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

MARCH 31, 2015

PORTFOLIO  
MANAGEMENT TEAM

**Chris Wain-Lowe**  
Executive Vice President and  
Portfolio Manager

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

## Management Discussion of Fund Performance Portland Canadian Balanced Fund

This interim 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 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7 or visiting our website at [www.portlandic.com](http://www.portlandic.com) or SEDAR at [www.sedar.com](http://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 the portfolio management team contained in this report are as of March 31, 2015 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 than 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") remains as discussed in the prospectus. The Fund's objective 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.

### RESULTS OF OPERATIONS

For the six months ended March 31, 2015, the Fund's benchmark, the S&P/TSX Composite Total Return Index, had a return of 1.1%. For the same period, the Fund had a return of 1.8%. For the full period since launch of the Fund on October 31, 2012 to March 31, 2015, the S&P/TSX Composite Total Return Index had an annualized return of 11.2%. For the same period, the Fund had an annualized return of 12.0%. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's net asset value at March 31, 2015 was \$4.9 million. On a cumulative basis since its inception, the Fund has experienced both positive net sales and positive investment performance. Asset mix at March 31, 2015 was common equities, 84.0%; fixed income, 11.7%; and cash and other assets, 4.3%. By geography, assets were invested in securities of issuers based in Canada, 75.2%; and the United States, 24.8%.

The top five contributors to the Fund's performance were Aflac Inc., JPMorgan Chase & Company, Fortis Inc., The Toronto-Dominion Bank and RioCan Real Estate Investment Trust. Four of these businesses are classified in the Financial Services industry sector. Common shares of financial services companies generally performed satisfactorily, aided by attractive valuations at the start of the period, economic growth, low interest rates and low loan losses. The fifth company, Fortis Inc., is one

of Canada's largest investor-owned utilities. It, too, benefited from low interest rates which have supported higher valuations for predictable companies with rising dividends.

The worst performers in the Fund were Ensco PLC and Noble Corporation PLC, two of the world's largest offshore drillers. Their share prices fell materially in response to weaker oil prices and industry overcapacity. Other laggards in the Fund were International Business Machines Corporation (IBM), The Bank of Nova Scotia and National Bank of Canada. Ensco, Noble Corporation and IBM were subsequently divested from the Fund during the period.

### RECENT DEVELOPMENTS

Over the last three years, North American equity markets have appreciated at a faster rate than earnings growth. As a result, equity market valuations, such as price-earnings ratios, have generally increased. At the same time, interest rates, and therefore the yields on fixed income securities, have remained at historically low levels. In this environment, it has become more difficult to find attractively valued securities. One group of companies that we believe is attractively valued, offering excellent total return prospects with limited downside risk, is the common shares of leading banks. As a result, at March 31, 2015 bank stocks accounted for 61.5% of the Fund's net asset value. The portfolio management team continues to believe that the Fund's focused portfolio of high quality companies positions the Fund well to meet its investment objective over the longer term.

### RELATED PARTY TRANSACTIONS

The Fund's manager is Portland Investment Counsel Inc. (the "Manager"). 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 period ended March 31, 2015, the Manager received \$34,733 in management fees from the Fund compared to \$13,141 for the period ended March 31, 2014.

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 operations. Depending on their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred. During the period ended March 31, 2015, the Manager was reimbursed \$10,598 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates. This compares to \$3,457 for period ended March 31, 2014. In addition to the amounts reimbursed, the Manager absorbed \$40,310 of operating expenses during the period ended March 31, 2015 compared to \$37,270 during the period ended March 31, 2014.

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$2,182 during the period ended March 31, 2015 by the Fund for such services, compared to \$1,296 during the period ended March 31, 2014.

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 "anticipate," "believe," "plan," "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 of the Fund. These forward-looking statements are subject to a number of risks and uncertainties 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.*

## Summary of Investment Portfolio as at March 31, 2015

## Top 25 Investments\*

	% of Net Asset Value
JPMorgan Chase & Company	9.9%
The Bank of Nova Scotia	9.9%
Aflac Inc.	9.3%
Canadian Imperial Bank of Commerce	9.2%
National Bank of Canada	9.0%
Royal Bank of Canada	8.0%
The Toronto-Dominion Bank	8.0%
Bank of Montreal	7.5%
Franklin Resources Inc.	5.6%
Fortis Inc.	5.1%
Cash	4.9%
iShares Core Canadian Short Term Corporate Maple Bond Index ETF	4.5%
iShares 1-5 Year Laddered Corporate Bond Index ETF	4.4%
RioCan Real Estate Investment Trust	2.5%
BMO Ultra Short-Term Bond Exchange Traded Fund	1.8%
iShares Canadian Corporate Bond Index ETF	0.5%
iShares Core High Quality Canadian Bond Index ETF	0.4%
iShares Canadian Universe Bond Index ETF	0.1%
<b>Grand Total</b>	<b>100.6%</b>

**Total net asset value** **\$4,879,828**

\* 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 does 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.

