



Portland Investment Counsel®

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PORTLAND CONVENTIONAL MUTUAL FUNDS  
**INTERIM FINANCIAL REPORT**

MARCH 31, 2021

# PORTLAND CONVENTIONAL MUTUAL FUNDS INTERIM FINANCIAL REPORT

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## Table of Contents

• Management’s Responsibility for Financial Reporting.....	3
• Portland Canadian Balanced Fund .....	4
• Portland Global Balanced Fund.....	11
• Notes to Financial Statements.....	20

## Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland Canadian Balanced Fund and Portland Global Balanced 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.

*"Michael Lee-Chin"*

**Michael Lee-Chin,  
Director  
May 10, 2021**

*"Robert Almeida"*

**Robert Almeida,  
Director  
May 10, 2021**

These financial statements have not been reviewed by an independent auditor.

## Statements of Financial Position (Unaudited)

	As at		As at	
	March 31, 2021		September 30, 2020	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$	8,960,814	\$	6,058,751
Subscriptions receivable		64,214		9,172
Dividends receivable		103,549		68,089
Investments (note 5)		30,547,579		23,866,131
		<u>39,676,156</u>		<u>30,002,143</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Redemptions payable		3,276		26,171
Management fees payable		42,626		30,663
Expenses payable		19,852		14,081
		<u>65,754</u>		<u>70,915</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$</b>	<b>39,610,402</b>	<b>\$</b>	<b>29,931,228</b>
<b>Net Assets Attributable to Holders of Redeemable Units Per Series</b>				
Series A		14,684,784		11,726,441
Series F		24,925,618		18,204,787
	<b>\$</b>	<b>39,610,402</b>	<b>\$</b>	<b>29,931,228</b>
<b>Number of Redeemable Units Outstanding (note 6)</b>				
Series A		865,807		821,943
Series F		1,417,867		1,229,379
<b>Net Assets Attributable to Holders of Redeemable Units Per Unit</b>				
Series A	\$	16.96	\$	14.27
Series F	\$	17.58	\$	14.81

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 (Unaudited)

For the periods ended March 31,	2021	2020
<b>Income</b>		
Net gain (loss) on investments		
Dividends	\$ 597,215	\$ 157,149
Interest for distribution purposes	77,848	26,788
Net realized gain (loss) on investments	4,197,722	73,960
Change in unrealized appreciation (depreciation) on investments	4,474,652	(2,343,162)
	<u>9,347,437</u>	<u>(2,085,265)</u>
<b>Other income</b>		
Foreign exchange gain (loss) on cash and other net assets	(6,659)	(7,494)
<b>Total income (net)</b>	<u>9,340,778</u>	<u>(2,092,759)</u>
<b>Expenses</b>		
Management fees (note 8)	209,577	93,030
Unitholder reporting costs	78,059	64,341
Withholding tax expense	34,988	3,672
Transaction costs	15,179	2,159
Audit fees	9,264	12,019
Custodial fees	6,228	2,290
Independent review committee fees	1,842	1,381
Legal fees	1,211	1,085
Total operating expenses	<u>356,348</u>	<u>179,977</u>
Less: expenses absorbed by Manager	-	(46,562)
Net operating expenses	<u>356,348</u>	<u>133,415</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 8,984,430</u>	<u>\$ (2,226,174)</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 3,436,276	\$ (1,088,514)
Series F	\$ 5,548,154	\$ (1,137,660)
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 4.10	\$ (2.79)
Series F	\$ 4.30	\$ (2.74)

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

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the periods ended March 31,	2021		2020	
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>				
Series A	\$	11,726,441	\$	5,776,159
Series F		18,204,787		6,398,188
		<u>29,931,228</u>		<u>12,174,347</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>				
Series A		3,436,276		(1,088,514)
Series F		5,548,154		(1,137,660)
		<u>8,984,430</u>		<u>(2,226,174)</u>
<b>Distributions to Holders of Redeemable Units</b>				
From net investment income				
Series A		(103,766)		(16,913)
Series F		(342,583)		(75,487)
		<u>(446,349)</u>		<u>(92,400)</u>
From net realized gains on investments				
Series A		(1,046,987)		(144,662)
Series F		(1,578,963)		(151,571)
		<u>(2,625,950)</u>		<u>(296,233)</u>
<b>Net Decrease from Distributions to Holders of Redeemable Units</b>		<u>(3,072,299)</u>		<u>(388,633)</u>
<b>Redeemable Unit Transactions</b>				
Proceeds from redeemable units issued				
Series A		999,910		574,613
Series F		2,585,487		554,180
		<u>3,585,397</u>		<u>1,128,793</u>
Reinvestments of distributions				
Series A		1,088,505		143,449
Series F		1,884,197		222,802
		<u>2,972,702</u>		<u>366,251</u>
Redemptions of redeemable units				
Series A		(1,415,595)		(230,776)
Series F		(1,375,461)		(340,843)
		<u>(2,791,056)</u>		<u>(571,619)</u>
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>		<u>3,767,043</u>		<u>923,425</u>
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>				
Series A		14,684,784		5,013,356
Series F		24,925,618		5,469,609
	\$	<u>39,610,402</u>	\$	<u>10,482,965</u>

