159,837) |
| Change in unrealized (appreciation) depreciation on investments | 294,185 | (89,113) |
| Unrealized foreign exchange (gain) loss on cash | 363 | (44) |
| (Increase) decrease in dividends receivable | 5,583 | (5,294) |
| Increase (decrease) in management fees and expenses payable | 3,924 | 4,057 |
| Purchase of investments | (1,975,532) | (2,618,637) |
| Proceeds from sale of investments | 2,275,737 | 504,797 |
| Net Cash Generated (Used) by Operating Activities | 319,398 | (2,143,368) |
| Cash Flows from Financing Activities | | |
| Increase (decrease) in borrowing | 153,160 | - |
| Change in margin cash | 3,724 | (3,724) |
| Distributions to holders of redeemable units, net of reinvested distributions | (22,300) | (147) |
| Proceeds from redeemable units issued (note 3) | 365,569 | 3,053,489 |
| Amount paid on redemption of redeemable units (note 3) | (1,199,364) | (615,346) |
| Net Cash Generated (Used) by Financing Activities | (699,211) | 2,434,272 |
| Net increase (decrease) in cash and cash equivalents | (379,813) | 290,904 |
| Unrealized foreign exchange gain (loss) on cash | (363) | 44 |
| Cash and cash equivalents - beginning of year | 549,881 | 258,933 |
| Cash and cash equivalents - end of year | 169,705 | 549,881 |
| Cash and cash equivalents comprise: | | |
| Cash at bank | \$ 169,705 | \$ 549,881 |
| From Operating Activities: | | |
| Interest received, net of withholding tax | \$ 8 | \$ 4,694 |
| Dividends received, net of withholding tax | \$ 82,018 | \$ 42,785 |
| From financing activities: | | |
| Interest paid | \$ (5,329) | \$ (135) |

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio

As at September 30, 2022

| No. of Shares | Security Name | Average Cost | Fair Value | % of Net Assets Attributable to Holders of Redeemable Units |
|-----------------------|---|--------------|--------------|--|
| EQUITIES | | | | |
| Canada | | | | |
| 885 | Bank of Montreal | \$ 130,427 | \$ 107,147 | |
| 1,400 | Shaw Communications, Inc., Class B | 47,109 | 47,026 | |
| 4,300 | The Bank of Nova Scotia | 302,539 | 282,510 | |
| | | 480,075 | 436,683 | 30.0% |
| Cayman Islands | | | | |
| 42,700 | CK Hutchison Holdings Limited | 357,201 | 326,115 | 22.4% |
| United Kingdom | | | | |
| 13,274 | Vodafone Group PLC | 273,814 | 207,747 | 14.3% |
| United States | | | | |
| 400 | Best Buy Co., Inc. | 36,638 | 34,998 | |
| 5,980 | Citigroup Inc. | 424,959 | 344,214 | |
| 1,160 | The Bank of New York Mellon Corporation | 53,787 | 61,723 | |
| | | 515,384 | 440,935 | 30.3% |
| | Total investment portfolio | 1,626,474 | 1,411,480 | 97.0% |
| | Transaction costs | (2,435) | - | - |
| | | \$ 1,624,039 | 1,411,480 | 97.0% |
| | Other assets less liabilities | | 43,729 | 3.0% |
| | NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS | | \$ 1,455,209 | 100.0% |

(a) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Fund may borrow on margin for the purposes of making investments. Collateral in the form of securities is required to secure the borrowing. Securities pledged as collateral have not been offset against the borrowing but are presented separately on the statements of financial position as investments that are pledged as collateral. The broker holding the collateral has the right to sell or re-pledge such securities in order to pay back the loan. However, the Fund does not have the right of offset. As at September 30, 2022, the amount borrowed was \$153,160 (September 30, 2021: \$nil). For the year ended September 30, 2022, the maximum borrowing in the Fund was \$1,287,653 (September 30, 2021: \$20,010).

(b) RISK MANAGEMENT

Please see note 5 for a description of the various financial risks detailed below.

Price Risk

The Manager moderates price risk through diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy.

If the price of investments held by the Fund on September 30, 2022 had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by \$141,148 (September 30, 2021: \$257,418). Actual results may differ from the above sensitivity analysis and the difference could be material.

