



Portland Investment Counsel<sup>®</sup>

Buy. Hold. And Prosper.<sup>®</sup>

PORTLAND CANADIAN BALANCED FUND  
**ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

SEPTEMBER 30, 2023

PORTFOLIO  
MANAGEMENT TEAM

**James Cole**  
Senior Vice President and  
Portfolio Manager

## Management Discussion of Fund Performance Portland Canadian Balanced Fund

This management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-888-710-4242, by writing to us at info@portlandic.com or 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7 or visiting our website at www.portlandic.com or SEDAR at www.sedar.com.

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

The views of Portland Investment Counsel Inc. (the Manager) contained in this report are as of September 30, 2023 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information, please contact us using the above methods. All references to performance relate to Series F units. The performance of other units may be different from that of the Series F units due to differing fees.

### INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Portland Canadian Balanced Fund (the Fund) is to provide positive long-term total returns, consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and Canadian equities. The Fund seeks to provide income and capital growth by investing in a diversified portfolio of common equities, preferred shares, income securities and exchange traded funds (ETFs). The Fund may invest up to 49% in foreign securities in a manner consistent with its investment objective.

### RISK

As of April 5, 2023, the risk rating of the Fund was changed from a low to medium level of risk to a medium level of risk. There was no changes in the investment objectives or strategies of the Fund. Investors should be able to accept a medium level of risk and plan to hold for the medium to long term.

### RESULTS OF OPERATIONS

For the year ended September 30, 2023, the Fund's Series F units had a return of 0.13%. For the same period, the Fund's Blended Benchmark (which is a composite consisting of 60% of the return of the MSCI Canada Index and 40% of the return of the iShares Core Canadian Universe Bond Index ETF TR) had a return of 5.38%. For the full period since inception of the Fund on October 31, 2012 to September 30, 2023, the Fund's Series F units had an annualized return of 7.21%. For the same period, the Blended Benchmark had an annualized return of 4.52%. Unlike the Blended Benchmark, the Fund's return is after the deduction of its fees and expenses.

The Fund's net asset value at September 30, 2023 was \$32.8 million. The asset mix as at September 30, 2023 was common equities, 70.9%; cash and cash equivalents, 16.9%; preferred share exchange traded funds, 12.1%; and other net assets (liabilities), 0.1%. By sector, assets were invested in financials, 55.7%; cash and cash equivalents, 16.9%;

communication services, 12.6%; exchange traded funds, 12.1%; industrials, 1.8%; energy, 0.8%; and other net assets (liabilities), 0.1%. By geography, assets were invested in securities of issuers based in Canada, 56.8%; United States, 20.0%, cash and cash equivalents, 16.9%; United Kingdom, 4.5%; Cayman Islands, 1.7%; and other net assets (liabilities), 0.1%.

Commencing in early 2022, interest rates rose sharply as central banks attempted to reduce undesirably high rates of inflation. These higher interest rates depressed the values of longer-term bonds and other fixed income securities and contributed to much lower equity markets that fell sharply from their highs. Much of those declines appear to have run their course by September 30, 2023.

The three largest contributors to the Fund's performance in the year ended September 30, 2023 were Great-West Lifeco Inc., CK Hutchison Holdings Limited and Canadian Tire Corporation. The three largest detractors from the Fund's performance in the period were First Horizon Corporation, Canadian Imperial Bank of Commerce and Vodafone Group PLC – Sponsored ADR.

### RECENT DEVELOPMENTS

As at September 30, 2023, the Fund's common equity investments comprised 70.9% of its net asset value. If we believe that common equity valuations are sufficiently attractive, we are prepared to increase the common equity weight to as high as 90%, with the increment to be funded primarily by reducing the Fund's cash holding. Investment of the cash, together with positive performance of the Fund's existing investments, would be expected to enhance future fund performance.

