



**PORTLAND**  
INVESTMENT COUNSEL™

PORTLAND MUTUAL FUNDS  
**INTERIM FINANCIAL STATEMENTS**

MARCH 31, 2014

# PORTLAND MUTUAL FUNDS INTERIM FINANCIAL STATEMENTS

MARCH 31, 2014

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## Management's Responsibilities for Financial Reporting

The accompanying financial statements have been prepared and approved by Portland Investment Counsel Inc., the manager and trustee (the "Manager") of the Portland Advantage Fund, Portland Canadian Balanced Fund, Portland Canadian Focused Fund, Portland Global Banks Fund and Portland Global Income Fund (the "Funds"). The Manager is responsible for the information and representations contained in these financial statements. The Board of Directors of the Manager is responsible for reviewing and approving the 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 accounting principles generally accepted in Canada 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 2 to the financial statements.

*"Michael Lee-Chin"*

**Michael Lee-Chin,  
Director  
May 20, 2014**

*"Robert Almeida"*

**Robert Almeida,  
Director  
May 20, 2014**

## Notice to Unitholders

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

## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
<b>EQUITIES</b>				
<b>Bermuda</b>				
2,277	Brookfield Infrastructure Partners Limited Partnership	\$ 85,768	\$ 99,243	
2,186	Brookfield Property Partners Limited Partnership	46,778	44,966	
3,246	Invesco Limited	100,110	132,688	
		<u>232,656</u>	<u>276,897</u>	<u>13.8%</u>
<b>Canada</b>				
1,530	Bank of Nova Scotia	92,002	97,966	
1,065	BCE Inc.	50,838	50,705	
1,472	Brookfield Asset Management Inc. 'A'	57,789	66,064	
2,113	CI Financial Corporation	60,994	73,638	
2,796	Dundee Corporation 'A'	52,708	44,037	
3,668	Element Financial Corporation	35,942	54,580	
2,488	IGM Financial Inc.	118,398	129,127	
3,105	Northland Power Inc.	50,772	53,965	
3,271	Pacific Rubiales Energy Corporation	64,496	65,093	
1,542	Suncor Energy Inc.	52,463	59,506	
1,804	Toronto-Dominion Bank	78,776	93,483	
		<u>715,178</u>	<u>788,164</u>	<u>39.5%</u>
<b>Colombia</b>				
303	Bancolombia SA ADR	19,285	18,878	
16,720	Grupo Aval Acciones y Valores SA	12,038	12,052	
560	Grupo de Inversiones Suramericana	11,902	11,372	
		<u>43,225</u>	<u>42,302</u>	<u>2.1%</u>
<b>Hong Kong</b>				
2,824	Cheung Kong Holdings Limited ADR	42,646	51,805	2.6%
<b>Panama</b>				
324	Copa Holdings SA 'A'	47,223	52,000	2.6%
<b>United States</b>				
293	Affiliated Managers Group Inc.	51,080	64,781	
344	Berkshire Hathaway Inc. 'B'	38,360	47,492	
1,739	Franklin Resources Inc.	89,511	104,121	
1,180	iShares India 50 ETF	28,211	33,539	
		<u>207,162</u>	<u>249,933</u>	<u>12.5%</u>
	Total investment portfolio	1,288,090	1,461,101	73.1%
	Transaction costs	(427)	—	—
	Net investment portfolio	<u>1,287,663</u>	<u>1,461,101</u>	<u>73.1%</u>
	Other assets less liabilities		538,938	26.9%
	<b>TOTAL NET ASSETS</b>		<u>\$ 2,000,039</u>	<u>100.0%</u>

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

## CREDIT RISK

The Fund had no significant investments in debt securities or derivatives as at March 31, 2014 and September 30, 2013 therefore the Fund was not subject to significant credit risk.

## INTEREST RATE RISK

The Fund had no investments in debt securities as at March 31, 2014 (nil - September 30, 2013) therefore the Fund is not subject to significant interest rate risk.

## CURRENCY RISK

The tables below show foreign currencies to which the Fund had direct exposure. The amounts are based on the fair value of the Fund's holdings and the underlying principal amounts of any forward contracts.

As at March 31, 2014

	Investments (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	604,548	62,899	-	667,447	33.4
Columbian Peso	23,424	-	-	23,424	1.2
<b>Total</b>	<b>627,972</b>	<b>62,899</b>	<b>-</b>	<b>690,871</b>	<b>34.6</b>

As at September 30, 2013

	Portfolio Holdings (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	373,698	750	-	374,448	33.9
Columbian Peso	23,882	-	-	23,882	2.2
<b>Total</b>	<b>397,580</b>	<b>750</b>	<b>-</b>	<b>398,330</b>	<b>36.1</b>

As at March 31, 2014, if the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, the net assets would be increased or decreased respectively, by approximately \$34,544 (\$19,917 - September 30, 2013). Actual results may differ from this sensitivity analysis and the difference could be material.

## OTHER MARKET RISK

Using a 17 month historical correlation between the Fund's return as compared to its benchmark, the S&P/TSX Composite Total Return Index, the best estimate of the effect on net assets due to a 5% increase or decrease change in the benchmark, with all other variables held constant, is \$64,817 as at March 31, 2014 (\$35,108 using a five month historical correlation as at September 30, 2013). Regression analysis was used to estimate the historical correlation. Historical correlation may not be representative of future correlation, and accordingly the impact on net assets could be materially different.

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

## LIQUIDITY RISK

The Fund manages its liquidity risk by investing substantially all of its assets in securities for which there is an active market.

The Fund may write covered call options and cash secured put options in accordance with its investment objectives and strategies. The Fund had no investments in options therefore is not subject to significant liquidity risk.

All liabilities of the Fund mature in one month or less.

## FAIR VALUE HIERARCHY

The tables below show by level the Fund's financial instruments carried at fair value (note 3) as at March 31, 2014 and September 30, 2013.

Assets at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Long	1,461,101	-	-	1,461,101
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>1,461,101</b>	<b>-</b>	<b>-</b>	<b>1,461,101</b>

Liabilities at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Assets at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Long	832,813	-	-	832,813
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>832,813</b>	<b>-</b>	<b>-</b>	<b>832,813</b>

Liabilities at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no significant transfers between levels during the periods ending March 31, 2014 and September 30, 2013.

## Statements of Net Assets (Unaudited)

	As at Mar 31, 2014	As at Sept 30, 2013
<b>ASSETS</b>		
Investments, at fair value	\$ 1,461,101	\$ 832,813
Cash and cash equivalents	444,063	295,162
Subscriptions receivable	106,469	-
Accrued investment income	3,893	2,086
	<u>\$ 2,015,526</u>	<u>\$ 1,130,061</u>
<b>LIABILITIES</b>		
Payable for investments purchased	\$ 15,487	\$ -
Redemptions payable	-	25,000
	<u>15,487</u>	<u>25,000</u>
<b>NET ASSETS</b>	<u>\$ 2,000,039</u>	<u>\$ 1,105,061</u>
<b>NET ASSETS</b>		
Series A Units	\$ 1,568,446	\$ 947,272
Series F Units	424,818	151,537
Series G Units	6,775	6,252
	<u>\$ 2,000,039</u>	<u>\$ 1,105,061</u>
<b>NUMBER OF UNITS OUTSTANDING (note 6)</b>		
Series A Units	128,287	83,890
Series F Units	34,213	13,288
Series G Units	600	600
<b>NET ASSETS PER UNIT (note 9)</b>		
Series A Units	\$ 12.23	\$ 11.29
Series F Units	\$ 12.42	\$ 11.40
Series G Units	\$ 11.29	\$ 10.42

## Statements of Operations (Unaudited)

for the periods ended March 31	2014	2013*
<b>INCOME</b>		
Interest	\$ 943	\$ 6
Dividends	14,019	2,693
	<u>14,962</u>	<u>2,699</u>
Foreign withholding taxes	(63)	(17)
Net investment income	<u>14,899</u>	<u>2,682</u>
<b>EXPENSES (note 7)</b>		
Management fees	\$ 14,711	\$ 2,376
Unitholder reporting costs	34,918	38,819
Audit fees	6,127	10,337
Custodial fees	2,924	3,205
Independent review committee fees	2,935	2,348
Legal fees	3,804	-
Income Tax Expense	218	-
Total expenses	65,637	57,085
Less: expenses absorbed by Manager	(46,614)	(54,070)
Net expenses	<u>\$ 19,023</u>	<u>\$ 3,015</u>
<b>NET INVESTMENT INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ (4,124)</u>	<u>\$ (333)</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on sales of investments and options	\$ 4,198	\$ 767
Foreign exchange gain (loss) on currencies and other net assets	1,365	(264)
Transaction costs	(179)	(171)
Net change in unrealized appreciation (depreciation) in the value of investments and options	115,685	14,732
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<u>121,069</u>	<u>15,064</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 116,945</u>	<u>\$ 14,731</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
Series A Units	\$ 93,358	\$ 12,836
Series F Units	\$ 23,064	\$ 1,957
Series G Units	\$ 523	\$ (62)
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b>		
Series A Units	\$ 0.93	0.52
Series F Units	\$ 1.12	0.76
Series G Units	\$ 0.87	(0.10)

\* From October 31, 2012 (commencement of operations) to March 31, 2013

Approved on behalf of the Trustee, Portland Investment Counsel Inc.