Concentration Risk

The following tables present the Fund's exposure as a percentage of its net assets attributable to holders of redeemable units by geographic region and industry sector as at September 30, 2022 and September 30, 2021:

| By Geographic Region | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| United States | 30.3% | 30.8% |
| Canada | 30.0% | 26.0% |
| Cayman Islands | 22.4% | - |
| United Kingdom | 14.3% | 12.3% |
| Cash & Other Net Assets (Liabilities) | 3.0% | 19.0% |
| Japan | - | 11.9% |
| Total | 100.0% | 100.0% |

| By Industry Sector | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--------------------|--------------------|
| Financials | 54.7% | 12.1% |
| Industrials | 22.4% | 8.0% |
| Communication Services | 17.5% | 48.0% |
| Cash & Other Net Assets (Liabilities) | 3.0% | 19.0% |
| Consumer Discretionary | 2.4% | - |
| Energy | - | 12.9% |
| Total | 100.0% | 100.0% |

Currency Risk

The tables below indicate the foreign currencies to which the Fund had significant exposure as at September 30, 2022 and September 30, 2021 in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

| September 30, 2022 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|--|---------------|-------------------|----------------|--|-------------------|---------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| British Pound | 1,014 | - | 1,014 | 101 | - | 101 |
| Hong Kong Dollar | - | 326,115 | 326,115 | - | 32,612 | 32,612 |
| Unites States Dollar | 17,128 | 648,682 | 665,810 | 1,713 | 64,868 | 66,581 |
| Total | 18,142 | 974,797 | 992,939 | 1,814 | 97,480 | 99,294 |
| % of net assets attributable to holders of redeemable units | 1.2% | 67.0% | 68.2% | 0.1% | 6.7% | 6.8% |

| September 30, 2021 | Exposure | | | Impact on net assets attributable to holders of redeemable units | | |
|---|---------------|-------------------|------------------|--|-------------------|----------------|
| | Monetary (\$) | Non-monetary (\$) | Total (\$) | Monetary (\$) | Non-monetary (\$) | Total (\$) |
| Unites States Dollar | 3,842 | 1,749,684 | 1,753,526 | 384 | 174,968 | 175,352 |
| Total | 3,842 | 1,749,684 | 1,753,526 | 384 | 174,968 | 175,352 |
| % of net assets attributable to holders of redeemable units | 0.1% | 55.1% | 55.2% | - | 5.5% | 5.5% |

Interest Rate Risk

As at September 30, 2022, the Fund had significant direct exposure to interest rate risk from its use of borrowing. The amount borrowed as at September 30, 2022 was \$153,160 and was repayable on demand (September 30, 2021: \$nil). If interest rates had doubled during the year ended September 30, 2022, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by \$5,728 (September 30, 2021: \$nil).

Credit Risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant direct exposure to credit risk.

Liquidity Risk

The Fund is exposed to liquidity risk on its obligations associated with financial liabilities.

The liquidity risk associated with issued redeemable units is managed by investing in a portfolio of highly liquid equity securities. Redeemable units are redeemed on demand at the holder's option. All other obligations were due within three months from the financial reporting date.

The main concentration of liquidity risk arises from the Fund's borrowing activities. Borrowings are repayable upon demand and are partially covered by collateral held on account at the broker with whom the borrowings are made.

Leverage Risk

As at September 30, 2022, the amount borrowed was \$153,160 (September 30, 2021: \$nil). The lender nets the amount borrowed with any cash balances held by the Fund and includes the impact of any securities bought or sold that are not yet paid by or to the Fund. When calculated this way, the borrowing percentage as at September 30, 2022 was 10.5%. Interest expense for the year ended September 30, 2022 was \$5,728 (September 30, 2021: \$79).

(c) FAIR VALUE MEASUREMENTS

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at September 30, 2022 and September 30, 2021:

| September 30, 2022 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|--------------|--------------|------------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities - Long | 1,411,480 | - | - | 1,411,480 |
| Total | 1,411,480 | - | - | 1,411,480 |

| September 30, 2021 | Assets (Liabilities) | | | Total (\$) |
|--------------------|----------------------|--------------|--------------|------------------|
| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | |
| Equities - Long | 2,574,182 | - | - | 2,574,182 |
| Total | 2,574,182 | - | - | 2,574,182 |

(d) STRUCTURED ENTITIES

As at September 30, 2022 and September 30, 2021, the Fund did not have any investments in structured entities.