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

## Statements of Cash Flows (Unaudited)

For the periods ended March 31,	2021		2020	
<b>Cash Flows from Operating Activities</b>				
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$	8,984,430	\$	(2,226,174)
Adjustments for:				
Net realized (gain) loss on investments		(4,197,722)		(73,960)
Change in unrealized (appreciation) depreciation on investments		(4,474,652)		2,343,162
Unrealized foreign exchange (gain) loss on cash		29,455		(1,479)
(Increase) decrease in dividends receivable		(35,460)		11,643
Increase (decrease) in management fees and expenses payable		17,734		(1,507)
Purchase of investments		(15,302,275)		(4,079,351)
Proceeds from sale of investments		17,293,201		1,895,781
<b>Net Cash Generated (Used) by Operating Activities</b>		<b>2,314,711</b>		<b>(2,131,885)</b>
<b>Cash Flows from Financing Activities</b>				
Distributions to holders of redeemable units, net of reinvested distributions		(99,597)		(22,382)
Proceeds from redeemable units issued (note 3)		2,942,873		1,032,746
Amount paid on redemption of redeemable units (note 3)		(2,226,469)		(567,636)
<b>Net Cash Generated (Used) by Financing Activities</b>		<b>616,807</b>		<b>442,728</b>
Net increase (decrease) in cash and cash equivalents		2,931,518		(1,689,157)
Unrealized foreign exchange gain (loss) on cash		(29,455)		1,479
Cash and cash equivalents - beginning of period		6,058,751		3,759,520
Cash and cash equivalents - end of period		<b>8,960,814</b>		<b>2,071,842</b>
Cash and cash equivalents comprise:				
Cash at bank	\$	8,960,814	\$	371,859
Short-term investments		-		1,699,983
	<b>\$</b>	<b>8,960,814</b>	<b>\$</b>	<b>2,071,842</b>
<b>From operating activities:</b>				
Interest received, net of withholding tax	\$	77,848	\$	26,788
Dividends received, net of withholding tax	\$	526,767	\$	165,120

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

## Schedule of Investment Portfolio (Unaudited)

As at March 31, 2021

No. of Shares	Security Name	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
<b>EQUITIES - Preferred</b>				
<b>Canada</b>				
187,200	BMO Laddered Preferred Share Index ETF	\$ 1,554,561	\$ 2,034,864	
85,600	Horizons Active Preferred Share ETF	651,124	767,832	
91,100	iShares S&P/TSX Canadian Preferred Share Index ETF	1,007,089	1,206,164	
	Total equities - preferred	3,212,774	4,008,860	10.1%
<b>EQUITIES - Common</b>				
<b>Canada</b>				
19,710	Bank of Montreal	1,395,693	2,207,914	
23,900	Canadian Imperial Bank of Commerce	2,146,128	2,940,895	
109,500	Shaw Communications, Inc., Class B	3,796,632	3,578,460	
66,000	TC Energy Corp	3,512,828	3,802,260	
34,700	The Bank of Nova Scotia	2,157,759	2,728,114	
35,200	The Toronto-Dominion Bank	2,072,423	2,884,992	
		15,081,463	18,142,635	45.8%
<b>United Kingdom</b>				
151,677	Vodafone Group PLC	3,286,083	3,512,988	8.9%
<b>United States</b>				
25,400	Citigroup Inc.	1,703,546	2,322,193	
95,967	Lumen Technologies, Inc.	1,244,033	1,610,033	
16,000	The Bank of New York Mellon Corporation	729,854	950,870	
		3,677,433	4,883,096	12.3%
	Total equities - common	22,044,979	26,538,719	67.0%
	Total investment portfolio	25,257,753	30,547,579	77.1%
	Transaction costs	(14,606)	-	-
		\$ 25,243,147	30,547,579	77.1%
	Other assets less liabilities		9,062,823	22.9%
	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		\$ 39,610,402	100.0%



**(a) 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 March 31, 2021 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 \$3,054,758 (September 30, 2020: \$2,386,613). 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 March 31, 2021 and September 30, 2020:

By Geographic Sector	March 31, 2021	September 30, 2020
Canadian Equity	45.8%	38.9%
Cash & Other Net Assets (Liabilities)	22.9%	20.3%
Foreign Equity	21.2%	29.4%
Canadian Preferred	10.1%	11.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

By Industry Sector	March 31, 2021	September 30, 2020
Financials	35.4%	36.5%
Cash & Other Net Assets (Liabilities)	22.9%	20.3%
Communication Services	22.0%	17.6%
Exchange Traded Funds	10.1%	11.4%
Energy	9.6%	-
Real Estate	-	8.6%
Consumer Discretionary	-	3.6%
Industrials	-	2.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Currency Risk**

The tables below indicate the foreign currencies to which the Fund had significant direct exposure at March 31, 2021 and September 30, 2020 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.