## Portfolio Composition

Sector	
Financials	78.9%
Exchange Traded Fund	11.7%
Utilities	5.1%
Cash and Other Assets	4.3%
Geographic Region	
Canadian Equity	59.2%
US Equity	24.8%
Canadian Fixed Income	11.7%
Cash and Other Assets	4.3%

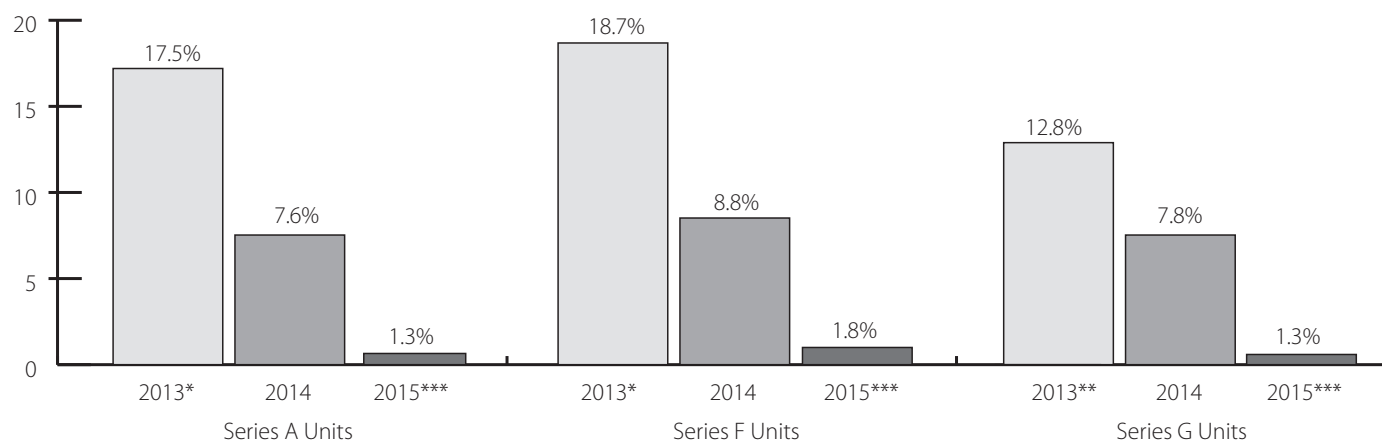
*Cash and Other Assets refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.*

### 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 investment fund in the periods shown were reinvested in additional securities of the investment 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 graphs show the annual historical returns of the applicable series of units, which change each year. Annual return is the percentage change in the value of an investment from October 1 to September 30 (unless otherwise stated).



\*Return for 2013 represents a partial year starting October 31, 2012 to September 30, 2013.

\*\*Return for 2013 represents a partial year starting March 14, 2013 to September 30, 2013.

\*\*\*Return for 2015 represents a partial year starting October 1, 2014 to March 31, 2015.

### 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 investment adviser 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 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	2.00%	100%	-	-
Series F	1.00%	-	-	100%
Series G	2.00%	50%	-	50%

## Financial Highlights

The following tables show selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past 5 years or, if shorter, the periods since inception of the Fund. For the current year, information in the table below is for the period from October 1, 2014 to March 31, 2015. For all other years, the information in the table below is for the period from October 1 to September 30, or inception date to September 30 in the inception period.

### Series A Units - Net Assets per unit<sup>(a)</sup>

For the periods ended	2015	2014	2013
Net assets, beginning of the period	\$12.63	\$11.75	\$10.00 <sup>(b)</sup>
Increase (decrease) from operations:			
Total revenue	0.20	0.30	0.27
Total expenses	(0.19)	(0.35)	(0.29)
Realized gains (losses)	(0.22)	0.11	0.60
Unrealized gains (losses)	0.38	0.69	0.49
Total increase (decrease) from operations <sup>2</sup>	0.17	0.75	1.07
Distributions to unitholders:			
From income	-	-	-
From dividends	-	(0.01)	-
From capital gains	(0.04)	-	-
Return of capital	-	-	-
Total annual distributions <sup>3</sup>	(0.04)	(0.01)	-
Net assets, end of period <sup>4</sup>	\$12.75	\$12.63	\$11.75

### Series A Units - Ratios/Supplemental Data

For the periods ended	2015	2014	2013
Total net asset value	\$3,000,195	\$2,419,511	\$985,388
Number of units outstanding	235,342	191,592	83,867
Management expense ratio <sup>5</sup>	2.79% *	2.79%	2.76% *
Management expense ratio before waivers or absorptions	4.94% *	7.43%	42.27% *
Trading expense ratio <sup>6</sup>	0.06% *	0.02%	0.10% *
Portfolio turnover rate <sup>7</sup>	29.22%	11.71%	123.73%
Net asset value per unit	\$12.75	\$12.63	\$11.75