1. GENERAL INFORMATION

Portland 15 of 15 Alternative Fund, Portland Global Alternative Fund, Portland Life Sciences Alternative Fund and Portland North American Alternative Fund (each a Fund and collectively referred to as the Funds) are open-ended alternative mutual funds created under the laws of Ontario in Canada and governed by a master declaration of trust as amended and restated from time to time. The Funds offer units to the public under a simplified prospectus dated April 11, 2022, as may be amended from time to time (the Prospectus). The formation date of the Funds and commencement of operations dates of each series of the Funds are as follows:

| Name of Fund | Formation Date of Fund | Commencement of Operations | |
|--|------------------------|----------------------------|-------------------|
| | | Series A | Series F |
| Portland 15 of 15 Alternative Fund | April 27, 2007 | May 29, 2014 | May 29, 2014 |
| Portland Global Alternative Fund | June 25, 2007 | December 17, 2013 | December 17, 2013 |
| Portland Life Sciences Alternative Fund | March 4, 2021 | April 14, 2021 | April 14, 2021 |
| Portland North American Alternative Fund | April 17, 2020 | April 17, 2020 | April 17, 2020 |

Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Funds. The head office of the Funds is 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7. These financial statements are presented in Canadian dollars and were authorized for issue by the board of directors of the Manager on December 7, 2022. The Funds are authorized to issue an unlimited number of units in an unlimited number of series.

Each Fund is considered an “alternative mutual fund” according to National Instrument 81-102, meaning it is permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest up to 20% of its net asset value (NAV) in securities of a single issuer (rather than 10% for conventional mutual funds); the ability to invest up to 100% or more of its NAV in physical commodities either directly or through the use of specified derivatives; borrow, up to 50% of its NAV, cash to use for investment purposes; sell, up to 50% of its NAV, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and aggregate exposure up to 300% of its NAV. The following table presents the investment objective of each Fund.

| Name of Fund | Investment Objective |
|--|--|
| Portland 15 of 15 Alternative Fund | Provide positive long-term total returns by investing primarily in a portfolio of global equities and debt-like securities. In selecting its investment, the Fund considers 15 principles/attributes, which the Manager believes, will result in successful wealth creation. |
| Portland Global Alternative Fund | Provide positive long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of global equities and debt-like securities. |
| Portland Life Sciences Alternative Fund | Provide positive long-term total returns by investing primarily in a portfolio of securities focused on companies active in the healthcare sector. |
| Portland North American Alternative Fund | Achieve, over the long-term, preservation of capital and a satisfactory return through focused investing in long security positions. |

The statements of financial position of the Funds are as at September 30, 2022 and September 30, 2021. The statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units, and cash flows of the Funds are for the years ended September 30, 2022 and September 30, 2021, as applicable, unless the Fund commenced operations during either year, in which case the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows are for the period from commencement of operations in the above table to the applicable year end reporting date.

2. BASIS OF PRESENTATION

These financial statements of the Funds have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Funds classify financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. Each Fund may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Funds classify their investment in equities, fixed income securities and derivatives as financial assets or financial liabilities at FVTPL. The Funds’ obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Funds have elected to classify their obligations for net assets attributable to holders of redeemable units as financial liabilities at FVTPL.

All remaining assets and liabilities of the Funds are classified as amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Funds accounting policies for measuring the fair value of its investments and derivatives are similar to those used in measuring its NAV for unitholder transactions; therefore it is expected that net assets attributable to holders of redeemable units will be the same in all material respects as the NAV per unit used in processing unitholder transactions. There is a comparison of the NAV per unit and net assets attributable to holders of redeemable units per unit within note 12.

Financial assets and liabilities may be offset and the net amount reported 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 Funds may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Funds commit to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statements of comprehensive income (loss). Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income (loss) within 'Change in unrealized appreciation (depreciation) on investments' or if the Fund holds investments including options, forward currency contracts or other derivatives, under 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost, less any impairment losses. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Funds have transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' or 'Net realized gain (loss) on investments and options' in the statements of comprehensive income (loss).

When the Funds write an option, an amount equal to fair value which is based on the premium received by the Funds is recorded as a liability. When options are closed, the difference between the premium and the amount received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on investments and options'. When a written call option is exercised, the amount of gain or loss realized from the disposition of the related investment at the exercise price, plus the premiums received at the time the option was written are included in the statements of comprehensive income (loss) within 'Net realized gain (loss) on investments and options'. When a written put option is exercised, the amount of premiums received is deducted from the cost to acquire the related investment.

Option premiums paid when a Fund purchases an option are recorded as an asset. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

Realized gains and losses relating to purchased options may arise from:

- i. Expiration of purchased options - realized losses will arise equal to the premium paid;
- ii. Exercise of the purchased options - realized gains will arise up to the intrinsic value of the option net of premiums paid; or
- iii. Closing of the purchased options - realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses related to options are included in 'Net realized gain (loss) on investments and options' in the statements of comprehensive income (loss).

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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of bonds is based on closing bid quotations provided by independent security pricing services.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- a) restricted activities;
- b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- c) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and
- d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Funds consider all of their investments in exchange traded funds (ETFs) to be investments in unconsolidated structured entities. ETFs are bought and sold on the stock market on which they are traded and are valued at the last traded price as per above section on Fair Value Measurement.