March 31, 2021	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
United States Dollar	2,845,941	8,396,084	11,242,025	284,594	839,608	1,124,202
<b>Total</b>	<b>2,845,941</b>	<b>8,396,084</b>	<b>11,242,025</b>	<b>284,594</b>	<b>839,608</b>	<b>1,124,202</b>
% of net assets attributable to holders of redeemable units	7.2%	21.2%	28.4%	0.7%	2.1%	2.8%

September 30, 2020	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
United States Dollar	7,770	8,819,462	8,827,232	777	881,946	882,723
<b>Total</b>	<b>7,770</b>	<b>8,819,462</b>	<b>8,827,232</b>	<b>777</b>	<b>881,946</b>	<b>882,723</b>
% of net assets attributable to holders of redeemable units	-	29.5%	29.5%	-	2.9%	2.9%

**Interest Rate Risk**

As at March 31, 2021 and September 30, 2020, 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 preferred share ETFs.

### Credit Risk

As at March 31, 2021 and September 30, 2020, the Fund did not have significant direct exposure to credit risk. The Fund had indirect exposure to credit risk through its investment in preferred share ETFs.

### 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 diversified portfolio with no more than 10% of its net assets in illiquid investments at the time of purchase. The Fund may also borrow temporarily to fund redemptions or settle trades. All other obligations were due within 3 months from the financial reporting date. Issued redeemable units are payable on demand.

### (b) FAIR VALUE MEASUREMENTS

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at March 31, 2021 and September 30, 2020:

March 31, 2021	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities - Long	30,547,579	-	-	30,547,579
<b>Total</b>	<b>30,547,579</b>	<b>-</b>	<b>-</b>	<b>30,547,579</b>

September 30, 2020	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities - Long	23,866,131	-	-	23,866,131
<b>Total</b>	<b>23,866,131</b>	<b>-</b>	<b>-</b>	<b>23,866,131</b>

### (c) STRUCTURED ENTITIES

The Fund's investments in ETFs are susceptible to market price risk arising from uncertainties about 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 March 31, 2021 and September 30, 2020 are summarized below:

March 31, 2021	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
BMO Laddered Preferred Share Index ETF	2,034,864	2,029,900,000	0.1%
Horizons Active Preferred Share ETF	767,832	1,645,120,000	-
iShares S&P/TSX Canadian Preferred Share Index ETF	1,206,164	1,392,850,000	0.1%

September 30, 2020	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
BMO Laddered Preferred Share Index ETF	1,707,264	2,018,530,000	0.1%
Horizons Active Preferred Share ETF	645,852	1,225,440,000	0.1%
iShares S&P/TSX Canadian Preferred Share Index ETF	1,054,938	1,208,950,000	0.1%

## Statements of Financial Position (Unaudited)

	As at		As at	
	March 31, 2021		September 30, 2020	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$	49,756	\$	436,414
Margin accounts (note 11)		412		6,054
Receivable for investments sold		-		29,830
Dividends receivable		9,785		6,130
Investments (note 5)		3,404,126		3,763,096
Investments - pledged as collateral (note 5 and 11)		-		37,259
		<u>3,464,079</u>		<u>4,278,783</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Management fees payable		5,131		5,633
Expenses payable		1,759		1,984
Redemptions payable		575		43,478
Distributions payable		2,222		2,612
Derivative liabilities		-		2,653
		<u>9,687</u>		<u>56,360</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$</b>	<b>3,454,392</b>	<b>\$</b>	<b>4,222,423</b>
<b>Net Assets Attributable to Holders of Redeemable Units Per Series</b>				
Series A		3,132,859		3,733,020
Series F		321,533		489,403
	<b>\$</b>	<b>3,454,392</b>	<b>\$</b>	<b>4,222,423</b>
<b>Number of Redeemable Units Outstanding (note 6)</b>				
Series A		378,008		456,359
Series F		35,603		55,323
<b>Net Assets Attributable to Holders of Redeemable Units Per Unit</b>				
Series A	\$	8.29	\$	8.18
Series F	\$	9.03	\$	8.85

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 (Unaudited)

For the periods ended March 31,	2021	2020
<b>Income</b>		
Net gain (loss) on investments and derivatives		
Dividends	\$ 54,213	\$ 53,456
Interest for distribution purposes	3,557	23,183
Net realized gain (loss) on investments and options	59,275	(874,043)
Net realized gain (loss) on forward currency contracts	-	(15,026)
Change in unrealized appreciation (depreciation) on investments and derivatives	72,429	438,133
	<u>189,474</u>	<u>(374,297)</u>
<b>Other income</b>		
Foreign exchange gain (loss) on cash and other net assets	(2,683)	74,386
<b>Total income (net)</b>	<u>186,791</u>	<u>(299,911)</u>
<b>Expenses</b>		
Unitholder reporting costs	67,099	66,095
Management fees (note 8)	30,667	45,964
Audit fees	9,250	11,987
Withholding tax expense (reclaims)	5,711	(270)
Independent review committee fees	1,839	1,378
Custodial fees	1,693	3,371
Transaction costs	1,399	4,395
Legal fees	1,209	1,082
Interest expense and bank charges	182	56
Total operating expenses	<u>119,049</u>	<u>134,058</u>
Less: expenses absorbed by Manager	(70,422)	(68,348)
Net operating expenses	<u>48,627</u>	<u>65,710</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 138,164</u>	<u>\$ (365,621)</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 122,599	\$ (325,085)
Series F	\$ 15,565	\$ (40,536)
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 0.30	\$ (0.58)
Series F	\$ 0.35	\$ (0.51)