### Series F Units - Net Assets per unit<sup>(a)</sup>

For the periods ended	2015	2014	2013
Net assets, beginning of the period	\$12.86	\$11.87	\$10.00 <sup>(b)</sup>
Increase (decrease) from operations:			
Total revenue	0.21	0.29	0.29
Total expenses	(0.12)	(0.20)	(0.14)
Realized gains (losses)	(0.22)	0.06	0.82
Unrealized gains (losses)	0.35	0.42	0.78
Total increase (decrease) from operations <sup>2</sup>	0.22	0.57	1.75
Distributions to unitholders:			
From income	-	-	-
From dividends	-	(0.05)	-
From capital gains	(0.04)	-	-
Return of capital	-	-	-
Total annual distributions <sup>3</sup>	(0.04)	(0.05)	-
Net assets, end of period <sup>4</sup>	\$13.06	\$12.86	\$11.87

### Series F Units - Ratios/Supplemental Data

For the periods ended	2015	2014	2013
Total net asset value	\$1,771,289	\$1,275,406	\$47,101
Number of units outstanding	135,662	99,161	3,969
Management expense ratio <sup>5</sup>	1.67% *	1.66%	1.64% *
Management expense ratio before waivers or absorptions	3.81% *	5.09%	19.14% *
Trading expense ratio <sup>6</sup>	0.06% *	0.02%	0.10% *
Portfolio turnover rate <sup>7</sup>	29.22%	11.71%	123.73%
Net asset value per unit	\$13.06	\$12.86	\$11.87

Series G Units - Net Assets per unit<sup>1(a)</sup>

For the periods ended	2015	2014	2013
Net assets, beginning of the period	\$11.51	\$10.68	\$10.00 <sup>†(b)</sup>
Increase (decrease) from operations:			
Total revenue	0.18	0.32	0.17
Total expenses	(0.16)	(0.30)	(0.14)
Realized gains (losses)	(0.21)	0.08	0.46
Unrealized gains (losses)	0.35	0.16	0.20
Total increase (decrease) from operations <sup>2</sup>	0.16	0.26	0.69
Distributions to unitholders:			
From income	-	-	-
From dividends	-	-	-
From capital gains	(0.04)	-	-
Return of capital	-	-	-
Total annual distributions <sup>3</sup>	(0.04)	-	-
Net assets, end of period <sup>4</sup>	\$11.63	\$11.51	\$10.68

Series G Units - Ratios/Supplemental Data

For the periods ended	2015	2014	2013
Total net asset value	\$108,344	\$106,902	\$6,649
Number of units outstanding	9,313	9,285	622
Management expense ratio <sup>5</sup>	2.64% *	2.54%	2.59% *
Management expense ratio before waivers or absorptions	4.81% *	7.23%	27.63% *
Trading expense ratio <sup>6</sup>	0.06% *	0.02%	0.10% *
Portfolio turnover rate <sup>7</sup>	29.22%	11.71%	123.73%
Net asset value per unit	\$11.63	\$11.51	\$10.68

<sup>†</sup> Initial offering price

\* Annualized

## Explanatory Notes

- a) The information for March 31, 2015 and September 30, 2014 is derived from the Fund's unaudited semi-annual financial statements and audited annual financial statements, respectively prepared in accordance with International Financial Reporting Standards ("IFRS"). The information for prior years is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP. An explanation of the effect of the Fund's transition to IFRS can be found in the notes to the financial statements.

b) The following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first purchased by investors.

Series A Units	October 31, 2012
Series F Units	October 31, 2012
Series G Units	March 14, 2013
- 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.
- Distributions are paid out in cash/reinvested in additional units of the Fund, or both.
- This is not a reconciliation of the beginning and ending net assets per unit. The information for years prior to September 30, 2014 is derived from the Fund's annual audited financial statements prepared based on Canadian GAAP. Prior to September 30, 2014, for the purpose of processing unitholder transactions, net assets were calculated based on the closing market price, while for

financial statement purposes net assets were calculated based on bid/ask price. For the periods ended March 31, 2015 and September 30, 2014 the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes.

- The management expense ratio ("MER") is based on total expenses (excluding foreign withholding taxes, commissions and other portfolio transaction costs) 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 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.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, 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.



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Historical annual compounded total returns as at March 31, 2015 include changes in unit value and distributions reinvested and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Commissions, service fees, management fees and expenses may be associated with investment funds. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. PORTLAND, PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc. Used under licence by Portland Investment Counsel Inc.

Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel:1-888-710-4242 • Fax: 1-866-722-4242  
[www.portlandic.com](http://www.portlandic.com) • [info@portlandic.com](mailto:info@portlandic.com)

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