The change in fair value of each ETF is included in the statements of comprehensive income (loss) in 'Change in unrealized appreciation (depreciation) of the investments'.

Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income (loss) represents the stated rate of interest earned by the Funds on fixed income securities accounted for on an accrual basis, as applicable. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities other than zero coupon debt securities. Interest receivable is shown separately in the statements of financial position based on the debt instruments' stated rates of interest. Dividends on equity investments are recognized as income on the ex-dividend date.

Foreign currency translation

The Funds' subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income (loss). Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income (loss) within 'Net realized gain (loss) on investments'.

Unrealized exchange gains or losses on investments are included in 'Change in unrealized appreciation (depreciation) of investments' in the statements of comprehensive income (loss).

'Foreign exchange gain (loss) on cash and other net assets' arise from sale of foreign currencies, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Funds consider highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions. Where cash and cash equivalents are in net bank overdraft positions, these are presented as current liabilities in the statements of financial position.

Cost of investments

The cost of investments represents the cost for each security and amortization of premiums and discounts on fixed income securities with the exception of zero coupon bonds. The cost of each investment is determined on an average basis by dividing the total cost of such investment by the number of shares purchased. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments.

Redeemable units

The Funds issue multiple series of redeemable units, which are redeemable at the holder's option and do not have identical rights. Therefore, such units are classified as financial liabilities. Redeemable units can be put back to the Funds at any redemption date for cash equal to a proportionate share of the Funds' NAV attributable to the unit series. Units are redeemable daily.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The NAV per unit is calculated by dividing the NAV of each series of redeemable units by the total number of outstanding redeemable units of each respective series.

Expenses

Expenses of the Funds, including management fees, performance fees and other operating expenses, are recorded on an accrual basis. Interest charged on margin borrowing is recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income (loss).

Increase (decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income (loss) represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the daily average units outstanding of that series during the reporting period.

Distributions to the unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. The Funds are required to distribute enough net income and net realized capital gains so that they do not have to pay ordinary income taxes. All distributions by the Funds will be automatically reinvested in additional units of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

Management fee distributions are accounted for as distributions for financial reporting purposes and reinvested in additional units of the same series of a Fund. Management fee distributions are paid first out of net income or net realized capital gains and, thereafter, out of capital.

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to a series are charged to that series. Each Fund's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each series based upon the relative NAV of each series.

Collateral

Cash collateral provided by the Funds is identified in the statements of financial position as 'Margin accounts' and is not included as a component of cash and cash equivalents.

Collateral other than cash is classified in the statements of financial position separately from other assets and liabilities as 'Investments - pledged as collateral' if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral.

Allocation of non-cash items on the statement of cash flows

The Funds include only the net cash flow impact and do not include non-cash switches between series of a Fund that occurred during the period in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. The below non-cash switches have been excluded from each Fund's operation and financing activities on the statements of cash flows for the years ended September 30, 2022 and September 30, 2021.

| | September 30, 2022 (\$) | September 30, 2021 (\$) |
|--|----------------------------|----------------------------|
| Portland 15 of 15 Alternative Fund | 117,555 | 95,947 |
| Portland Global Alternative Fund | 3,499 | - |
| Portland Life Sciences Alternative Fund | - | - |
| Portland North American Alternative Fund | 91,146 | 112,224 |

Future accounting changes

There are no new accounting standards effective after January 1, 2022 which affect the accounting policies of the Funds.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Funds have made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Funds using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Funds would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Funds may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Funds. The Funds consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

5. FINANCIAL INSTRUMENTS**(a) Offsetting of Financial Assets and Financial Liabilities**

The Funds may have a master netting or similar arrangements in place with the counterparty for borrowing and the execution of forward currency contracts. This means that in the event of default or bankruptcy, the Fund may set off the assets held with the counterparty against the liabilities it owes to the same counterparty. The contracts in place under these arrangements that settle on the same date have been offset and presented as a net figure in the statements of financial position of the Fund and the table below, where there is a legally enforceable right and an intention to settle the contracts on a net basis. There is no collateral associated with these arrangements.

(b) Risk Management

The Funds' investment activities may be exposed to various financial risks, including market risk (which includes price risk, currency risk and interest rate risk), concentration risk, credit risk and liquidity risk. The Funds' risk management goals are to ensure that the outcome of activities involving risk is consistent with the Funds' investment objectives and risk tolerance per the Funds' Prospectus. All investments result in a risk of loss of capital.

