



PORTLAND
INVESTMENT COUNSEL®

PORTLAND CANADIAN BALANCED FUND
INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

MARCH 31, 2020

PORTFOLIO
MANAGEMENT TEAM

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Management Discussion of Fund Performance Portland Canadian Balanced Fund

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

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

The views of Portland Investment Counsel Inc. (the Manager) contained in this report are as of March 31, 2020 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) is to provide positive long-term total returns, consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and Canadian equities. The Fund seeks to provide income and capital growth by investing in a diversified portfolio of common equities, preferred shares, income securities and exchange-traded funds (ETFs). The Fund may invest up to 49% in foreign securities in a manner consistent with its investment objective.

RISK

The overall risk level has not changed for the Fund. Investors should be able to accept a low to medium level of risk and plan to hold for the medium to long term.

RESULTS OF OPERATIONS

For the six months ended March 31, 2020, the Fund's Series F units had a return of (17.4%). For the same period, the Fund's Blended Benchmark (which is a composite consisting of 60% of the return of the S&P/TSX Composite Total Return Index and 40% of the return of the iShares Core Canadian Universe Bond Index ETF TR), had a return of (11.4%). For the full period since inception of the Fund on October 31, 2012 to March 31, 2020, the Fund's Series F units had an annualized return of 6.4%. For the same period, the Index had an annualized return of 3.6%. 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, 2020 was \$10.5 million. Asset mix at March 31, 2020 was financials, 38.8%; cash and other net assets (liabilities), 17.2%; communication services, 14.1%; energy, 10.7%; exchange traded funds, 9.4%; consumer discretionary, 8.0%; and industrials, 1.8%. By geography, assets were invested in securities of issuers based in Canada, 41.3%; United States, 34.0%; Japan, 7.5% and cash and other net assets (liabilities), 17.2%.

The top three contributors to the Fund's performance during the six months ended March 31, 2020, were Marathon Petroleum Corporation, CenturyLink Inc. and Phillips 66. All of these investments were purchased during the sharp equity market decline in March 2020. By March 31, 2020, they had already all enjoyed positive returns.

The bottom three contributors to the Fund's performance during the six months ended March 31, 2020, were Citigroup Inc., Magna International Inc. and The Bank of Nova Scotia. During the equity market decline in February and March 2020, the share prices of all three businesses fell sharply. Market concerns included declining auto sales and the implications for auto parts suppliers, and the expectation of much higher loan losses for the banks. While these concerns have some merit, we believe that the stock market declines have been overdone and that they will be temporary.

RECENT DEVELOPMENTS

A special meeting of Unitholders held on March 26, 2020, resulted in unitholders voting in favour of Portland Canadian Focused Fund merging into the Fund and terminating Portland Canadian Focused Fund, effective on the close of business day on April 17, 2020.

As they have had for several months, both Portland Canadian Balanced Fund and Portland Canadian Focused Fund have significant cash positions. Before deploying that cash, we wish to see evidence that the COVID-19 global pandemic is getting under control, satisfactory earnings reports from U.S. banks, and attractive equity valuations. Investment of the cash, together with recovery in time of the valuations of existing investments, is expected to enhance future fund performance.

RELATED PARTY TRANSACTIONS

The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During the period ended March 31, 2020, the Manager received \$81,532 in management fees from the Fund, net of applicable taxes (March 31, 2019: \$74,934).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of comprehensive income. Depending on their nature, some expenditures are allocated to the Fund based on a variety of methods including net asset value or actual costs incurred. During the period ended March 31, 2020, the Manager was reimbursed \$30,572 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes (March 31, 2019: \$26,481). The Manager absorbed \$41,195 of operating expenses during the period ended March 31, 2020, net of applicable taxes (March 31, 2019: \$29,700). Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$622 during the period ended March 31, 2020 by the Fund for such services (March 31, 2019: \$246).

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course

of business. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from the independent review committee were not required or obtained for such transactions. As at March 31, 2020, Related Parties owned 311 shares of the Fund (March 31, 2019: 212).