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

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the periods ended March 31,	2021		2020	
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>				
Series A	\$	3,733,020	\$	5,092,010
Series F		489,403		835,635
		<u>4,222,423</u>		<u>5,927,645</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>				
Series A		122,599		(325,085)
Series F		15,565		(40,536)
		<u>138,164</u>		<u>(365,621)</u>
<b>Distributions to Holders of Redeemable Units</b>				
From net investment income				
Series A		(3,324)		(61,097)
Series F		(384)		(7,160)
		<u>(3,708)</u>		<u>(68,257)</u>
From net realized gains on investments				
Series A		-		(1,945)
Series F		-		(3,214)
		<u>-</u>		<u>(5,159)</u>
From return of capital				
Series A		(77,951)		(75,878)
Series F		(8,112)		(9,266)
		<u>(86,063)</u>		<u>(85,144)</u>
<b>Net Decrease from Distributions to Holders of Redeemable Units</b>		<u>(89,771)</u>		<u>(158,560)</u>
<b>Redeemable Unit Transactions</b>				
Proceeds from redeemable units issued				
Series A		1,000		1,200
Series F		1,425		20,750
		<u>2,425</u>		<u>21,950</u>
Reinvestments of distributions				
Series A		71,383		125,423
Series F		4,424		13,840
		<u>75,807</u>		<u>139,263</u>
Redemptions of redeemable units				
Series A		(713,868)		(728,140)
Series F		(180,788)		(233,529)
		<u>(894,656)</u>		<u>(961,669)</u>
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>		<u>(816,424)</u>		<u>(800,456)</u>
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>				
Series A		3,132,859		4,026,488
Series F		321,533		576,520
	\$	<u>3,454,392</u>	\$	<u>4,603,008</u>

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

## Statements of Cash Flows (Unaudited)

For the periods ended March 31,	2021		2020	
<b>Cash Flows from Operating Activities</b>				
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$	138,164	\$	(365,621)
Adjustments for:				
Net realized (gain) loss on investments and options		(59,275)		874,043
Change in unrealized (appreciation) depreciation on investments and derivatives		(72,429)		(438,133)
Unrealized foreign exchange (gain) loss on cash		(11,811)		(243)
(Increase) decrease in interest receivable		-		(3,530)
(Increase) decrease in dividends receivable		(3,655)		3,832
Increase (decrease) in management fees and expenses payable		(727)		(1,512)
Purchase of investments		(871,642)		(3,995,560)
Proceeds from sale of investments		1,426,752		5,180,954
<b>Net Cash Generated (Used) by Operating Activities</b>		<b>545,377</b>		<b>1,254,230</b>
<b>Cash Flows from Financing Activities</b>				
Change in margin cash		5,642		15,916
Distributions to holders of redeemable units, net of reinvested distributions		(14,354)		(19,536)
Proceeds from redeemable units issued (note 3)		2,425		21,950
Amount paid on redemption of redeemable units (note 3)		(937,559)		(920,713)
<b>Net Cash Generated (Used) by Financing Activities</b>		<b>(943,846)</b>		<b>(902,383)</b>
Net increase (decrease) in cash and cash equivalents				
		(398,469)		351,847
Unrealized foreign exchange gain (loss) on cash		11,811		243
Cash and cash equivalents - beginning of period		436,414		472,784
<b>Cash and cash equivalents - end of period</b>		<b>49,756</b>		<b>824,874</b>
<b>Cash and cash equivalents comprise:</b>				
Cash at bank	\$	49,756	\$	681,506
Short-term investments		-		143,368
	<b>\$</b>	<b>49,756</b>	<b>\$</b>	<b>824,874</b>
<b>From operating activities:</b>				
Interest received, net of withholding tax	\$	3,557	\$	19,653
Dividends received, net of withholding tax	\$	44,847	\$	57,558
<b>From financing activities:</b>				
Interest paid	\$	-	\$	(56)