### RELATED PARTY TRANSACTIONS

The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During the year ended September 30, 2023, the Manager received \$432,433 in management fees from the Fund, net of applicable taxes (September 30, 2022: \$497,201).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of comprehensive income (loss). Depending on their nature, some expenditures are allocated to the Fund based on a variety of methods including net asset value or actual costs incurred. During the year ended September 30, 2023, the Manager was reimbursed \$192,431 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes (September 30, 2022: \$228,584). Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$821 during the year ended September 30, 2023 by the Fund for such services (September 30, 2022: \$999).

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 Fund from time to time in the normal course

of business. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from the independent review committee (IRC), as described below, were not required or obtained for such transactions. As at September 30, 2023, Related Parties owned 628 shares of the Fund (September 30, 2022: 3,070).

The Fund has received standing instructions from the Fund's IRC. The standing instructions constitutes a written recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the standing instructions on an ongoing basis as detailed in the annual IRC Report to Securityholders. The standing instructions are designed to ensure that the Manager's actions are carried out in accordance with National Instrument 81-107 - Independent Review Committee for Investment Funds and the Manager's policies and procedures in order to achieve a fair and reasonable result for the Fund. The IRC reviews reports periodically, at least annually, which assess compliance with applicable conflicts of interest policies and standing instructions.

Except as otherwise noted above, the Fund was not a party to any related party transactions during the year ended September 30, 2023.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

#### Notes

*Certain statements included in this Management Discussion of Fund Performance constitute forward-looking statements, including those identified by the expressions "may", "should", "will", "anticipate", "believe", "plan", "predict", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Fund. These forward-looking statements are not historical facts, but reflect the current expectations of the portfolio management team regarding future results or events that may impact the Fund. 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. The portfolio management team has 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.*

*Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.*

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is provided as at September 30 of the year shown.

### Series A Units - Net Assets per unit<sup>1</sup>

For the periods ended	2023	2022	2021	2020	2019
Net assets, beginning of the period	\$13.96	\$17.26	\$14.27	\$15.43	\$15.22
Increase (decrease) from operations:					
Total revenue	0.75	0.49	0.58	0.49	0.53
Total expenses	(0.38)	(0.41)	(0.44)	(0.39)	(0.42)
Realized gains (losses)	0.26	(0.70)	1.92	0.47	0.93
Unrealized gains (losses)	(0.74)	(1.86)	2.13	(0.26)	(0.07)
Total increase (decrease) from operations <sup>2</sup>	(0.11)	(2.48)	4.19	0.31	0.97
Distributions to unitholders:					
From income	-	-	-	-	-
From dividends	(0.13)	-	(0.13)	(0.05)	(0.05)
From capital gains	-	(0.95)	(1.30)	(0.37)	(0.60)
Return of capital	-	-	-	-	-
Total annual distributions <sup>3</sup>	(0.13)	(0.95)	(1.43)	(0.42)	(0.65)
Net assets, end of period <sup>4</sup>	\$13.69	\$13.96	\$17.26	\$14.27	\$15.43

### Series A Units - Ratios/Supplemental Data

For the periods ended	2023	2022	2021	2020	2019
Total net asset value	\$15,036,284	\$16,045,276	\$16,920,254	\$11,726,441	\$5,776,159
Number of units outstanding	1,098,213	1,149,665	980,278	821,943	374,354
Management expense ratio <sup>5</sup>	2.54%	2.53%	2.53%	2.65%	2.83%
Management expense ratio before waivers or absorptions <sup>5</sup>	2.58%	2.53%	2.53%	2.88%	3.34%
Trading expense ratio <sup>6</sup>	0.03%	0.03%	0.05%	0.04%	0.02%
Portfolio turnover rate <sup>7</sup>	44.44%	44.16%	62.01%	54.44%	54.90%
Net asset value per unit	\$13.69	\$13.96	\$17.26	\$14.27	\$15.43