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, 2020

Top 25 Investments*

	% of Net Asset Value
Cash	19.7%
Magna International Inc.	8.0%
The Toronto-Dominion Bank	7.6%
SoftBank Group Corp.	7.5%
Citigroup Inc.	7.4%
The Bank of Nova Scotia	7.2%
Canadian Imperial Bank of Commerce	7.1%
CenturyLink Inc.	6.6%
The Goldman Sachs Group, Inc.	6.0%
Phillips 66	5.5%
Marathon Petroleum Corporation	5.2%
iShares S&P/TSX Canadian Preferred Share Index ETF	3.2%
Horizons Active Preferred Share ETF	3.1%
BMO Laddered Preferred Share Index ETF	3.1%
Bank of Montreal	2.0%
Westinghouse Air Brake Technologies Corporation	1.8%
Berkshire Hathaway Inc.	1.5%
Grand Total	102.5%

Total net asset value **\$10,482,129**

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

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

Portfolio Composition

Sector	
Financials	38.8%
Cash and Other Net Assets (Liabilities)	17.2%
Communication Services	14.1%
Energy	10.7%
Exchange Traded Funds	9.4%
Consumer Discretionary	8.0%
Industrials	1.8%

Geographic Region	
U.S. Equity	34.0%
Canadian Equity	31.9%
Cash and Other Net Assets (Liabilities)	17.2%
Canadian Fixed Income	9.4%
Foreign Equity	7.5%

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

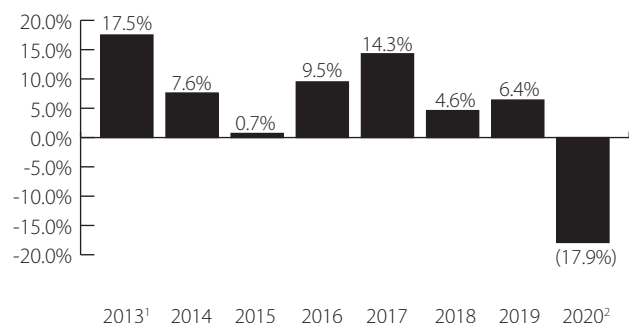
Past Performance

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 Fund in the periods shown were reinvested in additional securities of the Fund. The past performance information does not take into account sales, redemptions, distribution or other optional charges or income taxes payable by the unitholder that would have reduced returns or performance. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

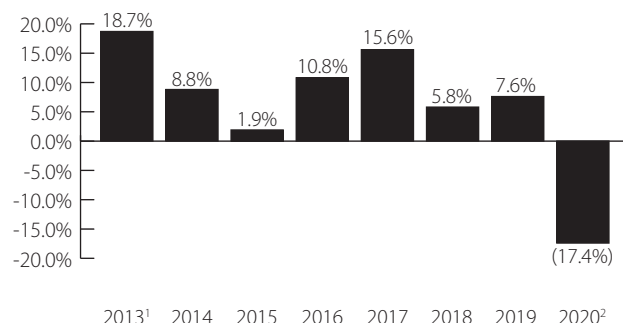
Year-By-Year Returns

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

Series A Units



Series F Units



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

2. Return for 2020 represents a partial year starting October 1, 2019 to March 31, 2020.

Management Fees

The Manager is responsible for the day-to-day management and administration of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the portfolio advisor and arranges for the administrative services required to be provided to the Fund. As compensation for its service, the Manager is entitled to receive a fee, payable monthly, calculated based on the 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%	22%	27%	51%
Series F	1.00%	-	49%	51%

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. Information for 2020 is presented for the six-month period ended March 31, 2020 and for all other periods, information is as at September 30 of the year shown.

Series A Units - Net Assets per unit¹

For the periods ended	2020	2019	2018	2017	2016	2015
Net assets, beginning of the period	\$15.43	\$15.22	\$15.00	\$13.40	\$12.68	\$12.63
Increase (decrease) from operations:						
Total revenue	0.22	0.53	0.52	0.48	0.43	0.44
Total expenses	(0.21)	(0.42)	(0.42)	(0.41)	(0.37)	(0.37)
Realized gains (losses)	0.08	0.93	0.48	0.68	0.09	0.59
Unrealized gains (losses)	(2.88)	(0.07)	0.05	0.92	1.04	(0.56)
Total increase (decrease) from operations ²	(2.79)	0.97	0.63	1.67	1.19	0.10
Distributions to unitholders:						
From income	-	-	-	-	-	-
From dividends	(0.05)	(0.05)	(0.01)	-	-	-
From capital gains	(0.37)	(0.60)	(0.46)	(0.30)	(0.45)	(0.04)
Return of capital	-	-	-	-	-	-
Total annual distributions ³	(0.42)	(0.65)	(0.47)	(0.30)	(0.45)	(0.04)
Net assets, end of period ⁴	\$12.34	\$15.43	\$15.22	\$15.00	\$13.40	\$12.68