For a detailed discussion of risks associated with each Fund, refer to the 'Fund Specific Notes to the Financial Statements'.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments held by the Funds are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Leverage risk

When a Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed-income securities or other portfolio assets, leverage may be introduced into each Fund. Leverage occurs when a Fund borrows to invest or when a Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the Fund's investments, or of the underlying assets, rate or index to which the Fund's investments relate, may amplify losses compared to those that would have been incurred if the Fund had not borrowed to invest or if the underlying asset had been directly held by a Fund. This may result in losses greater than if the Fund had not borrowed to invest, or, in the case of derivatives, losses greater than the amount invested in the derivative itself. The Funds may borrow, up to 50% of their NAV, cash to use for investment purposes and are subject to an aggregate exposure limit of 300% of their net asset values. The Fund pledges securities as collateral and is able to borrow up to limits imposed by the broker it has pledged the collateral to. The amount of borrowing allowed by the broker depends on the nature of the securities pledged. The Fund pays interest on the amounts borrowed. Interest is accrued daily and paid monthly.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type or industry sector. The Funds are subject to increased concentration risk as they are permitted to invest up to 20% of their NAV in the securities of a single issuer.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Funds may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments having fixed interest rates held by the Funds, such as bonds and borrowings. The fair value and future cash flows of such instruments will fluctuate due to changes in market interest rates.

Credit risk

Credit risk is the risk that the issuer of a debt security (including preferred shares) or counterparty to a financial instrument will fail to pay the interest or to repay the principal or discharge an obligation of a commitment that it has entered into with the Fund.

All transactions in listed securities are executed with approved brokers. The risk of default is considered minimal, as delivery of all securities sold is only made once the broker has received payment.

Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting their obligations associated with financial liabilities. The Funds are exposed to daily cash redemptions. As a result, the Funds invest the majority of assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.

In accordance with securities regulations, each Fund must maintain at least 90% of assets in liquid investments at time of purchase. In addition, the Funds may borrow, up to 50% of their NAV, cash to use for investment purposes and are subject to an aggregate exposure limit of 300% of their net asset values. The Funds may not invest more than 20% of its net assets at the time of purchase in securities of a single issuer nor invest in more than 10% of any issuer's outstanding voting securities at the time of purchase.

(c) Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value. 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. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

6. REDEEMABLE UNITS

The Funds are permitted to issue an unlimited number of series of units, having such terms and conditions as the Manager may determine. Additional series may be offered in the future on different terms. Each unit of a series represents an undivided ownership interest in the net assets of the Fund attributable to that series of units.

The Funds endeavor to invest capital in appropriate investments in conjunction with their investment objectives. The Funds maintain sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

Units of the Funds are available in multiple series as outlined below. The principal difference between the series of units relates to the management fee payable to the Manager, the compensation paid to dealers, distributions and the expenses payable by the series. Units of each Fund are entitled to participate in its liquidation of assets on a series basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units being redeemed, determined at the close of business on the day the redemption request is submitted.

Series A Units are available to all investors.

Series F Units are available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with the Manager, investors for whom the Funds do not incur distribution costs, or individual investors approved by the Manager.

Series O Units are available to certain institutional investors. The Funds have not yet issued any Series O Units.

The number of units issued and outstanding for the years ended September 30, 2022 and September 30, 2021 were as follows:

| September 30, 2022 | Beginning Balance | Units Issued Including Switches from Other Series | Units Reinvested | Units Redeemed Including Switches to Other Series | Ending Balance | Weighted Average Number of Units |
|---|-------------------|---|------------------|---|----------------|----------------------------------|
| Portland 15 of 15 Alternative Fund | | | | | | |
| Series A Units | 1,558,571 | 329,149 | - | 110,756 | 1,776,964 | 1,667,096 |
| Series F Units | 739,699 | 175,304 | - | 121,069 | 793,934 | 781,705 |
| Portland Global Alternative Fund | | | | | | |
| Series A Units | 219,329 | - | - | 83,448 | 135,881 | 178,747 |
| Series F Units | 7,762 | 53,581 | - | 744 | 60,599 | 33,003 |
| Portland Life Sciences Alternative Fund | | | | | | |
| Series A Units | 41,830 | 88,152 | - | - | 129,982 | 79,955 |
| Series F Units | 14,942 | 8,660 | - | - | 23,602 | 20,378 |
| Portland North American Alternative Fund | | | | | | |
| Series A Units | 89,743 | 10,399 | 2,430 | 21,012 | 81,560 | 84,249 |
| Series F Units | 168,435 | 27,503 | 4,568 | 96,833 | 103,672 | 124,977 |