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

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

## Statements of Changes in Net Assets (Unaudited)

for the periods ended March 31	2014	2013*
NET ASSETS - BEGINNING OF PERIOD		
Series A Units	\$ 947,272	\$ -
Series F Units	151,537	-
Series G Units	6,252	-
	<u>1,105,061</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 93,358	\$ 12,836
Series F Units	23,064	1,957
Series G Units	523	(62)
	<u>116,945</u>	<u>14,731</u>
CAPITAL UNIT TRANSACTIONS (note 6):		
Proceeds from units issued		
Series A Units	\$ 729,901	\$ 506,648
Series F Units	279,936	32,089
Series G Units	-	6,000
	<u>1,009,837</u>	<u>544,737</u>
Payments for units redeemed		
Series A Units	\$ (202,085)	\$ -
Series F Units	(29,719)	-
Series G Units	-	-
	<u>(231,804)</u>	<u>-</u>
Net capital unit transactions	\$ 778,033	\$ 544,737
INCREASE (DECREASE) IN NET ASSETS FOR THE PERIOD		
Series A Units	\$ 621,174	\$ 519,484
Series F Units	273,281	34,046
Series G Units	523	5,938
	<u>\$ 894,978</u>	<u>\$ 559,468</u>
NET ASSETS - END OF PERIOD		
Series A Units	\$ 1,568,446	\$ 519,484
Series F Units	424,818	34,046
Series G Units	6,775	5,938
	<u>\$ 2,000,039</u>	<u>\$ 559,468</u>

\* From October 31, 2012 (commencement of operations) to March 31, 2013

## Statements of Cash Flow (Unaudited)

for the periods ended March 31	2014	2013*
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 116,945	\$ 14,731
Net realized (gain) loss on sale of investments	(4,198)	(767)
Net change in unrealized (appreciation) depreciation in value of investments	(115,685)	(14,732)
	<u>(2,938)</u>	<u>(768)</u>
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(513,163)	(474,319)
Proceeds from disposition of investments	20,245	11,216
Decrease (increase) in accrued investment income	(1,807)	(1,307)
Increase (decrease) in accrued management fees	-	1,484
Increase (decrease) in accrued expenses payable	-	391
Net cash provided by (used in) operating activities	<u>(497,663)</u>	<u>(463,303)</u>
Cash flows from financing activities:		
Proceeds from units issued	903,368	516,678
Payments for units redeemed	(256,804)	-
Net cash provided by (used in) financing activities	<u>646,564</u>	<u>516,678</u>
Increase (decrease) in cash during the period	\$ 148,901	\$ 53,375
Cash and cash equivalents, beginning of period	\$ 295,162	\$ -
Cash and cash equivalents, end of period	<u>\$ 444,063</u>	<u>\$ 53,375</u>

\* From October 31, 2012 (commencement of operations) to March 31, 2013

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

## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
<b>BOND</b>				
<b>Canada</b>				
200,000	Fortis Inc. 4.000% Convertible Bonds January 9, 2024	\$ 61,000	\$ 67,700	3.0%
<b>EQUITIES</b>				
<b>Canada</b>				
740	Bank of Montreal	45,895	54,730	
2,400	Bank of Nova Scotia	151,228	153,672	
3,400	National Bank of Canada	136,335	150,620	
4,200	RioCan Real Estate Investment Trust	100,866	111,720	
		434,324	470,742	20.9%
<b>Great Britain</b>				
2,700	EnSCO PLC 'A'	164,334	157,453	7.0%
<b>United States</b>				
320	DIRECTV	15,622	27,021	
700	International Business Machines Corporation	134,564	149,074	
1,900	JPMorgan Chase & Company	97,734	127,472	
		247,920	303,567	13.5%
	<b>Total Equities</b>	846,578	931,762	41.4%
<b>EXCHANGE TRADED - FIXED INCOME FUNDS</b>				
4,000	iShares 1-5 Year Laddered Corporate Bond Index Fund	79,171	78,960	
200	iShares Canadian Universe Bond Index Fund	6,087	6,102	
200	iShares DEX All Corporate Bond Index Fund	4,295	4,230	
2,300	iShares DEX Short Term Corporate Universe and Maple Bond Index Fund	45,569	45,724	
500	iShares High Quality Canadian Bond Index ETF	10,144	10,135	
		145,266	145,151	6.5%
	Total investment portfolio	1,052,844	1,144,613	50.9%
	Transaction costs	(336)	-	-
	Net investment portfolio	1,052,508	1,144,613	50.9%
	Other assets less liabilities		1,104,742	49.1%
	<b>TOTAL NET ASSETS</b>		\$ 2,249,355	100.0%

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



## CREDIT RISK

The Fund had no significant investments in debt securities or derivatives as at March 31, 2014 and September 30, 2013 therefore the Fund was not subject to significant credit risk.

The Fund is exposed to indirect credit risk as it holds units of other funds that invest in debt securities.

## INTEREST RATE RISK

The table below shows the Funds exposure to interest rate risk, categorized by the earlier of contractual re-pricing or maturity date.

Debt Instruments by Maturity Date	March 31, 2014
Less than 1 year	-
1-3 years	-
3-5 years	-
Greater than 5 years	67,700
No Maturity Date	-
<b>Total</b>	<b>67,700</b>

The Fund had no investments in debt securities as at September 30, 2013.

The Fund is exposed to indirect interest rate risk as it holds units of other funds that invest in debt securities.

## CURRENCY RISK

The tables below show foreign currencies to which the Fund had direct exposure as at March 31, 2014. The amounts are based on the fair value of the Fund's holdings and the underlying principal amounts of any forward contracts.

As at March 30, 2014

	Investments (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	461,019	-	-	461,019	20.5
<b>Total</b>	<b>461,019</b>	<b>-</b>	<b>-</b>	<b>461,019</b>	<b>20.5</b>

As at September 30, 2013

	Portfolio Holdings (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	81,747	-	-	81,747	7.8
<b>Total</b>	<b>81,747</b>	<b>-</b>	<b>-</b>	<b>81,747</b>	<b>7.8</b>

As at March 31, 2014, if the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, the net assets would be increased or decreased respectively, by approximately \$23,051 (\$4,087 - September 30, 2013). Actual results may differ from this sensitivity analysis and the difference could be material. The Fund is exposed to indirect currency risk as it holds units of other funds that invest in foreign currencies.

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

## OTHER MARKET RISK

Using a 17 month historical correlation between the Fund's return as compared to its benchmark, the S&P/TSX Composite Total Return Index, the best estimate of the effect on net assets due to a 5% increase or decrease change in the benchmark, with all other variables held constant, is \$45,014 (\$22,854 using a five month historical correlation as at September 30, 2013). Regression analysis was used to estimate the historical correlation. Historical correlation may not be representative of future correlation, and accordingly the impact on net assets could be materially different.

## LIQUIDITY RISK

The Fund manages its liquidity risk by investing substantially all of its assets in securities for which there is an active market.

The Fund may write covered call options and cash secured put options in accordance with its investment objectives and strategies. The Fund had no investments in options therefore is not subject to significant liquidity risk.

The Fund has no liabilities as at March 31, 2014.

## FAIR VALUE HIERARCHY

The tables below show by level the Fund's financial instruments carried at fair value (note 3) as at March 31, 2014 and September 30, 2013.

Assets at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Long	1,076,913	-	-	1,076,913
Bonds - Long	-	67,700	-	67,700
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>1,076,913</b>	<b>67,700</b>	<b>-</b>	<b>1,144,613</b>

Liabilities at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Assets at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Long	353,628	-	-	353,628
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>353,628</b>	<b>-</b>	<b>-</b>	<b>353,628</b>

Liabilities at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no significant transfers between levels during the period ending March 31, 2014 and September 30, 2013.