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

## Schedule of Investment Portfolio (Unaudited)

As at March 31, 2021

No. of Shares/ (Contracts)	Security Name	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
<b>EQUITIES - Preferred</b>				
<b>Bermuda</b>				
3,250	Brookfield Infrastructure Partners L.P., Preferred, Series 9, Fixed-Reset	\$ 75,165	\$ 81,348	
1,400	Brookfield Renewable Partners L.P., Preferred, Series 11, Fixed-Reset	32,691	35,644	
		107,856	116,992	3.4%
<b>Canada</b>				
1,500	Brookfield Asset Management Inc., Preferred, Series 48, Fixed-Reset	37,500	37,755	
3,000	Brookfield Office Properties Inc., Preferred, Series GG, Fixed-Reset	75,000	64,350	
2,600	Emera Incorporated, Preferred, Series H, Fixed-Reset	65,000	67,184	
3,000	Pembina Pipeline Corporation, Preferred, Series 21, Fixed-Reset	75,000	73,200	
		252,500	242,489	7.0%
	Total equities - preferred	360,356	359,481	10.4%
<b>EQUITIES - Common</b>				
<b>Australia</b>				
40,000	AusNet Services	48,357	70,062	2.0%
<b>Canada</b>				
600	Canadian National Railway Company	69,084	87,504	
1,467	Fortis, Inc.	77,996	79,995	
900	Metro Inc.	50,336	51,597	
770	Royal Bank of Canada	66,027	89,220	
		263,443	308,316	8.9%
<b>Denmark</b>				
590	Coloplast A/S	100,408	111,488	3.2%
<b>France</b>				
440	Sanofi	59,667	54,631	1.6%
<b>Germany</b>				
370	Fresenius Medical Care AG & Co. KGaA	40,821	34,200	1.0%
<b>Ireland</b>				
5,202	Linde Public Limited Company	55,564	71,115	2.1%
<b>Japan</b>				
564	ITOCHU Corporation	20,411	22,961	
2,600	Marubeni Corporation	20,393	27,172	
2,600	Mitsubishi Corporation	80,947	92,364	
853	MITSUMI & CO., LTD.	19,852	22,287	
3,700	Sumitomo Corporation	61,180	66,225	
		202,783	231,009	6.7%
<b>Jersey</b>				
3,500	AmcOR Limited	53,032	51,416	1.5%
<b>Spain</b>				
2,200	Red Electrica Corporacion S.A.	55,823	48,958	1.4%
<b>Switzerland</b>				
557	Nestle S.A.	79,563	78,015	
475	Novartis AG	59,764	51,012	
125	Roche Holding AG	60,210	50,767	
		199,537	179,794	5.2%
<b>United Kingdom</b>				
2,000	Bunzl PLC	65,395	80,492	
2,000	Compass Group PLC	46,742	50,641	
650	Croda International PLC	56,108	71,486	
1,255	Diageo PLC	60,604	65,000	
1,000	Halma PLC	40,118	41,129	
		268,967	308,748	8.9%
<b>United States</b>				
600	American States Water Company	68,421	57,019	
175	American Tower Corporation	54,822	52,575	
1,300	AT&T Inc.	48,845	49,452	
766	California Water Service Group	54,869	54,235	

## Schedule of Investment Portfolio (continued) (Unaudited)

As at March 31, 2021

No. of Shares/ (Contracts)	Security Name	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
1,000	Cincinnati Financial Corporation	89,210	129,553	
471	Colgate-Palmolive Company	41,930	46,660	
1,630	Consolidated Edison, Inc.	180,388	153,222	
675	Federal Realty Investment Trust	95,574	86,057	
411	Genuine Parts Company	56,789	59,703	
1,200	Hormel Foods Corporation	70,567	72,054	
550	Johnson & Johnson	101,436	113,596	
232	Kimberly-Clark Corporation	41,889	40,541	
1,050	Leggett & Platt, Incorporated	67,532	60,237	
374	McCormick & Company, Incorporated	42,003	41,906	
260	McDonald's Corporation	67,281	73,236	
332	PepsiCo, Inc.	59,883	59,016	
1,000	SJW Group	90,585	79,159	
153	Target Corporation	25,301	38,084	
208	The Clorox Company	41,808	50,418	
892	The Coca-Cola Company	61,071	59,087	
550	The Procter & Gamble Company	89,087	93,607	
618	Walmart Inc.	97,270	105,491	
		<u>1,546,561</u>	<u>1,574,908</u>	45.6%
	Total equities - common	<u>2,894,963</u>	<u>3,044,645</u>	88.1%
	Total investment portfolio	<u>3,255,319</u>	<u>3,404,126</u>	98.5%
	Transaction Costs	<u>(2,720)</u>	<u>-</u>	-
		\$ 3,252,599	3,404,126	98.5%
	Other assets less liabilities		<u>50,266</u>	1.5%
	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<u>\$ 3,454,392</u>	100.0%



**(a) 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 March 31, 2021 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 \$340,413 (September 30, 2020: \$379,770). 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 March 31, 2021 and September 30, 2020:

By Geographic Region	March 31, 2021	September 30, 2020
Foreign Equity	79.2%	58.1%
Canadian Equity	8.9%	11.7%
Canadian Preferred	7.0%	6.5%
Foreign Preferred	3.4%	3.7%
Cash & Other Net Assets (Liabilities)	1.5%	10.1%
Canadian Fixed Income	-	10.0%
Short Positions – Derivatives	-	(0.1%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

By Industry Sector	March 31, 2021	September 30, 2020
Consumer Staples	25.2%	21.7%
Utilities	20.7%	21.1%
Industrials	11.7%	5.3%
Health Care	8.9%	6.4%
Consumer Discretionary	8.2%	5.9%
Financials	7.5%	6.5%
Real Estate	5.9%	6.0%
Materials	5.7%	4.4%
Energy	2.1%	3.0%
Cash & Other Net Assets (Liabilities)	1.5%	10.1%
Communication Services	1.4%	-
Information Technology	1.2%	-
Exchange Traded Funds	-	9.7%
Short Positions – Derivatives	-	(0.1%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Currency Risk**

The tables below indicate the foreign currencies to which the Fund had significant direct exposure at March 31, 2021 and September 30, 2020 in Canadian dollar terms, net of the notional amounts of forward currency contracts. 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.