Series A Units - Ratios/Supplemental Data

For the periods ended	2020	2019	2018	2017	2016	2015
Total net asset value	\$5,013,356	\$5,776,159	\$4,634,077	\$3,810,804	\$2,525,072	\$2,738,271
Number of units outstanding	406,360	374,354	304,451	254,066	188,496	215,918
Management expense ratio ⁵	2.82%	2.83%	2.82%	2.82%	2.82%	2.83%
Management expense ratio before waivers or absorptions ⁵	3.58%	3.34%	3.44%	3.90%	4.79%	5.49%
Trading expense ratio ⁶	0.04%	0.02%	0.01%	0.02%	0.06%	0.05%
Portfolio turnover rate ⁷	21.65%	54.90%	27.14%	22.59%	73.79%	84.47%
Net asset value per unit	\$12.34	\$15.43	\$15.22	\$15.00	\$13.40	\$12.68

Series F Units - Net Assets per unit¹

For the periods ended	2020	2019	2018	2017	2016	2015
Net assets, beginning of the period	\$15.95	\$15.72	\$15.49	\$13.78	\$13.06	\$12.86
Increase (decrease) from operations:						
Total revenue	0.23	0.55	0.54	0.48	0.43	0.44
Total expenses	(0.12)	(0.24)	(0.24)	(0.22)	(0.22)	(0.23)
Realized gains (losses)	0.08	0.98	0.47	0.69	0.19	0.39
Unrealized gains (losses)	(2.93)	(0.14)	-	1.08	1.21	(0.22)
Total increase (decrease) from operations ²	(2.74)	1.15	0.77	2.03	1.61	0.38
Distributions to unitholders:						
From income	-	-	-	-	(0.10)	-
From dividends	(0.17)	(0.17)	(0.15)	(0.12)	-	-
From capital gains	(0.37)	(0.64)	(0.51)	(0.29)	(0.53)	(0.04)
Return of capital	-	-	-	-	-	-
Total annual distributions ³	(0.54)	(0.81)	(0.66)	(0.41)	(0.63)	(0.04)
Net assets, end of period ⁴	\$12.73	\$15.95	\$15.72	\$15.49	\$13.78	\$13.06

Series F Units - Ratios/Supplemental Data

For the periods ended	2020	2019	2018	2017	2016	2015
Total net asset value	\$5,469,609	\$6,398,188	\$5,797,339	\$4,360,591	\$3,139,072	\$822,922
Number of units outstanding	429,542	401,159	368,836	281,449	227,788	62,993
Management expense ratio ⁵	1.68%	1.69%	1.69%	1.69%	1.69%	1.70%
Management expense ratio before waivers or absorptions ⁵	2.44%	2.20%	2.31%	2.77%	3.66%	4.31%
Trading expense ratio ⁶	0.04%	0.02%	0.01%	0.02%	0.06%	0.05%
Portfolio turnover rate ⁷	21.65%	54.90%	27.14%	22.59%	73.79%	84.47%
Net asset value per unit	\$12.73	\$15.95	\$15.72	\$15.49	\$13.78	\$13.06

Explanatory Notes

1. The information for March 31, 2020 is derived from the Fund's unaudited interim financial statements. For the remaining periods, the information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards.
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted daily average number of units outstanding over the financial period.
3. Distributions are paid out in cash/reinvested in additional units of the Fund, or both.
4. This is not a reconciliation of the beginning and ending net assets per unit.
5. The management expense ratio (MER) is based on total expenses (excluding foreign withholding taxes, commissions and other portfolio transaction costs but including management fee distributions paid to certain unitholders in the form of additional units) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager may absorb certain expenses otherwise payable by the Fund. The amount of expenses absorbed is determined annually at the discretion of the Manager.

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

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

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

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

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



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