## Statements of Net Assets (Unaudited)

	As at Mar 31, 2014	As at Sept 30, 2013
<b>ASSETS</b>		
Investments, at fair value	\$ 1,144,613	\$ 353,628
Cash and cash equivalents	949,787	613,731
Subscriptions receivable	150,654	70,750
Accrued investment income	4,301	875
	<u>\$ 2,249,355</u>	<u>\$ 1,038,984</u>
<b>LIABILITIES</b>		
	\$ -	\$ -
<b>NET ASSETS</b>	<u>\$ 2,249,355</u>	<u>\$ 1,038,984</u>
<b>NET ASSETS</b>		
Series A Units	\$ 1,775,638	\$ 985,242
Series F Units	466,644	47,094
Series G Units	7,073	6,648
	<u>\$ 2,249,355</u>	<u>\$ 1,038,984</u>
<b>NUMBER OF UNITS OUTSTANDING (note 6)</b>		
Series A Units	142,330	83,867
Series F Units	36,932	3,969
Series G Units	622	622
<b>NET ASSETS PER UNIT (note 9)</b>		
Series A Units	\$ 12.48	\$ 11.75
Series F Units	\$ 12.64	\$ 11.87
Series G Units	\$ 11.37	\$ 10.68

## Statements of Operations (Unaudited)

for the periods ended March 31	2014	2013*
<b>INCOME</b>		
Interest	\$ 3,085	\$ -
Dividends	19,064	1,824
	<u>22,149</u>	<u>1,824</u>
Foreign withholding taxes	(316)	(75)
Net investment income	<u>21,833</u>	<u>1,749</u>
<b>EXPENSES (note 7)</b>		
Management fees	\$ 14,829	\$ 1,313
Unitholder reporting costs	32,373	28,452
Audit fees	6,127	10,337
Custodial fees	364	3,205
Independent review committee fees	2,935	2,348
Legal fees	4,228	-
Total expenses	60,856	45,655
Less: expenses absorbed by Manager	(42,121)	(43,968)
Net expenses	<u>\$ 18,735</u>	<u>\$ 1,687</u>
<b>NET INVESTMENT INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 3,098</u>	<u>\$ 62</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on sales of investments and options	\$ 8,838	\$ 5,514
Foreign exchange gain (loss) on currencies and other net assets	(648)	(95)
Transaction costs	(223)	(103)
Net change in unrealized appreciation (depreciation) in the value of investments and options	76,131	10,670
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<u>84,098</u>	<u>15,986</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 87,196</u>	<u>\$ 16,048</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
Series A Units	\$ 78,783	\$ 13,330
Series F Units	\$ 7,988	\$ 2,716
Series G Units	\$ 425	\$ 2
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b>		
Series A Units	\$ 0.75	1.01
Series F Units	\$ 0.92	1.05
Series G Units	\$ 0.68	0.01

\* From October 31, 2012 (commencement of operations) to March 31, 2013

Approved on behalf of the Trustee, Portland Investment Counsel Inc.

"Michael Lee-Chin"

Director

"Robert Almeida"

Director

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

## Statements of Changes in Net Assets (Unaudited)

for the periods ended March 31	2014	2013*
NET ASSETS - BEGINNING OF PERIOD		
Series A Units	\$ 985,242	\$ -
Series F Units	47,094	-
Series G Units	6,648	-
	<u>1,038,984</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 78,783	\$ 13,330
Series F Units	7,988	2,716
Series G Units	425	2
	<u>87,196</u>	<u>16,048</u>
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income		
Series A Units	\$ (1,164)	\$ -
Series F Units	(339)	-
Series G Units	-	-
Total Distributions to Unitholders	<u>\$ (1,503)</u>	<u>\$ -</u>
CAPITAL UNIT TRANSACTIONS (note 6):		
Proceeds from units issued		
Series A Units	\$ 901,562	\$ 153,510
Series F Units	441,872	33,211
Series G Units	-	2,000
	<u>1,343,434</u>	<u>188,721</u>
Reinvested distributions		
Series A Units	\$ 1,164	\$ -
Series F Units	339	-
Series G Units	-	-
	<u>1,503</u>	<u>-</u>
Payments for units redeemed		
Series A Units	\$ (189,949)	\$ -
Series F Units	(30,310)	-
Series G Units	-	-
	<u>(220,259)</u>	<u>-</u>
Net capital unit transactions	<u>\$ 1,123,175</u>	<u>\$ 188,721</u>
INCREASE (DECREASE) IN NET ASSETS FOR THE PERIOD		
Series A Units	\$ 790,396	\$ 166,840
Series F Units	419,550	35,927
Series G Units	425	2,002
	<u>\$ 1,210,371</u>	<u>\$ 204,769</u>
NET ASSETS - END OF PERIOD		
Series A Units	\$ 1,775,638	\$ 166,840
Series F Units	466,644	35,927
Series G Units	7,073	2,002
	<u>\$ 2,249,355</u>	<u>\$ 204,769</u>

\* From October 31, 2012 (commencement of operations) to March 31, 2013

## Statements of Cash Flow (Unaudited)

for the periods ended March 31	2014	2013*
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 87,196	\$ 16,048
Net realized (gain) loss on sale of investments	(8,838)	(5,514)
Net change in unrealized (appreciation) depreciation in value of investments	<u>(76,131)</u>	<u>(10,670)</u>
	2,227	(136)
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(817,774)	(212,735)
Proceeds from disposition of investments	111,758	41,197
Decrease (increase) in accrued investment income	(3,426)	(230)
Increase (decrease) in accrued management fees	-	544
Increase (decrease) in accrued expenses payable	-	153
Net cash provided by (used in) operating activities	<u>(707,215)</u>	<u>(171,207)</u>
Cash flows from financing activities:		
Proceeds from units issued	1,263,530	188,721
Payments for units redeemed	(220,259)	-
Net cash provided by (used in) financing activities	<u>1,043,271</u>	<u>188,721</u>
Increase (decrease) in cash during the period	\$ 336,056	\$ 17,514
Cash and cash equivalents, beginning of period	\$ 613,731	\$ -
Cash and cash equivalents, end of period	<u>\$ 949,787</u>	<u>\$ 17,514</u>

\* From October 31, 2012 (commencement of operations) to March 31, 2013

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

## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
<b>BOND</b>				
<b>Canada</b>				
500,000	Fortis Inc. 4.000% Convertible Bonds January 9, 2024	\$ 152,500	\$ 169,250	4.0%
<b>EQUITIES</b>				
<b>Canada</b>				
410	Bank of Montreal	25,428	30,323	
5,800	Bank of Nova Scotia	367,661	371,374	
8,470	National Bank of Canada	348,181	375,221	
14,100	RioCan Real Estate Investment Trust	338,593	375,060	
		1,079,863	1,151,978	27.4%
<b>Great Britain</b>				
6,400	EnSCO PLC 'A'	398,314	373,221	8.8%
<b>United States</b>				
360	DIRECTV	17,575	30,399	
1,800	International Business Machines Corporation	346,037	383,333	
6,300	JPMorgan Chase & Company	329,400	422,669	
		693,012	836,401	19.8%
	<b>Total Equities</b>	2,171,189	2,361,600	56.0%
	Total investment portfolio	2,323,689	2,530,850	60.0%
	Transaction costs	(943)	-	-
	Net investment portfolio	2,322,746	2,530,850	60.0%
	Other assets less liabilities		1,688,081	40.0%
	<b>TOTAL NET ASSETS</b>		\$ 4,218,931	100.0%

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

## CREDIT RISK

The Fund had no significant investments in debt securities or derivatives as at March 31, 2014 and September 30, 2013 therefore the Fund was not subject to significant credit risk.

## INTEREST RATE RISK

The table below shows the Funds exposure to interest rate risk, categorized by the earlier of contractual re-pricing or maturity date.

Debt Instruments by Maturity Date		March 31, 2014
Less than 1 year		-
1-3 years		-
3-5 years		-
Greater than 5 years		169,250
No Maturity Date		-
<b>Total</b>		<b>169,250</b>

The Fund had no investments in debt securities as at September 30, 2013.

## CURRENCY RISK

The tables below show foreign currencies to which the Fund had direct exposure. The amounts are based on the fair value of the Fund's holdings and the underlying principal amounts of any forward contracts.

As at March 31, 2014

	Investments (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	1,209,622	-	-	1,209,622	28.7
<b>Total</b>	<b>1,209,622</b>	<b>-</b>	<b>-</b>	<b>1,209,622</b>	<b>28.7</b>

As at September 30, 2013

	Portfolio Holdings (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	218,296	-	-	218,296	6.4
<b>Total</b>	<b>218,296</b>	<b>-</b>	<b>-</b>	<b>218,296</b>	<b>6.4</b>

As at March 31, 2014, if the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, the net assets would be increased or decreased respectively, by approximately \$60,481 (\$10,915 - September 30, 2013). Actual results may differ from this sensitivity analysis and the difference could be material.