March 31, 2021	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
Australian Dollar	-	121,478	121,478	-	12,148	12,148
British Pound	609	308,748	309,357	61	30,875	30,936
Danish Krone	-	111,488	111,488	-	11,149	11,149
Euro	1	137,789	137,790	-	13,779	13,779
Japanese Yen	3,925	231,009	234,934	392	23,101	23,493
Swiss Franc	1,897	179,794	181,691	190	17,979	18,169
United States Dollar	6,371	1,646,022	1,652,393	637	164,602	165,239
<b>Total</b>	<b>12,803</b>	<b>2,736,328</b>	<b>2,749,131</b>	<b>1,280</b>	<b>273,633</b>	<b>274,913</b>
% of net assets attributable to holders of redeemable units	0.4%	79.2%	79.6%	-	7.9%	7.9%

September 30, 2020	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
Australian Dollar	2,925	122,892	125,817	293	12,289	12,582
British Pound	31,762	254,715	286,477	3,176	25,472	28,648
Danish Krone	241	56,816	57,057	24	5,682	5,706
Euro	2,275	113,620	115,895	228	11,362	11,590
Hong Kong Dollar	2,113	31,055	33,168	211	3,106	3,317
Swiss Franc	562	199,871	200,433	56	19,987	20,043
U.S. Dollar	228,232	1,674,647	1,902,879	22,823	167,465	190,288
<b>Total</b>	<b>268,110</b>	<b>2,453,616</b>	<b>2,721,726</b>	<b>26,811</b>	<b>245,363</b>	<b>272,174</b>
% of net assets attributable to holders of redeemable units	6.3%	58.1%	64.4%	0.6%	5.8%	6.4%

### Interest Rate Risk

As at March 31, 2021 and September 30, 2020, the Fund did not have significant direct exposure to interest rate risk.

### Credit Risk

As at March 31, 2021 and September 30, 2020, 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 diversified portfolio with no more than 10% of its net assets in illiquid investments at the time of purchase. The Fund may also borrow temporarily to fund redemptions or settle trades. All other obligations were due within 3 months from the financial reporting date. Issued redeemable units are payable on demand.

The Fund may write cash secured put options in accordance with its investment objectives and strategies. There were no put option contracts held at March 31, 2021. The value of the securities and/or cash required to satisfy the options if they were exercised as at September 30, 2020 are presented in the table below.

Value of securities or cash required to satisfy put options	Less than 1 month (\$)	1 to 3 months (\$)	Greater than 3 months and less than one year (\$)	Total (\$)
September 30, 2020	153,129	90,545	-	243,674

### (b) FAIR VALUE MEASUREMENTS

The following tables illustrate the classifications of the Fund's financial instruments within the fair value hierarchy as at March 31, 2021 and September 30, 2020:

March 31, 2021	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Equities - Long	3,404,126	-	-	3,404,126
<b>Total</b>	<b>3,404,126</b>	<b>-</b>	<b>-</b>	<b>3,404,126</b>

September 30, 2020	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Derivative Liabilities	-	(2,653)	-	(2,653)
Equities - Long	3,800,355	-	-	3,800,355
<b>Total</b>	<b>3,800,355</b>	<b>(2,653)</b>	<b>-</b>	<b>3,797,702</b>

**(c) 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 investment in ETFs as at September 30, 2020 is summarized below. There were no investment in ETFs as at March 31, 2021.

September 30, 2020	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
iShares Canadian Short Term Bond Index ETF	423,300	2,480,540,000	-

## 1. GENERAL INFORMATION

(a) Portland Canadian Balanced Fund and Portland Global Balanced Fund (each a Fund and collectively referred to as the Funds) are open-ended 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 14, 2021, as may be amended from time to time (the Prospectus). The formation date of the Funds and inception dates of each series of the Funds are as follows:

Name of Fund	Formation Date of Fund	Inception Date	
		Series A	Series F
Portland Canadian Balanced Fund (note 1 (b))	October 1, 2012	October 31, 2012	October 31, 2012
Portland Global Balanced Fund (note 1 (c))	January 27, 2005	February 18, 2005	December 17, 2013

Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Funds. The head office of the Fund 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 May 10, 2021. The Funds are authorized to issue an unlimited number of units in an unlimited number of series.

The statements of financial position of the Funds are as at March 31, 2021 and September 30, 2020. The statements of comprehensive income, changes in net assets attributable to holders of redeemable units, and cash flows of the Funds are for the six-month periods ended March 31, 2021 and March 31, 2020. The schedule of investment portfolio is as at March 31, 2021.

The following table presents the investment objective of each Fund.

Name of Fund	Investment Objective
Portland Canadian Balanced Fund	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.
Portland Global Balanced Fund	Provide positive long-term total returns, consisting of both income and capital gains by investing primarily in a portfolio of global fixed income and equity securities.

(b) Effective April 20, 2020, Portland Canadian Focused Fund (the Terminated Fund) was merged into Portland Canadian Balanced Fund (the Continuing Fund). The Continuing Fund acquired all of the assets and assumed all of the liabilities of the Terminated Fund in exchange for units of the Continuing Fund. The financial statements of the Continuing Fund include the results of operations of the Terminated Fund from the date of the merger. The exchange ratios, total number of units issued by the Continuing Fund and the net asset value acquired are summarized below. In addition, effective 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.