| September 30, 2021 | Beginning Balance | Units Issued Including Switches from Other Series | Units Reinvested | Units Redeemed Including Switches to Other Series | Ending Balance | Weighted Average Number of Units |
|---|-------------------|---|------------------|---|----------------|----------------------------------|
| Portland 15 of 15 Alternative Fund | | | | | | |
| Series A Units | 851,881 | 787,696 | - | 81,006 | 1,558,571 | 1,232,896 |
| Series F Units | 236,257 | 541,962 | - | 38,520 | 739,699 | 548,487 |
| Portland Global Alternative Fund | | | | | | |
| Series A Units | 301,470 | - | - | 82,141 | 219,329 | 250,696 |
| Series F Units | 14,363 | - | - | 6,601 | 7,762 | 10,077 |
| Portland Life Sciences Alternative Fund | | | | | | |
| Series A Units | - | 41,830 | - | - | 41,830 | 7,271 |
| Series F Units | - | 14,942 | - | - | 14,942 | 12,514 |
| Portland North American Alternative Fund | | | | | | |
| Series A Units | 16,296 | 89,852 | 229 | 16,634 | 89,743 | 62,694 |
| Series F Units | 31,519 | 178,845 | 433 | 42,362 | 168,435 | 109,212 |

7. TAXATION

Portland 15 of 15 Alternative Fund and Portland Global Alternative Fund qualify as mutual fund trusts within the meaning of the Income Tax Act (Canada) (the Tax Act).

Portland Life Sciences Alternative Fund and Portland North American Alternative Fund (collectively the Unit Trusts) have registered investment status. The Unit Trusts could be subject to a 40% tax under Part XII.2 of the Tax Act and may incur Minimum Tax as defined in the Tax Act. Minimum Tax may arise if the unit trust retains capital gains by virtue of applying: a) expenses, b) non-capital loss carry forwards, or c) dividend tax credits against those gains. Minimum Tax may also arise in certain circumstances where dividend income is retained to utilize the dividend tax credit. Minimum Tax is reflected as an expense on the statements of comprehensive income (loss), if applicable. The Unit Trusts will be liable for tax under Part X.2 of the Tax Act if, at the end of any month, the Unit Trusts holds property that is not a "qualified investment" for an RRSP, RRIF or DPSP.

The Funds calculate taxable and net capital gains/(losses) in accordance with the Tax Act and intend to distribute sufficient net income and net realized capital gains, if any, to ensure they do not pay ordinary income tax. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the statements of financial position as a deferred income tax asset.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income (loss). Withholding taxes are shown as a separate item in the statements of comprehensive income (loss).

The taxation year-end for the Funds is December 15, except for Portland Life Sciences Alternative Fund, which has taxation year-end of December 31.

The following chart presents the amount of non-capital loss carry forwards available to the Funds by year of expiry. There is no non-capital loss carry forwards for Portland North American Alternative Fund.

| | 2030 (\$) | 2032 (\$) | 2033 (\$) | 2035 (\$) | 2038 (\$) | 2039 (\$) | 2040 (\$) | 2041 (\$) | Total (\$) |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Portland 15 of 15 Alternative Fund | - | - | - | - | - | - | 224,947 | 546,812 | 771,759 |
| Portland Global Alternative Fund | 56,541 | 1,913 | 336,358 | 56,124 | 15,344 | - | 31,351 | - | 497,631 |
| Portland Life Sciences Alternative Fund | - | - | - | - | - | - | - | 4,806 | 4,806 |

The following chart presents the amount of unused gross capital losses which can be carried forward indefinitely by the Funds. There are no unused gross capital losses for Portland North American Alternative Fund.

| | Total (\$) |
|---|---------------|
| Portland 15 of 15 Alternative Fund | 26,620,208 |
| Portland Global Alternative Fund | 160,415,312 |
| Portland Life Sciences Alternative Fund | 297 |

8. MANAGEMENT FEES, PERFORMANCE FEES AND EXPENSES

Pursuant to the Prospectus, the Funds agree to pay management fees to the Manager, calculated and accrued daily based on a percentage of the average daily NAV of each series of each Fund and paid monthly. The annual management fees rate of the respective series of units are as follows:

| | Series A Units | Series F Units |
|--|-------------------|-------------------|
| Portland 15 of 15 Alternative Fund | 1.75% | 0.75% |
| Portland Global Alternative Fund | 1.75% | 0.75% |
| Portland Life Sciences Alternative Fund | 1.75% | 0.75% |
| Portland North American Alternative Fund | 1.75% | 0.75% |

Management fees on Series O Units are negotiated with the Manager. Such fees are paid directly to the Manager and are not deducted from the NAV of Series O.