## OTHER MARKET RISK

Using a 17 month historical correlation between the Fund's return as compared to its benchmark, the S&P/TSX Composite Total Return Index, the best estimate of the effect on net assets due to a 5% increase or decrease change in the benchmark, with all other variables held constant, is \$29,032 (\$22,839 using a five month historical correlation as at September 30, 2013). Regression analysis was used to estimate the historical correlation. Historical correlation may not be representative of future correlation, and accordingly the impact on net assets could be materially different.

## LIQUIDITY RISK

The Fund manages its liquidity risk by investing substantially all of its assets in securities for which there is an active market.

The Fund may write covered call options and cash secured put options in accordance with its investment objectives and strategies. The Fund had no investments in options therefore is not subject to significant liquidity risk.

The Fund has no liabilities as at March 31, 2014.

## FAIR VALUE HIERARCHY

The tables below show by level the Fund's financial instruments carried at fair value (note 3) as at March 31, 2014 and September 30, 2013.

	Assets at fair value as at March 31, 2014 (\$)			
	Level 1	Level 2	Level 3	Total
Equities - Long	2,361,600	-	-	2,361,600
Bonds - Long	-	169,250	-	169,250
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>2,361,600</b>	<b>169,250</b>	<b>-</b>	<b>2,530,850</b>

	Liabilities at fair value as at March 31, 2014 (\$)			
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Assets at fair value as at September 30, 2013 (\$)			
	Level 1	Level 2	Level 3	Total
Equities - Long	466,684	-	-	466,684
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>466,684</b>	<b>-</b>	<b>-</b>	<b>466,684</b>

	Liabilities at fair value as at September 30, 2013 (\$)			
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	-	-	-	-
Forward contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no significant transfers between levels during the period ending March 31, 2014 and September 30, 2013.

## Statements of Net Assets (Unaudited)

	As at Mar 31, 2014	As at Sept 30, 2013
<b>ASSETS</b>		
Investments, at fair value	\$ 2,530,850	\$ 466,684
Cash and cash equivalents	1,494,622	2,951,768
Subscriptions receivable	182,500	20,750
Accrued investment income	10,959	1,563
	<u>\$ 4,218,931</u>	<u>\$ 3,440,765</u>
<b>LIABILITIES</b>		
	\$ -	\$ -
<b>NET ASSETS</b>	<u>\$ 4,218,931</u>	<u>\$ 3,440,765</u>
<b>NET ASSETS</b>		
Series A Units	\$ 2,493,712	\$ 2,426,302
Series F Units	1,706,578	996,918
Series G Units	18,641	17,545
	<u>\$ 4,218,931</u>	<u>\$ 3,440,765</u>
<b>NUMBER OF UNITS OUTSTANDING (note 6)</b>		
Series A Units	205,709	212,435
Series F Units	138,571	86,405
Series G Units	1,605	1,605
<b>NET ASSETS PER UNIT (note 9)</b>		
Series A Units	\$ 12.12	\$ 11.42
Series F Units	\$ 12.32	\$ 11.54
Series G Units	\$ 11.62	\$ 10.93

## Statements of Operations (Unaudited)

for the periods ended March 31	2014	2013*
<b>INCOME</b>		
Interest	\$ 8,974	\$ -
Dividends	44,179	1,057
	<u>53,153</u>	<u>1,057</u>
Foreign withholding taxes	(958)	(77)
Net investment income	<u>\$ 52,195</u>	<u>980</u>
<b>EXPENSES (note 7)</b>		
Management fees	\$ 34,637	\$ 1,505
Unitholder reporting costs	45,182	29,843
Audit fees	6,127	10,337
Custodial fees	188	3,205
Independent review committee fees	2,935	2,348
Income Tax Expense	565	-
Total expenses	89,634	47,238
Less: expenses absorbed by Manager	(44,047)	(45,325)
Net expenses	<u>\$ 45,587</u>	<u>\$ 1,913</u>
<b>NET INVESTMENT INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 6,608</u>	<u>\$ (933)</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on sales of investments and options	\$ 28,736	\$ 5,489
Foreign exchange gain (loss) on currencies and other net assets	(2,015)	(88)
Transaction costs	(640)	(59)
Net change in unrealized appreciation (depreciation) in the value of investments and options	195,417	10,738
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<u>221,498</u>	<u>16,080</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 228,106</u>	<u>\$ 15,147</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
Series A Units	\$ 144,244	\$ 12,406
Series F Units	\$ 82,766	\$ 2,299
Series G Units	\$ 1,096	\$ 442
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b>		
Series A Units	\$ 0.69	0.86
Series F Units	\$ 0.80	0.89
Series G Units	\$ 0.68	0.44

Approved on behalf of the Trustee, Portland Investment Counsel Inc.

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

\* From October 31, 2012 (commencement of operations) to March 31, 2013

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

## Statements of Changes in Net Assets (Unaudited)

for the periods ended March 31	2014	2013*
NET ASSETS - BEGINNING OF PERIOD		
Series A Units	\$ 2,426,302	\$ -
Series F Units	996,918	-
Series G Units	17,545	-
	<u>3,440,765</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 144,244	\$ 12,406
Series F Units	82,766	2,299
Series G Units	1,096	442
	<u>228,106</u>	<u>15,147</u>
CAPITAL UNIT TRANSACTIONS (note 6):		
Proceeds from units issued		
Series A Units	\$ 309,915	\$ 199,211
Series F Units	656,045	36,641
Series G Units	-	16,232
	<u>965,960</u>	<u>252,084</u>
Reinvested distributions		
Series A Units	\$ -	\$ (5,232)
Series F Units	-	-
Series G Units	-	-
	<u>-</u>	<u>(5,232)</u>
Payments for units redeemed		
Series A Units	\$ (386,749)	\$ -
Series F Units	(29,151)	-
Series G Units	-	-
	<u>(415,900)</u>	<u>-</u>
Net capital unit transactions	\$ 550,060	\$ 246,852
INCREASE (DECREASE) IN NET ASSETS FOR THE PERIOD		
Series A Units	\$ 67,410	\$ 206,385
Series F Units	709,660	38,940
Series G Units	1,096	16,674
	<u>\$ 778,166</u>	<u>\$ 261,999</u>
NET ASSETS - END OF PERIOD		
Series A Units	\$ 2,493,712	\$ 206,385
Series F Units	1,706,578	38,940
Series G Units	18,641	16,674
	<u>\$ 4,218,931</u>	<u>\$ 261,999</u>

\* From October 31, 2012 (commencement of operations) to March 31, 2013

## Statements of Cash Flow (Unaudited)

for the periods ended March 31	2014	2013*
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 228,106	\$ 15,147
Net realized (gain) loss on sale of investments	(28,736)	(5,489)
Net change in unrealized (appreciation) depreciation in value of investments	(195,417)	(10,738)
	<u>3,953</u>	<u>(1,080)</u>
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(2,208,851)	(200,131)
Proceeds from disposition of investments	368,838	19,228
Decrease (increase) in accrued investment income	(9,396)	(163)
Increase (decrease) in accrued management fees	-	663
Increase (decrease) in accrued expenses payable	-	178
Net cash provided by (used in) operating activities	<u>(1,845,456)</u>	<u>(181,305)</u>
Cash flows from financing activities:		
Proceeds from units issued	804,210	250,684
Payments for units redeemed	(415,900)	(5,232)
Net cash provided by (used in) financing activities	<u>388,310</u>	<u>245,452</u>
Increase (decrease) in cash during the period	\$ (1,457,146)	\$ 64,147
Cash and cash equivalents, beginning of period	\$ 2,951,768	\$ -
Cash and cash equivalents, end of period	<u>\$ 1,494,622</u>	<u>\$ 64,147</u>