Merging Fund	Exchange Ratio	Continuing Fund	Number of Units Issued	Net Asset Value Acquired (\$)
Portland Canadian Focused Fund		Portland Canadian Balanced Fund		16,898,362
Series A	0.9829	Series A	416,278	
Series F	1.0055	Series F	843,090	

(c) Effective April 20, 2020, Portland Global Income Fund was renamed Portland Global Balanced Fund. In addition, effective April 20, 2020, the management fees decreased from 1.65% and 0.65% to 1.55% and 0.55% on Series A and Series F, respectively.

## 2. BASIS OF PRESENTATION

These financial statements of the Funds have been prepared in compliance 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 net asset value (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.

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 for 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. 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 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.

Amounts receivable or payable with respect to derivative transactions, including premiums or discounts received or paid, are included in the statements of financial position under 'Derivative assets' or 'Derivative liabilities'.

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 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 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 are paid when a Fund purchases an option 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.

#### 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. Each Fund's 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.

Forward contracts are agreements to purchase or sell financial instruments at a specified future date. As forward contracts are not traded on an exchange, the agreements between counterparties are not standardized. Changes in value of forward contracts are settled only on termination of the contract. Open forward contracts are revalued to fair value in the statements of comprehensive income based on the difference between the contract rate and the applicable forward rate. Gains and losses associated with the valuation of open forward contracts are recorded in the

statements of comprehensive income as 'Change in unrealized appreciation (depreciation) of investments and derivatives'. The cumulative change in value upon settlement is included in the statements of comprehensive income as 'Net realized gain (loss) on forward currency contracts'.

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 in 'Change in unrealized appreciation (depreciation) of the investments' or 'Change in unrealized appreciation (depreciation) on investments and derivatives'.

### Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income 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 which are amortized on a straight line basis. 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. Realized foreign exchange gains and losses related to investments and options are recognized when incurred and are presented in the statements of comprehensive income within 'Net realized gain (loss) on investments' or 'Net realized gain (loss) on investments and options'. Realized gains and losses on forward currency contracts are recognized when incurred and are presented in the statements of comprehensive income within 'Net realized gain (loss) on forward currency contracts'.

Unrealized exchange gains or losses on investments, options and forward currency contracts are included in 'Change in unrealized appreciation (depreciation) of investments' or 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the statements of comprehensive income.

'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. The premium received on a written put option is added to the cost of investments acquired when the written put option is exercised.

### 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 and other operating expenses, are 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.

**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 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 six-month periods ending March 31, 2021 and March 31, 2020.

	March 31, 2021 (\$)	March 31, 2020 (\$)
Portland Canadian Balanced Fund	587,482	87,647
Portland Global Balanced Fund	-	-

**Future accounting changes**

*New standards, amendments and interpretations effective after January 1, 2021 and that have not been early adopted*

There are no new accounting standards effective after January 1, 2021 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.

#### **Fair value of foreign securities**

The Manager has procedures in place to determine the fair value of foreign securities traded in foreign markets to avoid stale prices and to take into account, among other things, any subsequent events occurring after the close of a foreign market. The Manager's fair value pricing techniques involve assigning values to the Funds' portfolio holdings that may differ from the closing prices on the foreign securities exchanges. The Manager will do this in circumstances where it has in good faith determined that to do so better reflects the market values of the securities in question.

#### **Coronavirus (COVID-19) Impact**

While the precise impact of the recent novel coronavirus COVID-19 outbreak remains unknown, it has introduced uncertainty and volatility in global markets and economies, resulting in an economic slowdown. The governments have designed significant monetary and fiscal interventions to stabilize the current economic conditions. This is a developing situation and might impact the Fund's ability to generate income. Currently, it is unknown as to the impact on each Fund's receivables and investments if COVID-19 persists for an extended period. The Funds may incur reductions in revenue relating to such events outside of their control, which could have a material adverse impact on each Fund's business, operating results, revenues and financial condition. The Manager is in the process of assessing the impact of COVID-19, however, given the fluidity and significant volatility of the situation, it is not possible to quantify the impact at this stage. No adjustments have been reflected in the financial statements at this time.

## **5. FINANCIAL INSTRUMENTS**

### **(a) Risk Management**

Each Fund's 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. Each Fund's 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 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. Each Fund limits its exposure to any one security to 10% of NAV at the time of purchase, which is monitored on a daily basis.

#### **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.

#### **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.

The use of currency risk mitigation strategies such as forward currency contracts involves special risks including the possible default by the counterparty to the transaction, illiquidity and to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of such strategies could result in losses greater than if the strategy had not been used. The forward currency contracts may have the effect of limiting or reducing the total returns of the Fund if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, costs associated with the forward currency contracts may outweigh the benefits of the arrangements in some circumstances.

The Manager may, from time to time, at its sole discretion, enter into forward currency contracts in relation to all or a portion of the value of the non-Canadian dollar currency exposure or the non-Canadian currency exposure of the issuers whose securities comprise the portfolio back, directly or indirectly, to the Canadian dollar. Forward currency contract amounts are based on a combination of trading currency of the Fund's holdings and an estimate of the currency to which their operations are exposed.