The Manager is entitled to receive a performance fee (Performance Fee), calculated and accrued on each business day for each series of units and paid monthly. The Performance Fee is equal to: (a) 10% of the amount by which the NAV of the series of units on that business day (including the effect of any declared distributions on said business day and adjusted to exclude the accrual of the Performance Fee) exceeds the High Water Mark (as defined below); multiplied by (b) the number of units of that series outstanding on such business day, prior to giving effect to subscriptions, redemptions and distributions re-invested on such date. For each series of units that is subject to a Performance Fee, a high water mark (High Water Mark) will be calculated for use in the determination of the Performance Fee. The highest NAV on the last business day of the month (minus the effect of any declared distributions since the business day at which the last Performance Fee became payable) for each series of units, upon which a Performance Fee was paid, establishes a High Water Mark for each series of units which must be exceeded subsequently for the Performance Fee applicable to each series of units to be payable. At the inception of each series of a Fund to which a Performance Fee may be applicable, the High Water Mark will be the initial NAV of the series of units. Performance Fees will be accrued daily such that the NAV reflects such accrual. A separate Performance Fee is calculated for each series of units offered by a Fund.

Certain Funds may invest in mutual funds, investment funds and ETFs (collectively referred to as an Underlying Fund), and the Underlying Fund may pay a management fee and other expenses in addition to the expenses payable by the Fund. The Fund will not pay a management fee on the portion of its assets that it invests in the Underlying Fund that, to a reasonable person, would duplicate a management fee payable by the Underlying Fund for the same service.

The Manager is reimbursed for any operating expenses it incurs on behalf of the Funds, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the independent review committee, bank charges, the costs of financial reporting, and all related sales taxes. The Manager also provides key management personnel to the Funds. The Manager may charge the Funds for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Funds. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a mark-up or administration fee. The Manager may absorb operating expenses of the Funds at its discretion but is under no obligation to do so.

All management fees, Performance Fees and operating expenses payable by the Funds to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

9. SOFT DOLLARS

Allocation of business to brokers of the Funds is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to execute portfolio transactions with dealers who provide research, statistical and other similar services to the Funds or to the Manager at prices, which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

The Manager may use third party proprietary research, which is generally also available on a subscription basis, the value of which will be used to approximate the value of research and other similar services received from third parties through commission sharing arrangements with executing brokers. Portland North American Alternative Fund has not participated in any third party soft dollar arrangements to date. The ascertainable value of the third party soft dollar arrangements in connection with portfolio transactions for the years ended September 30, 2022 and September 30, 2021 are presented in the table below.

| | September 30, 2022 (\$) | September 30, 2021 (\$) |
|---|----------------------------|----------------------------|
| Portland 15 of 15 Alternative Fund | - | 267 |
| Portland Global Alternative Fund | 1 | 69 |
| Portland Life Sciences Alternative Fund | 121 | 8 |

10. RELATED PARTY TRANSACTIONS

The following tables outline the management fees, Performance Fees and operating expense reimbursements that were paid to the Manager by the Funds during years ended September 30, 2022 and September 30, 2021. The tables include the amount of operating expense reimbursement that was paid to affiliates of the Manager for administrative services provided in managing the day-to-day operation of the Funds and the amount of additional absorbed operating expenses that the Manager chose not to charge to the Funds. All of the dollar amounts in the tables below exclude applicable GST or HST.

| September 30, 2022 | Management Fees (\$) | Performance Fees (\$) | Operating Expense Reimbursement (\$) | Absorbed Operating Expenses (\$) | Operating Expenses Reimbursed to Affiliates of the Manager (\$) |
|--|-------------------------|--------------------------|---|---|--|
| Portland 15 of 15 Alternative Fund | 275,288 | 40,207 | 99,256 | 112,700 | 833 |
| Portland Global Alternative Fund | 29,480 | 6,190 | 9,291 | 164,250 | 833 |
| Portland Life Sciences Alternative Fund | 15,280 | 236 | 4,945 | 131,283 | 833 |
| Portland North American Alternative Fund | 25,133 | - | 10,972 | 157,435 | 833 |

| September 30, 2021 | Management Fees (\$) | Performance Fees (\$) | Operating Expense Reimbursement (\$) | Absorbed Operating Expenses (\$) | Operating Expenses Reimbursed to Affiliates of the Manager (\$) |
|--|-------------------------|--------------------------|---|---|--|
| Portland 15 of 15 Alternative Fund | 206,423 | 357,294 | 72,887 | 37,636 | 775 |
| Portland Global Alternative Fund | 36,482 | 36,519 | 10,768 | 158,923 | 775 |
| Portland Life Sciences Alternative Fund | 1,016 | 669 | 457 | 50,022 | - |
| Portland North American Alternative Fund | 23,118 | 34,599 | 10,391 | 97,734 | 775 |