\* From October 31, 2012 (commencement of operations) to March 31, 2013

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

## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
<b>EQUITIES</b>				
<b>Australia</b>				
4,000	Australia & New Zealand Banking Group Limited	\$ 120,582	\$ 135,480	
6,000	National Australia Bank Limited	199,320	217,977	
		<u>319,902</u>	<u>353,457</u>	<u>2.7%</u>
<b>Canada</b>				
3,175	Portland CVBI Holdings LP 'F'	354,097	367,381	
2,478	Portland Global Energy Efficiency and Renewable Energy Fund LP 'O'	123,926	125,061	
1,854	Portland Private Income Fund 'O'	93,021	92,593	
		<u>571,044</u>	<u>585,035</u>	<u>4.4%</u>
<b>France</b>				
14,000	BNP Paribas SA	952,969	1,193,344	9.0%
<b>Great Britain</b>				
150,000	Barclays PLC	1,618,981	645,108	
50,000	Barclays PLC ADR	1,300,827	866,394	
15,000	HSBC Holdings PLC	237,206	167,883	
11,500	HSBC Holdings PLC ADR	839,399	645,850	
250,000	Lloyds Banking Group PLC	643,667	343,652	
34,000	Royal Bank of Scotland Group PLC ADR	427,589	389,634	
37,000	Standard Chartered PLC	793,538	854,607	
		<u>5,861,207</u>	<u>3,913,128</u>	<u>29.5%</u>
<b>India</b>				
9,000	ICICI Bank Limited ADR	334,365	435,529	3.3%
<b>Netherlands</b>				
35,000	ING Groep NV ADR	466,018	550,779	4.2%
<b>Spain</b>				
14,000	Banco Santander SA	157,195	147,490	1.1%
<b>Sweden</b>				
15,000	Nordea Bank AB	203,961	234,643	1.8%
<b>Switzerland</b>				
15,000	Credit Suisse Group AG ADR	489,582	536,579	4.0%
<b>United States</b>				
21,000	Bank of America Corporation	328,745	399,392	
25,000	Citigroup Inc.	1,295,330	1,314,786	
27,000	JPMorgan Chase & Company	1,065,657	1,811,438	
4,500	Morgan Stanley	145,134	154,956	
5,500	State Street Corporation	397,075	422,726	
2,500	The Goldman Sachs Group Inc.	439,017	452,509	
2,200	U.S. Bancorp	86,520	104,202	
10,000	Wells Fargo & Company	306,982	549,674	
		<u>4,064,460</u>	<u>5,209,683</u>	<u>39.3%</u>
	<b>Total Equities</b>	<u>13,420,703</u>	<u>13,159,667</u>	<u>99.3%</u>

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



## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
<b>DERIVATIVES - WRITTEN OPTIONS</b>				
<b>Written Call Options</b>				
<b>France</b>				
EUR (10)	BNP Paribas SA April 2014 @ 66.00 EUR	(881)	(304)	-
<b>Great Britain</b>				
USD (100)	Royal Bank of Scotland Group PLC ADR May 2014 @ 15.00 USD	(972)	(1,658)	-
<b>India</b>				
USD (10)	ICICI Bank Limited ADR June 2014 @ 48.00 USD	(1,084)	(1,658)	
USD (15)	ICICI Bank Limited ADR June 2014 @ 50.00 USD	(1,061)	(1,426)	
		(2,145)	(3,084)	-
<b>Spain</b>				
EUR (50)	Banco Santander SA June 2014 @ 7.50 EUR	(651)	(837)	-
<b>United States</b>				
USD (5)	Citigroup Inc. April 2014 @ 60.00 USD	(399)	(11)	
USD (25)	Citigroup Inc. June 2014 @ 65.00 USD	(1,309)	(193)	
USD (20)	JPMorgan Chase & Company June 2014 @ 67.50 USD	(977)	(442)	
USD (20)	JPMorgan Chase & Company July 2014 @ 70.00 USD	(404)	(354)	
USD (10)	U.S. Bancorp June 2014 @ 46.00 USD	(269)	(210)	
USD (20)	Wells Fargo & Company July 2014 @ 55.00 USD	(359)	(442)	
		(3,717)	(1,652)	-
	<b>Total written call options</b>	(8,366)	(7,535)	-
<b>Written Put Options</b>				
<b>Great Britain</b>				
USD (50)	Royal Bank of Scotland Group PLC ADR May 2014 @ 10.00 USD	(1,337)	(2,210)	-
<b>United States</b>				
USD (50)	Bank of America Corporation April 2014 @ 14.00 USD	(491)	(55)	
USD (75)	Bank of America Corporation May 2014 @ 14.00 USD	(835)	(166)	
USD (10)	The Goldman Sachs Group Inc. April 2014 @ 150.00 USD	(993)	(354)	
		(2,319)	(575)	-
	<b>Total written put options</b>	(3,656)	(2,785)	-
	<b>Total written options</b>	(12,022)	(10,320)	(0.1%)
<b>FORWARD CURRENCY CONTRACTS (Schedule 1)</b>				
	Total unrealized gain on forward currency contracts	-	20,581	
	Total unrealized loss on forward currency contracts	-	(30,747)	
		-	(10,166)	(0.1%)
	Net investments	13,408,681	13,139,181	99.1%
	Transaction costs	(34,308)	-	-
	Net investment portfolio	\$ 13,374,373	13,139,181	99.1%
	Other assets less liabilities		123,189	0.9%
	<b>TOTAL NET ASSETS</b>		\$ 13,262,370	100.0%

## Schedule 1

Buy	Sell	Maturity Date	Unrealized gain (loss)
200,000 GBP	368,355 CAD	Apr-16-2014	166
3,335,400 CAD	3,000,000 USD	Jun-25-2014	14,502
2,140,460 CAD	1,400,000 EUR	Jun-25-2014	5,695
128,201 CAD	750,000 SWK	Jun-25-2014	218
	<b>Total unrealized gain on forward contracts</b>		\$ 20,581
172,682 CAD	180,000 AUS	Apr-16-2014	(11,638)
721,421 CAD	400,000 GBP	Apr-16-2014	(15,621)
200,000 EUR	305,520 CAD	Jun-25-2014	(554)
1,000,000 USD	1,109,900 CAD	Jun-25-2014	(2,934)
	<b>Total unrealized loss on forward contracts</b>		\$ (30,747)

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

## CREDIT RISK

The Fund's exposure to credit risk arises primarily from investments in forward currency contracts. The maximum exposure to credit risk from these contracts is equivalent to the fair value of forward currency contracts that are in a net unrealized gain position as of the reporting date.

The Fund uses counterparties that meet or exceed the minimum credit rating thresholds outlined in National Instrument 81-102.

The table below presents the credit rating for each counterparty in a net realized gain position to the Fund's forward currency contracts as at March 31, 2014.

Counterparty	Credit Rating	Net Unrealized Gain (\$)
The Toronto-Dominion Bank	Aa1 (Moody's)	16,927

The table below presents the credit rating for each counterparty in a net unrealized gain position to the Trust's forward currency contracts as at September 30, 2013.

Counterparty	Credit Rating	Net Unrealized Gain (\$)
The Toronto-Dominion Bank	Aa1 (Moody's)	152,120

The Fund limits its exposure to credit losses on forward currency contracts by ensuring there are netting arrangements with each counterparty to the forward currency contracts, such that any gains (amounts owing to the Fund) on individual contracts can be set off against any losses (amounts owing to the counterparty) in the event of default.

## OTHER MARKET RISK

Using a three month historical correlation between the Fund's return as compared to its benchmark, the MSCI World Total Return Index, the best estimate of the effect on net assets due to a 5% increase or decrease change in the benchmark, with all other variables held constant, is \$306,243 (\$2,757,834 using a three year historical correlation to the MSCI UK Total Return Index as at September 30, 2013). Regression analysis was used to estimate the historical correlation. Historical correlation may not be representative of future correlation, and accordingly the impact on net assets could be materially different.

## CURRENCY RISK

As the Fund will invest in securities traded in foreign currencies, the net assets and cash flows, when measured in Canadian dollars, will, to the extent that they have not been fully hedged, be affected by changes in the value of these currencies relative to the Canadian dollar.

The use of currency hedges such as forward 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 hedges could result in losses greater than if hedging had not been used. The hedging arrangements 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 hedging program may outweigh the benefits of the arrangements in some circumstances.

The Manager, may, from time to time, at its sole discretion, hedge all or a portion of the value of the Funds non-Canadian dollar currency exposure or the non-Canadian currency exposure of the issuers whose securities comprise the Fund's portfolio back, directly or indirectly, to the Canadian dollar.

As at March 31, 2014

	Investments (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	8,992,652	(49,922)	(2,213,932)	6,728,798	50.7
British Pound	2,011,249	108,702	(368,521)	1,751,430	13.2
Australian Dollar	353,457	-	(184,320)	169,137	1.3
Swiss Franc	234,643	-	(127,983)	106,660	0.8
Euro	1,339,692	4,357	(1,829,798)	(485,749)	(3.7)
<b>Total</b>	<b>12,931,693</b>	<b>63,137</b>	<b>(4,724,554)</b>	<b>8,270,276</b>	<b>62.3</b>

As at September 30, 2013:

	Investments (\$)	Cash and/or Borrowings (\$)	Derivatives (\$)	Net (\$)	Percentage of Net Assets (%)
British Pound	11,580,853	91,593	(7,007,345)	4,665,101	18.0
Euro Dollar	2,458,977	583	(2,789,751)	(330,191)	(1.3)
United States Dollar	11,786,275	(141,982)	(6,211,287)	5,433,006	21.0
<b>Total</b>	<b>25,826,105</b>	<b>(49,806)</b>	<b>(16,008,383)</b>	<b>9,767,916</b>	<b>37.7</b>

As at March 31, 2014, if the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, the net assets would be increased or decreased respectively, by approximately \$413,514 (\$488,396 - September 30, 2013). Actual results may differ from this sensitivity analysis and the difference could be material.