### Series F Units - Net Assets per unit<sup>1</sup>

For the periods ended	2023	2022	2021	2020	2019
Net assets, beginning of the period	\$14.77	\$17.99	\$14.81	\$15.95	\$15.72
Increase (decrease) from operations:					
Total revenue	0.78	0.52	0.60	0.51	0.55
Total expenses	(0.23)	(0.24)	(0.26)	(0.23)	(0.24)
Realized gains (losses)	0.20	(0.72)	1.87	0.47	0.98
Unrealized gains (losses)	(0.62)	(1.91)	2.07	0.25	(0.14)
Total increase (decrease) from operations <sup>2</sup>	0.13	(2.35)	4.28	1.00	1.15
Distributions to unitholders:					
From income	-	-	-	-	-
From dividends	(0.31)	(0.16)	(0.28)	(0.17)	(0.17)
From capital gains	-	(0.76)	(1.32)	(0.37)	(0.64)
Return of capital	-	-	-	-	-
Total annual distributions <sup>3</sup>	(0.31)	(0.92)	(1.60)	(0.54)	(0.81)
Net assets, end of period <sup>4</sup>	\$14.49	\$14.77	\$17.99	\$14.81	\$15.95

### Series F Units - Ratios/Supplemental Data

For the periods ended	2023	2022	2021	2020	2019
Total net asset value	\$17,798,369	\$24,819,907	\$29,411,890	\$18,204,787	\$6,398,188
Number of units outstanding	1,228,602	1,680,130	1,634,736	1,229,379	401,159
Management expense ratio <sup>5</sup>	1.42%	1.41%	1.41%	1.50%	1.69%
Management expense ratio before waivers or absorptions <sup>5</sup>	1.46%	1.41%	1.41%	1.73%	2.20%
Trading expense ratio <sup>6</sup>	0.03%	0.03%	0.05%	0.04%	0.02%
Portfolio turnover rate <sup>7</sup>	44.44%	44.16%	62.01%	54.44%	54.90%
Net asset value per unit	\$14.49	\$14.77	\$17.99	\$14.81	\$15.95

## Explanatory Notes

1. The information for September 30, 2023 is derived from the Fund's audited annual financial statements prepared in accordance with IFRS Accounting Standards (IFRS). The net assets per security presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted daily average number of units outstanding over the financial period.
3. Distributions are paid out in cash/reinvested in additional units of the Fund, or both.
4. This is not a reconciliation of the beginning and ending net assets per unit.
5. The management expense ratio (MER) is based on total expenses (excluding foreign withholding taxes, commissions and other portfolio transaction costs but including management fee distributions paid to certain unitholders in the form of additional units) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager may absorb certain expenses otherwise payable by the Fund. The amount of expenses absorbed is determined annually at the discretion of the Manager.

The Fund may hold investments in exchange traded funds (ETFs). The MER is calculated taking into consideration the expenses of the Fund allocated to the series including expenses indirectly attributable to its investment in the ETFs divided by the average daily NAV of the series of the Fund during the period.

On April 20, 2020, the management fees decreased from 2.00% and 1.00% to 1.75% and 0.75% on Series A and Series F, respectively. For the year ended September 30, 2020, if the change in management fees had been effective since the start of that financial year, the MER after waivers or absorptions would have been 2.56% and 1.43% on Series A and Series F, respectively.

6. The trading expense ratio (TER) represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value of the Fund during the period.

The TER is calculated taking into consideration the costs attributable to its investment in ETFs.

7. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Portfolio turnover rate is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

## Management Fees

The Manager is responsible for the day-to-day management and administration of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the portfolio advisor and arranges for the administrative services required to be provided to the Fund. As compensation for its service, the Manager is entitled to receive a fee, payable monthly, calculated based on the average daily net asset value of the Fund.