NOTES TO THE FINANCIAL STATEMENTS

The Funds owed the following amounts to the Manager excluding applicable GST or HST:

| As at September 30, 2022 | Management Fees (\$) | Performance Fees (\$) | Operating Expense Reimbursement (\$) |
|--|-------------------------|--------------------------|--|
| Portland 15 of 15 Alternative Fund | 22,311 | - | 8,002 |
| Portland Global Alternative Fund | 1,877 | - | 660 |
| Portland Life Sciences Alternative Fund | 1,980 | - | 623 |
| Portland North American Alternative Fund | 1,602 | - | 6,350 |

| As at September 30, 2021 | Management Fees (\$) | Performance Fees (\$) | Operating Expense Reimbursement (\$) |
|--|-------------------------|--------------------------|--|
| Portland 15 of 15 Alternative Fund | 23,089 | - | 8,286 |
| Portland Global Alternative Fund | 2,906 | - | 848 |
| Portland Life Sciences Alternative Fund | 470 | - | 164 |
| Portland North American Alternative Fund | 2,873 | - | 1,305 |

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Funds from time to time in the normal course of business. The following table presents the number of shares of each of the Funds held by the Related Parties on each reporting date.

| | September 30, 2022 | September 30, 2021 |
|--|--------------------|--------------------|
| Portland 15 of 15 Alternative Fund | 98,039 | 98,249 |
| Portland Global Alternative Fund | 2,132 | 2,132 |
| Portland Life Sciences Alternative Fund | 15,000 | 15,000 |
| Portland North American Alternative Fund | 338 | 325 |

11. BROKERAGE FACILITY

The Funds have a Settlement Services Agreement with RBC Dominion Securities Inc. (RBCDS), and have placed securities and cash on account with RBCDS as collateral for their option writing strategy and/or borrowing. Such non-cash collateral has been classified separately within the statements of financial position from other assets and is identified as 'Investments - pledged as collateral'. Cash collateral has been classified separately on the statements of financial position as 'Margin accounts'. In the event of default, including failure to make any payment or delivery to RBCDS, RBCDS may freeze the collateral property and cease the provision of settlement services. In such circumstances, RBCDS had the right to set off the collateral property to reduce or eliminate the amount owed to them. RBCDS also has the right to sell or otherwise dispose of the collateral property held on account for the Funds in order to set off against amounts owing to them from the Funds.

During the year, Portland Global Alternative Fund and Portland North American Alternative Fund made use of borrowings denominated in Canadian and/or U.S. dollars. The rate of interest payable on borrowed money in Canadian dollars is the 3-month CDOR (Canadian Dealer Offered Rate) + 50bps and in U.S. dollars is the OBFR (Overnight Bank Funding Rate) + 60bps. The facility is repayable upon demand.

The amount borrowed as at September 30, 2022 and September 30, 2021 and the minimum and maximum amounts borrowed and the amount of interest paid during the years ended September 30, 2022 and September 30, 2021 are presented below.

| September 30, 2022 | Amount Borrowed (\$) | Minimum Amount Borrowed (\$) | Maximum Amount Borrowed (\$) | Interest Incurred (\$) |
|--|-------------------------|------------------------------------|------------------------------------|---------------------------|
| Portland Global Alternative Fund | 336,000 | 325,415 | 465,470 | 7,229 |
| Portland North American Alternative Fund | 153,160 | - | 1,287,653 | 5,728 |

| September 30, 2021 | Amount Borrowed (\$) | Minimum Amount Borrowed (\$) | Maximum Amount Borrowed (\$) | Interest Incurred (\$) |
|--|-------------------------|------------------------------------|------------------------------------|---------------------------|
| Portland Global Alternative Fund | 334,265 | - | 632,635 | 3,076 |
| Portland North American Alternative Fund | - | - | 20,010 | 139 |

12. RECONCILIATION OF NAV PER UNIT AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The following table provides a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Funds as of September 30, 2022, as applicable if differences apply. For all other Funds as at September 30, 2022 and September 30, 2021, there was no difference between the NAV per unit used for transactional purposes and the net assets attributable to holders of redeemable units per unit in these financial statements.

| | NAV per Unit (\$) | Net assets attributable to holders of redeemable units per unit (\$) |
|--|----------------------|--|
| Portland North American Alternative Fund | | |
| Series A | 7.81 | 7.78 |
| Series F | 7.95 | 7.92 |

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