The forward currency hedge amounts in the table above 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. In practice, the actual currency exposure may differ from this hedging program, and the difference could be material.

## INTEREST RATE RISK

As at March 31, 2014 and September 30, 2013, the Fund did not have significant direct exposure to interest rate risk.

## LIQUIDITY RISK

The Fund manages its liquidity risk by investing substantially all of its assets in securities for which there is an active market.

The Fund writes covered call options and cash secured put options in accordance with its investment objectives and strategies. The value of the securities and/or cash required to satisfy the written options (see table below), if they were exercised was \$414,410 as at March 31, 2014.

	Less than 1 month	1 to 3 months	Greater than 3 months
Value of securities or cash required to satisfy written options	\$243,721	\$171,289	-

The value of securities and/or cash required to satisfy the written options (see table below) if they were exercised was \$769,357 as at September 30, 2013.

	Less than 1 month	1 to 3 months	Greater than 3 months
Value of securities or cash required to satisfy written options	\$345,079	\$424,278	-

## FAIR VALUE HIERARCHY

The tables below show by level the Fund's financial investments carried at fair value (note 3) as at March 31, 2014 and September 30, 2013:

Assets at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Investment Funds	-	-	585,035	585,035
Equities - Long	12,574,632	-	-	12,574,632
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	20,581	-	20,581
<b>Total</b>	<b>12,574,632</b>	<b>20,581</b>	<b>585,035</b>	<b>13,180,248</b>

Liabilities at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	(10,320)	-	-	(10,320)
Forward contracts	-	(30,747)	-	(30,747)
<b>Total</b>	<b>(10,320)</b>	<b>(30,747)</b>	<b>-</b>	<b>(41,067)</b>

Assets at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Long	25,826,105	-	-	25,826,105
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	155,669	-	155,669
<b>Total</b>	<b>25,826,105</b>	<b>155,669</b>	<b>-</b>	<b>25,981,774</b>

Liabilities at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	(44,293)	-	-	(44,293)
Forward contracts	-	(333,533)	-	(333,533)
<b>Total</b>	<b>(44,293)</b>	<b>(333,533)</b>	<b>-</b>	<b>(377,826)</b>

There were no significant transfers between levels during the periods ending March 31, 2014, and September 30, 2013.

## RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT

The following table reconciles the Fund's Level 3 fair value measurements for the period ended March 31, 2014.

	Investment Funds	Total
Balance at Beginning of Period	-	-
Investment purchases during the period	571,044	571,044
Proceeds from sales during the period	-	-
Net transfers in (out) during the period	-	-
Net realized gain (loss) on sale of investments	-	-
Change in unrealized appreciation (depreciation) in value of investments	13,991	13,991
Balance at End of Period	585,035	585,035
Total change in unrealized appreciation (depreciation) for assets held as at March 31, 2014"		13,991

Investment funds are included in net assets at their net asset value per unit, which approximates their fair value.

If the value of securities held by the investment fund had been higher or lower by 5%, the value of the investment fund classified as Level 3 would have been higher or lower by \$29,252.

## Statements of Net Assets (Unaudited)

	As at Mar 31, 2014	As at Sept 30, 2013
<b>ASSETS</b>		
Investments, at fair value	\$ 13,159,667	\$ 25,826,105
Unrealized appreciation of forward currency contracts	20,581	155,669
Cash and cash equivalents	169,372	98,308
Cash - restricted	59,863	108,999
Subscriptions receivable	1,500	-
Receivable for investments sold	26,997	-
Accrued investment income	44,996	81,437
	<u>\$ 13,482,976</u>	<u>\$ 26,270,518</u>
<b>LIABILITIES</b>		
Written options, at fair value	\$ 10,320	\$ 44,293
Unrealized depreciation of forward currency contracts	30,747	333,533
Payable for investments purchased	2,000	-
Redemptions payable	175,918	-
Distributions payable to Unitholders	1,621	-
	<u>220,606</u>	<u>377,826</u>
<b>NET ASSETS</b>	<u>\$ 13,262,370</u>	<u>\$ 25,892,692</u>
<b>NET ASSETS</b>		
Series A Units	\$ 1,054	\$ -
Series A2 Units (note 1b)	13,203,134	25,892,692
Series F Units	58,182	-
	<u>\$ 13,262,370</u>	<u>\$ 25,892,692</u>
<b>NUMBER OF UNITS OUTSTANDING (note 6)</b>		
Series A Units	102	-
Series A2 Units (note 1b)	1,284,516	12,195,709
Series F Units	5,647	-
<b>NET ASSETS PER UNIT (note 9)</b>		
Series A Units	\$ 10.29	\$ -
Series A2 Units (note 1b)	\$ 10.28	\$ 2.12
Series F Units	\$ 10.30	\$ -

\*Includes \$468,809 (September 30, 2013: \$844,085) of securities that are pledged as collateral for options.

Approved on behalf of the Trustee, Portland Investment Counsel Inc.

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

## Statements of Operations (Unaudited)

for the periods ended March 31	2014	2013
<b>INCOME</b>		
Interest	\$ 5,181	\$ -
Dividends	209,707	369,119
	<u>214,888</u>	<u>369,119</u>
Foreign withholding taxes	(16,380)	(28,483)
Net investment income	<u>198,508</u>	<u>340,636</u>
<b>EXPENSES (note 7)</b>		
Management fees	\$ 177,356	\$ 204,603
Unitholder reporting costs	76,402	66,964
Interest expense	2,966	3,392
Audit fees	7,444	8,279
Custodial fees	4,900	11,647
Independent review committee fees	2,872	6,750
Legal fees	1,354	2,010
Service fees	31,529	70,892
Total expenses	<u>\$ 304,823</u>	<u>\$ 374,537</u>
<b>NET INVESTMENT INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ (106,315)</u>	<u>\$ (33,901)</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on sales of investments and options	\$ (15,701,508)	\$ 93,792
Net realized gain (loss) on forward currency contracts	(1,156,132)	(439,216)
Foreign exchange gain (loss) on currencies and other net assets	15,616	(16,357)
Transaction costs	(38,258)	(4,003)
Net change in unrealized appreciation (depreciation) in the value of investments and options	18,189,463	3,826,868
Net change in unrealized appreciation (depreciation) in the value of forward currency contracts	167,698	419,316
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<u>1,476,879</u>	<u>3,880,400</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 1,370,564</u>	<u>\$ 3,846,499</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
Series A Units	\$ 54	\$ -
Series A2 Units	\$ 1,369,812	\$ 3,846,499
Series F Units	\$ 698	\$ -
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b>		
Series A Units	\$ 0.53	\$ -
Series A2 Units	\$ 0.73	\$ 1.47
Series F Units	\$ 0.14	\$ -

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

## Statements of Changes in Net Assets (Unaudited)

for the periods ended March 31	2014	2013
NET ASSETS - BEGINNING OF PERIOD		
Series A Units	-	-
Series A2 Units	25,892,692	19,623,520
Series F Units	-	-
	<u>25,892,692</u>	<u>19,623,520</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 54	\$ -
Series A2 Units	1,369,812	3,846,499
Series F Units	698	-
	<u>1,370,564</u>	<u>3,846,499</u>
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Return of Capital		
Series A Units	\$ (25)	\$ -
Series A2 Units	(376,540)	-
Series F Units	(1,374)	-
Total Distributions to Unitholders	<u>(377,939)</u>	<u>-</u>
CAPITAL UNIT TRANSACTIONS (note 6):		
Proceeds from units issued		
Series A Units	\$ 1,000	\$ -
Series A2 Units	662,206	-
Series F Units	57,484	-
	<u>720,690</u>	<u>-</u>
Reinvested distributions		
Series A Units	\$ 25	\$ -
Series A2 Units	374,919	-
Series F Units	1,374	-
	<u>376,318</u>	<u>-</u>
Payments for units redeemed		
Series A Units	-	-
Series A2 Units	(14,719,955)	(9,059)
Series F Units	-	-
	<u>(14,719,955)</u>	<u>(9,059)</u>
Net capital unit transactions	<u>\$ (14,000,886)</u>	<u>\$ (9,059)</u>
INCREASE (DECREASE) IN NET ASSETS FOR THE PERIOD		
Series A Units	\$ 1,054	\$ -
Series A2 Units	(12,689,558)	3,837,440
Series F Units	58,182	-
	<u>\$ (12,630,322)</u>	<u>\$ 3,837,440</u>
NET ASSETS - END OF PERIOD		
Series A Units	\$ 1,054	\$ -
Series A2 Units	13,203,134	23,460,960
Series F Units	58,182	-
	<u>\$ 13,262,370</u>	<u>\$ 23,460,960</u>