Series of Units	Management Fee (%)	Expenses Paid Out of the Management Fee (%)		
		Dealer compensation	General administration, investment advice and profit	Absorbed expenses
Series A	1.75%	46%	51%	3%
Series F	0.75%	-	97%	3%

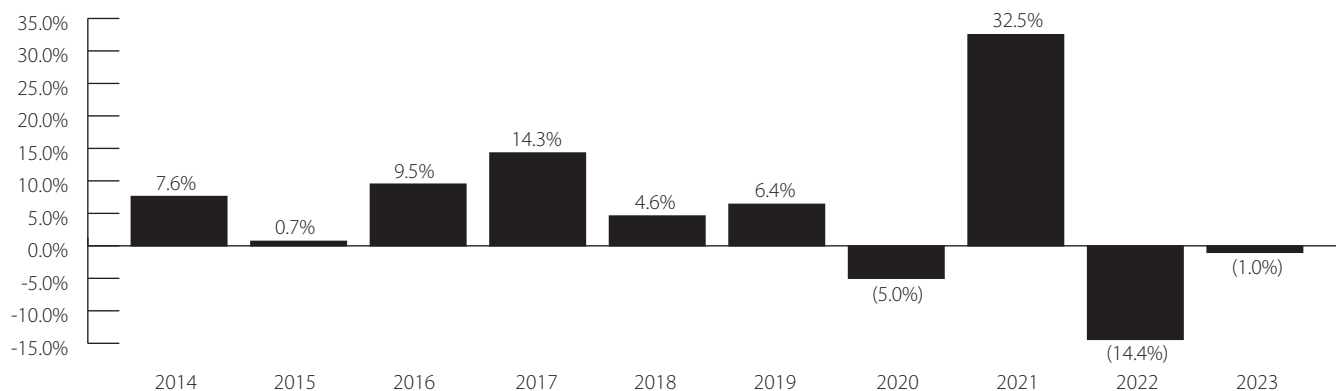
## Past Performance

The past performance information shown in this section is calculated using the net asset value per unit and assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The past performance information does not take into account sales, redemptions, distribution or other optional charges or income taxes payable by the unitholder that would have reduced returns or performance. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

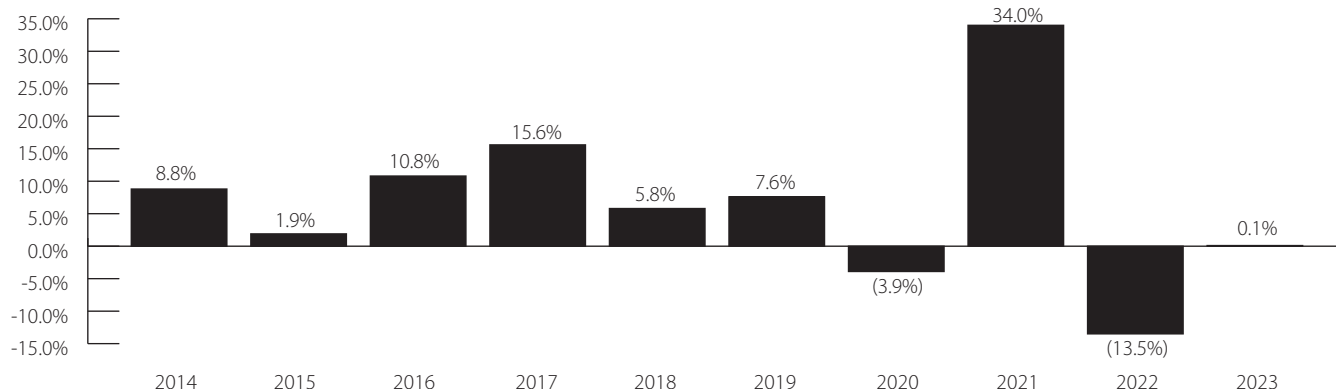
## Year-By-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown and illustrates how the investment fund's performance has changed from year to year. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

### Series A Units



### Series F Units



## Annual Compound Returns

The table below shows the historical compound returns of the applicable series of units and the blended benchmark consisting of 60% MSCI Canada Index (the MSCI Index) and 40% the iShares Core Canadian Universe Bond Index ETF TR (iShares). The MSCI Index is designed to measure the performance of the large and mid cap segments of the Canada market. iShares seeks to replicate the performance of the FTSE Canada Universe Bond Index which is a measure of total return of Canadian bonds which have a term to maturity of one to five years. The blended benchmark provides a useful comparison to the performance of the Fund. Performance will vary by series largely due to the extent that fees and expenses may differ between series.

