



Portland Investment Counsel[®]

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**IRC Report to Securityholders
Portland Investment Counsel Inc.
September 14, 2021**

Dear Investor:

The members of the independent review committee (“IRC”) of the funds listed in Schedule “A” (collectively, the “Funds” and individually, a “Fund”) managed by Portland Investment Counsel Inc. (“Portland” or the “Manager”) are pleased to submit their report to Securityholders of the Funds for the financial year ended June 30, 2021.

I continue to act as Chair of the IRC and have since its inception in 2007. Together with my colleagues, Richard White and Simon Lewis, the IRC has specific expertise in a variety of areas, including investment funds, finance, accounting and law as well as extensive general business experience.

Securities regulators have given the IRC a mandate to review mutual fund conflict of interest matters which are identified and referred to the IRC by the Manager and to consider and, depending upon the nature of such matter, to approve or provide recommendations as appropriate. In addition, the Manager may request that the IRC also review conflict of interest matters for investment funds that are not subject to NI 81-107. The IRC’s primary focus is to assess whether the Manager’s proposed action achieves a fair and reasonable result for the Fund with respect to conflict of interest matters.

In addition, the IRC is required to review, assess and report to the Manager, at least once a year, as to the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds and to conduct a self-assessment of the IRC’s independence and effectiveness. The IRC is also required to set reasonable compensation and proper expenses of its members after considering, among other things, the Manager’s recommendations and to reassess its compensation and expenses on an annual basis. These matters are included in the Annual Report which follows.

We continue to enjoy an excellent working relationship with Portland in serving the interests of the Funds and the investors.

“David J. Sharpless”

**David J. Sharpless
Chair of the Independent Review Committee**

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The information disclosed in this report covers the period of July 1, 2020 to June 30, 2021.

Members of the IRC

David Sharpless – Chair
Richard White
Simon Lewis

David Sharpless has served on the IRC of the Manager of the Funds, since he was first appointed and the IRC became operational on November 1, 2007. Richard White has been a member of the IRC since January 1, 2015 and Simon Lewis joined effective March 1, 2016.

Holdings of Securities

a) Funds

As at June 30, 2021, no member of the IRC beneficially owned, directly or indirectly, any class or series of the Funds.

b) Manager

As at June 30, 2021, no member of the IRC beneficially owned, directly or indirectly, any class or series of securities of Portland.

c) Service Providers

As at June 30, 2021, the members of the IRC beneficially owned, directly or indirectly, in the aggregate, less than 0.01% of any class or series of securities of a person or company that provides services to the Funds or to Portland with respect to its fund business.

Compensation and Indemnities

The aggregate compensation paid to the members of the IRC by all mutual funds, investment funds and offering memorandum products managed by Portland to which NI 81-107 applies or the Manager has chosen to have an IRC was \$44,000 for the 2021 calendar year (2020 - \$44,000). This amount was allocated among the Funds in a manner that is considered to be fair and reasonable to the Funds.

At least annually, the IRC will review its compensation giving consideration to the following:

1. the nature, number and complexity of the Funds;
2. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy of each member;
3. Portland's recommendation;
4. industry best practices, including industry averages and surveys on compensation paid to the IRCs of Canadian investment funds; and
5. the best interests of the Funds.

For 2021, the IRC has set reasonable compensation and proper expenses for its members. No indemnities were paid to the IRC by the Funds during the period.



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Conflict of Interest Matters

The IRC carries out the mandate prescribed by the Canadian securities regulators for independent review committees of publicly offered investment funds. It considers conflict of interest matters that Portland refers to it and gives its recommendations or, in certain cases, its approval of the proposed action of Portland.

During the period from July 1, 2020 to June 30, 2021, Portland relied on positive recommendations granted by the IRC in respect of conflict of interest matters addressed by the following policies and procedures of Portland:

1. Procedures for Presenting Conflict
2. Code of Ethics
3. Personal Trading Code
4. Fairness Policy
5. Proxy Voting Policy
6. Fundamental Changes Policy
7. Conflicts of Interest Policy
8. Investment Conflicts Policy
9. Fair Valuation Policy
10. Fund Errors Policy
11. Fund Expenses Policy
12. Outsourcing Policy
13. Soft Dollar Arrangements
14. Transactions in Securities of Related Issuers Policy

In each of the above cases, the IRC gave Portland Standing Instructions to take the actions proposed by Portland on the condition that Portland comply with the policies and procedures and report periodically, at least annually, to the IRC describing Portland's compliance with the policies and procedures.

The IRC is not aware of any instance in which Portland acted in a conflict of interest matter for which the IRC did not give a positive recommendation. The IRC is not aware of any instance in which Portland acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation. Portland has an obligation to notify the IRC of any such instance.



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Schedule “A”

Funds covered by this report

Alternative Investment Funds

Portland Special Opportunities Fund

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