## Statements of Cash Flow (Unaudited)

for the periods ended March 31	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 1,370,564	\$ 3,846,499
Net realized (gain) loss on sale of investments	15,701,508	(93,792)
Net change in unrealized (appreciation) depreciation in value of investments	(18,189,463)	(3,826,868)
Net change in unrealized (appreciation) depreciation in value of currency fwd contracts	<u>(167,698)</u>	<u>(419,316)</u>
	<u>(1,285,089)</u>	<u>(493,477)</u>
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(8,603,403)	(48,076)
Proceeds from disposition of investments	23,698,826	133,828
Decrease (increase) in accrued investment income	36,441	(66,867)
Increase (decrease) in accrued fees payable	-	46,263
Increase (decrease) in accrued expenses payable	-	15,420
Net cash provided by (used in) operating activities	<u>13,846,775</u>	<u>(412,909)</u>
Cash flows from financing activities:		
Change in net margin loan and borrowing	-	490,145
Change in restricted cash	49,136	13,231
Proceeds from units issued	719,190	-
Payments for units redeemed	(14,544,037)	(9,059)
Net cash provided by (used in) financing activities	<u>(13,775,711)</u>	<u>494,317</u>
Increase (decrease) in cash during the period	\$ 71,064	\$ 81,408
Cash and cash equivalents, beginning of period	\$ 98,308	\$ 10,851
Cash and cash equivalents, end of period	<u>\$ 169,372</u>	<u>\$ 92,259</u>

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

## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
<b>Australia</b>				
8,300	Coca-Cola Amatil Limited	\$ 97,967	\$ 93,820	
12,000	GrainCorp Limited	96,209	102,686	
90,000	SP AusNet	104,007	120,825	
		298,183	317,331	4.6%
<b>Barbados</b>				
USD 100,000	Columbus International Inc. 11.500% November 20, 2014	117,104	117,419	1.7%
<b>Bermuda</b>				
3,000	Brookfield Property Partners Limited Partnership	63,610	61,710	
12,325	Cheung Kong Infrastructure Holdings Limited	86,583	86,917	
1,600	Jardine Matheson Holdings Limited	89,875	111,535	
		240,068	260,162	3.8%
<b>Canada</b>				
2,500	Bank of Nova Scotia 2.952% Preferred Series 19 April 28, 2014	64,911	63,125	
9,500	Barrick Gold Corporation	180,168	187,186	
2,500	BCE Inc. Preferred Series AE May 12, 2014	53,992	52,575	
1,000	Brookfield Asset Management Inc. Preferred Series 8 April 28, 2014	24,310	22,410	
2,500	Canadian Imperial Bank of Commerce 5.400% Preferred Series 29 April 28, 2014	63,057	62,775	
1,500	Enbridge Inc.	65,383	75,439	
1,500	Enbridge Inc. 4.400% Preferred Series 7 March 1, 2019	37,500	37,725	
2,000	Enbridge Inc. 4.400% Preferred Series 9 December 1, 2019	50,000	50,200	
4,000	First National Financial Corporation 4.650% Preferred Series 1 March 31, 2016	65,783	64,000	
1,500	Fortis Inc. 4.750% Preferred Series J December 1, 2017	34,054	34,980	
7,000	iShares 1-5 Year Laddered Corporate Bond Index Fund	138,396	138,180	
6,000	iShares S&P/TSX Canadian Preferred Share Index Fund	96,675	97,140	
CAD 100,000	Northland Power Inc. 5.000% Convertible Bonds June 30, 2019	100,000	104,150	
4,613	Portland CVBI Holdings LP 'F'	497,572	533,773	
2,483	Portland Global Energy Efficiency and Renewable Energy Fund LP 'O'	124,200	125,332	
414	Portland Private Income Fund 'O'	20,674	20,651	
2,000	Power Financial Corporation 5.500% Preferred Series R April 30, 2017	49,602	50,720	
400	Thomson Reuters Corporation	14,416	15,116	
2,600	Transalta Corporation 4.600% Preferred Series A March 31, 2016	45,873	43,420	
		1,726,566	1,778,897	25.6%
<b>France</b>				
1,400	BNP Paribas SA	110,317	119,334	1.7%
<b>Great Britain</b>				
3,000	Aggreko PLC	79,179	82,974	
16,000	Barclays PLC	116,836	68,811	
7,000	Barclays PLC ADR	140,592	121,295	
2,000	BHP Billiton PLC ADR	124,436	136,457	
4,000	Bunzl PLC	93,459	117,634	
2,500	Enesco PLC 'A'	152,123	145,790	
1,500	HSBC Holdings PLC ADR	102,728	84,241	
1,500	National Grid PLC ADR	96,869	113,897	
7,000	Pearson PLC	152,861	136,982	
1,000	Royal Dutch Shell PLC 'A' ADR	69,369	80,760	
17,000	Serco Group PLC	138,703	131,878	
4,000	SSE PLC	95,642	108,273	
4,000	Standard Chartered PLC	91,916	92,390	
14,000	Tesco PLC	84,898	76,204	
		1,539,611	1,497,586	21.6%
<b>Japan</b>				
3,000	Nippon Telegraph and Telephone Corporation ADR	81,397	90,275	1.3%
<b>Sweden</b>				
7,000	Nordea Bank AB	58,593	109,500	1.6%
<b>Switzerland</b>				
5,000	ABB Limited ADR	142,175	142,447	
1,500	Nestle SA	115,698	124,698	
500	Novartis AG ADR	41,255	46,989	
300	Roche Holding AG	85,694	99,384	
1,000	Syngenta AG ADR	82,081	83,689	
		466,903	497,207	7.2%
<b>United States</b>				
80	Archer-Daniels-Midland Company	3,420	3,836	
4,864	Ares Capital Corporation	89,864	94,711	
600	Chevron Corporation	79,756	78,837	
1,100	Consolidated Edison Inc.	64,359	65,205	
40	Emerson Electric Company	2,806	2,953	
1,000	iShares iBoxx \$ Investment Grade Corporate Bond ETF	119,712	129,263	
6,000	iShares International Select Dividend ETF	236,169	256,205	
1,000	iShares JP Morgan USD Emerging Markets Bond ETF	115,131	123,130	

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

## Statement of Investment Portfolio (Unaudited)

as at March 31, 2014

No. of Shares or Par Value	Security Name	Average Cost	Fair Value	% of Net Assets
3,500	JPMorgan Chase & Company	152,590	234,816	
1,050	Mondelez International Inc.	33,613	40,090	
4,000	PowerShares Fundamental High Yield Corporate Bond Portfolio	81,062	85,844	
1,100	Sysco Corporation	36,466	43,932	
2,000	Wells Fargo & Company	62,306	109,935	
2,000	WisdomTree Asia Local Debt Fund	101,652	107,238	
3,500	WisdomTree Emerging Markets Corporate Bond Fund	279,301	288,386	
	<b>Total Equities</b>	<b>1,458,207</b>	<b>1,664,381</b>	<b>24.0%</b>
		<b>6,096,949</b>	<b>6,452,092</b>	<b>93.1%</b>
<b>DERIVATIVES - WRITTEN OPTIONS</b>				
<b>Written Call Options</b>				
<b>Canada</b>				
USD (15)	Barrick Gold Corporation April 2014 @ 23.00 USD	(378)	(33)	
USD (25)	Barrick Gold Corporation April 2014 @ 24.00 USD	(359)	(28)	
		(737)	(61)	-
<b>Great Britain</b>				
GBP (5)	Serco Group PLC June 2014 @ 5.60 GBP	(1,424)	(19)	-
<b>Japan</b>				
USD (15)	Nippon Telegraph and Telephone Corporation ADR June 2014 @ 30.00 USD	(470)	(912)	-
<b>United States</b>				
USD (8)	JPMorgan Chase & Company June 2014 @ 67.50 USD	(391)	(177)	
	<b>Total written call options</b>	<b>(3,022)</b>	<b>(1,169)</b>	<b>-</b>
<b>Written Put Options</b>				
<b>Bermuda</b>				
CAD (15)	Brookfield Property Partners Limited Partnership April 2014 @ 20.00 CAD	(510)	(225)	
CAD (20)	Brookfield Property Partners Limited Partnership July 2014 @ 20.00 CAD	(1,080)	(2,700)	
		(1,590)	(2,925)	-
<b>Canada</b>				
USD (25)	Barrick Gold Corporation May 2014 @ 16.00 USD	(449)	(663)	
USD (10)	Barrick Gold Corporation May 2014 @ 17.00 USD	(381)	(575)	
CAD (25)	Pacific Rubiales Energy Corporation July 2014 @ 13.00 CAD	(1,725)	(375)	
		(2,555)	(1,613)	-
<b>Great Britain</b>				
USD (20)	Barclays PLC ADR June 2014 @ 14.00 USD	(532)	(663)	-
<b>Switzerland</b>				
USD (15)	ABB Limited ADR June 2014 @ 23.00 USD	(980)	(663)	-
<b>United States</b>				
USD (30)	Citigroup Inc. April 2014 @ 44.00 USD	(1,970)	(464)	-
	<b>Total written put options</b>	<b>(7,627)</b>	<b>(6,328)</b>	<b>(0.1%)</b>
	<b>Total written options</b>	<b>(10,649)</b>	<b>(7,497)</b>	<b>(0.1%)</b>
<b>FORWARD CURRENCY CONTRACTS (Schedule 1)</b>				
	Total unrealized gain on forward currency contracts	-	7,034	
	Total unrealized loss on forward currency contracts	-	(25,557)	
		-	(18,523)	(0.3%)
	Net investments	6,086,300	6,426,072	92.7%
	Transaction costs	(11,496)	-	-
	Net investment portfolio	\$ 6,074,804	6,426,072	92.7%
	Other assets less liabilities		504,704	7.3%
	<b>TOTAL NET ASSETS</b>		<b>\$ 6,930,776</b>	<b>100.0%</b>