Series of Units	Inception Date	Since Inception	One Year	Three Year	Five Year	Ten Year
Series A	October 31, 2012	6.0%	(1.0%)	3.9%	2.6%	4.9%
Blended Benchmark		4.5%	5.4%	3.6%	3.8%	4.7%
Series F	October 31, 2012	7.2%	0.1%	5.1%	3.7%	6.1%
Blended Benchmark		4.5%	5.4%	3.6%	3.8%	4.7%

Comparison to the Blended Benchmark: Since the Fund does not necessarily invest in the same securities as the blended benchmark or in the same proportion, the performance of the Fund is not expected to equal that of its blended benchmark. Please refer to Management Discussion of Fund Performance - Results of Operations for additional discussion of the Fund's performance compared to the blended benchmark.

## Summary of Investment Portfolio as at September 30, 2023

## Top 25 Investments\*

	% of Net Asset Value
Cash & Cash Equivalents	16.9%
The Toronto-Dominion Bank	9.4%
Bank of Montreal	9.0%
The Bank of Nova Scotia	8.5%
Royal Bank of Canada	8.5%
Canadian Imperial Bank of Commerce	8.5%
Verizon Communications Inc.	8.0%
Citigroup Inc.	7.6%
BMO Laddered Preferred Share Index ETF	5.9%
Vodafone Group PLC - Sponsored ADR	4.5%
First Horizon Corporation	4.4%
Horizons Active Preferred Share ETF	3.2%
iShares S&P/TSX Canadian Preferred Share Index ETF	3.1%
CK Hutchison Holdings Limited	1.8%
Suncor Energy, Inc.	0.8%
<b>Grand Total</b>	<b>100.1%</b>
<b>Total net asset value</b>	<b>\$32,834,653</b>

\* Where the Fund holds less than 25 holdings, all investments have been disclosed. There may be other assets and liabilities which are not included, and therefore the summary may not add up to 100%.

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end by visiting [www.portlandic.com](http://www.portlandic.com) or contacting us at 1-888-710-4242. The prospectus and other information about the underlying exchange traded funds held in the portfolio are available on the internet at [www.sedar.com](http://www.sedar.com) and/or [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml), as applicable.

## Portfolio Composition

Sector	
Financials	55.7%
Cash & Cash Equivalents	16.9%
Communication Services	12.6%
Exchange Traded Funds	12.1%
Industrials	1.8%
Energy	0.8%
Other Net Assets (Liabilities)	0.1%
Forward Currency Contracts	-
Geographic Region	
Canada	56.8%
United States	20.0%
Cash & Cash Equivalents	16.9%
United Kingdom	4.5%
Cayman Islands	1.7%
Other Net Assets (Liabilities)	0.1%
Forward Currency Contracts	-

Other Net Assets (Liabilities) refers to all other assets and liabilities in the Fund excluding portfolio investments and cash.



**Portland Investment Counsel<sup>®</sup>**

Buy. Hold. And Prosper.<sup>®</sup>

---

Portland Investment Counsel is a registered trademark of Portland Holdings Inc. The Unicorn Design is a trademark of Portland Holdings Inc. Used under license by Portland Investment Counsel Inc. Buy Hold. And Prosper. is a registered trademark of AIC Global Holdings Inc. used under license by Portland Investment Counsel Inc.

Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel:1-888-710-4242 • [www.portlandic.com](http://www.portlandic.com) • [info@portlandic.com](mailto:info@portlandic.com)

---