#### **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 a Fund 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, each Fund has the ability to borrow up to 5% of its net assets attributable to holders of redeemable units for the purposes of funding redemptions and settling portfolio transactions.

**(b) 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 six-month periods ended March 31, 2021 and March 31, 2020 were as follows:

March 31, 2021	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches from Other Series	Ending Balance	Weighted Average Number of Units
Portland Canadian Balanced Fund						
Series A Units	821,943	60,950	72,163	89,249	865,807	838,762
Series F Units	1,229,379	153,514	120,882	85,908	1,417,867	1,291,225
Portland Global Balanced Fund						
Series A Units	456,359	122	8,801	87,274	378,008	413,647
Series F Units	55,323	159	504	20,383	35,603	44,710
March 31, 2020	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches from Other Series	Ending Balance	Weighted Average Number of Units
Portland Canadian Balanced Fund						
Series A Units	374,354	39,332	9,379	16,705	406,360	390,738
Series F Units	401,159	35,575	14,172	21,364	429,542	414,851
Portland Global Balanced Fund						
Series A Units	596,518	140	14,951	86,016	525,593	562,168
Series F Units	91,901	2,504	1,540	25,831	70,114	80,226

## 7. TAXATION

Each Fund qualifies as mutual fund trusts within the meaning of the Income Tax Act (Canada) (the Tax Act). 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. Withholding taxes are shown as a separate item in the statements of comprehensive income.

The taxation year-end for the Funds is December 15.

The Funds do not have any unused non-capital loss carry-forwards.

The following chart presents the amount of unused gross capital losses, which can be carried forward indefinitely, by the Funds:

	Total (\$)
Portland Canadian Balanced Fund	-
Portland Global Balanced Fund	23,897,134

## 8. MANAGEMENT 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 Canadian Balanced Fund	1.75%	0.75%
Portland Global Balanced Fund	1.55%	0.55%

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.

Prior to April 17, 2020, the Manager offered a reduced management fee to selected unitholders who invest significant assets in the Funds or who have a certain account- type such as a managed account. The reduced management fee is achieved by reducing the management fee charged by the Manager to a Fund based on the NAV of the units held by such unitholder and the Fund distributing the amount of the reduction as a special distribution to the particular unitholder (a management fee distribution), which is reinvested in additional units of the same series of a Fund.

Certain Funds may invest in mutual funds, investment funds, 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 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. The ascertainable value of the third party soft dollar arrangements in connection with portfolio transactions for the six-month periods ended March 31, 2021 and March 31, 2020 are presented in the table below:

	March 31, 2021 (\$)	March 31, 2020 (\$)
Portland Canadian Balanced Fund	-	-
Portland Global Balanced Fund	198	1,259

## 10. RELATED PARTY TRANSACTIONS

The following tables outline the management fees and operating expense reimbursements that were paid to the Manager by the Funds during the six-month periods ended March 31, 2021 and March 31, 2020. 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:

March 31, 2021	Management Fees (\$)	Operating Expense Reimbursement (\$)	Absorbed Operating Expenses (\$)	Operating Expenses Reimbursed to Affiliates of the Manager (\$)
Portland Canadian Balanced Fund	185,671	85,584	-	477
Portland Global Balanced Fund	27,209	9,465	62,481	478

March 31, 2020	Management Fees (\$)	Operating Expense Reimbursement (\$)	Absorbed Operating Expenses (\$)	Operating Expenses Reimbursed to Affiliates of the Manager (\$)
Portland Canadian Balanced Fund	81,532	30,572	41,195	622
Portland Global Balanced Fund	40,773	13,808	60,635	634

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

As at March 31, 2021	Management Fees (\$)	Operating Expense Reimbursement (\$)
Portland Canadian Balanced Fund	37,765	17,586
Portland Global Balanced Fund	4,552	1,562

As at September 30, 2020	Management Fees (\$)	Operating Expense Reimbursement (\$)
Portland Canadian Balanced Fund	27,167	12,474
Portland Global Balanced Fund	4,997	1,760

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 tables present the number of shares of each of the Funds held by the Manager and Related Parties on each reporting date.

March 31, 2021	Manager	Related Parties
Portland Canadian Balanced Fund	-	2,841
Portland Global Balanced Fund	-	13,553

March 31, 2020	Manager	Related Parties
Portland Canadian Balanced Fund	-	311
Portland Global Balanced Fund	-	13,853

## 11. BROKERAGE FACILITY

Portland Global Balanced Fund has a Settlement Services Agreement with RBC Dominion Securities Inc. (RBCDS), and have placed securities and cash on account with RBCDS as collateral for its option writing strategy. 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 Fund in order to set off against amounts owing to them from the Fund. 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'.

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

The NAV per unit of the Funds may be higher than the net assets attributable to holders of redeemable units per unit because of the difference in the date of the month end NAV and financial statement date. As a result, the NAV per unit is higher than net assets attributable to holders of redeemable units per unit. As at March 31, 2021 and September 30, 2020, 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.

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