## Schedule 1

Buy	Sell	Maturity Date	Unrealized gain (loss)
75,000 GBP	138,133 CAD	Apr-16-2014	\$ 62
1,389,750 CAD	1,250,000 USD	Jun-25-2014	6,042
305,780 CAD	200,000 EUR	Jun-25-2014	814
68,374 CAD	400,000 SWK	Jun-25-2014	116
	<b>Total unrealized gain on forward contracts</b>		<b>\$ 7,034</b>
120,909 CAD	100,000 SWF	Apr-16-2014	\$ (4,141)
270,533 CAD	150,000 GBP	Apr-16-2014	(5,858)
215,852 CAD	225,000 AUS	Apr-16-2014	(14,548)
100,000 EUR	152,760 CAD	Jun-25-2014	(277)
250,000 USD	277,475 CAD	Jun-25-2014	(733)
	<b>Total unrealized loss on forward contracts</b>		<b>\$ (25,557)</b>

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

## CREDIT RISK

The Fund's exposure to credit risk arises primarily from investments in forward currency contracts. The maximum exposure to credit risk from these contracts is equivalent to the fair value of forward currency contracts that are in a net unrealized gain position as of the reporting date.

The Fund uses counterparties that meet or exceed the minimum credit rating thresholds outlined in National Instrument 81-102.

The table below presents the credit rating for each counterparty in a net realized gain position to the Fund's forward currency contracts as at March 31, 2014.

Counterparty	Credit Rating	Net Unrealized Gain (\$)
The Toronto-Dominion Bank	Aa1 (Moody's)	5,962

The table below presents the credit rating for each counterparty in a net unrealized gain position to the Trust's forward currency contracts as at September 30, 2013.

Counterparty	Credit Rating	Net Unrealized Gain (\$)
The Toronto-Dominion Bank	Aa1 (Moody's)	66,352

The Fund limits its exposure to credit losses on forward currency contracts by ensuring there are netting arrangements with each counterparty to the forward currency contracts, such that any gains (amounts owing to the Fund) on individual contracts can be set off against any losses (amounts owing to the counterparty) in the event of default.

## INTEREST RATE RISK

The table below shows the Fund's exposures to interest rate risk, categorized by the earlier of contractual re-pricing or maturity date.

Preferred Shares by Maturity Date	March 31, 2014 (\$)
Less than 1 year	543,071
1-3 years	107,420
3-5 years	123,425
Greater than 5 years	154,350
<b>Total</b>	<b>928,266</b>

Had the prevailing interest rates raised or lowered by 25 basis points (0.25%) with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$2,320 as at March 31, 2014. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The Fund is also exposed to indirect interest rate risk as it holds units of other funds that hold interest-bearing financial instruments.

As at September 30, 2013, the Fund did not have significant direct exposure to interest rate risk.

## CURRENCY RISK

As the Fund will invest in securities traded in foreign currencies, the Net Assets and cash flows, when measured in Canadian dollars, will, to the extent that they have not been fully hedged, be affected by changes in the value of these currencies relative to the Canadian dollar.

The use of currency hedges such as forward 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 hedges

could result in losses greater than if hedging had not been used. The hedging arrangements 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 hedging program may outweigh the benefits of the arrangements in some circumstances.

The Manager, may, from time to time, at its sole discretion, hedge all or a portion of the value of the Fund non-Canadian dollar currency exposure or the non-Canadian currency exposure of the issuers whose securities comprise the Fund's portfolio back, directly or indirectly, to the Canadian dollar.

As at March 31, 2014

	Investments (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
United States Dollar	3,731,394	29,439	(1,106,966)	2,653,867	38.3
British Pound	815,127	8,155	(138,195)	685,087	9.9
Australian Dollar	317,332	-	(230,401)	86,931	1.3
Swedish Krona	109,500	2,195	(68,257)	43,438	0.6
Swiss Franc	224,082	138	(125,050)	99,170	1.4
Hong Kong Dollar	86,917	-	-	86,917	1.3
Euro	119,334	12,743	(152,483)	(20,406)	(0.3)
<b>Total</b>	<b>5,403,686</b>	<b>52,670</b>	<b>(1,821,352)</b>	<b>3,635,004</b>	<b>52.4</b>

As at September 30, 2013

	Investments (\$)	Cash (\$)	Foreign exchange forward contracts (\$)	Total (\$)	Percentage of Net Assets (%)
Australian Dollar	187,533	-	(95,977)	91,556	1.0%
British Pound	1,457,144	5,166	(833,904)	628,406	7.1%
Euro Dollar	803,787	10,996	(1,119,136)	(304,353)	(3.4%)
Swedish Krone	509,945	2,061	(402,085)	109,921	1.2%
Swiss Franc	57,131	22	(278,907)	(221,754)	(2.5%)
United States Dollar	6,075,932	(142,363)	(2,801,450)	3,132,119	35.3%
<b>Total</b>	<b>9,091,472</b>	<b>(124,118)</b>	<b>(5,531,459)</b>	<b>3,435,895</b>	<b>38.7%</b>

As at March 31, 2014, if the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, the net assets would be increased or decreased respectively, by approximately \$181,750 (\$171,795 - September 30, 2013). Actual results may differ from this sensitivity analysis and the difference could be material.

The forward currency hedge amounts in the table above 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. In practice, the actual currency exposure may differ from this hedging program, and the difference could be material.

## OTHER MARKET RISK

Using a three month historical correlation between the Fund's return as compared to its benchmark, the JP Morgan US Aggregate Bond Index, the best estimate of the effect on net assets due to a 5% increase or decrease change in the benchmark, with all other variables held constant, is



\$120,364 (\$1,194,634 using a three year historical correlation to the MSCI World Total Return Index as at September 30, 2013). Regression analysis was used to estimate the historical correlation. Historical correlation may not be representative of future correlation, and accordingly the impact on net assets could be materially different.

## LIQUIDITY RISK

The Fund writes covered call options and cash secured put options in accordance with its investment objectives and strategies. The value of the securities and/or cash required to satisfy the written options (see table below), if they were exercised was \$380,431 as at March 31, 2014.

	Less than 1 month	1 to 3 months	Greater than 3 months
Value of securities or cash required to satisfy written options	\$175,872	\$132,059	\$72,500

The value of securities and/or cash required to satisfy the written options (see table below) if they were exercised was \$270,509 as at September 30, 2013.

	Less than 1 month	1 to 3 months	Greater than 3 months
Value of securities or cash required to satisfy written options	\$193,368	\$77,141	-

## FAIR VALUE HIERARCHY

The tables below show by level the Fund's financial instruments carried at fair value (note 3) as at March 31, 2014 and September 30, 2013:

Assets at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Investment Funds	-	-	679,756	679,756
Equities - Long	5,550,767	-	-	5,550,767
Bonds - Long	-	221,569	-	221,569
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	7,034	-	7,034
<b>Total</b>	<b>5,550,767</b>	<b>228,603</b>	<b>679,756</b>	<b>6,459,126</b>

Liabilities at fair value as at March 31, 2014 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	(7,497)	-	-	(7,497)
Forward contracts	-	(25,557)	-	(25,557)
<b>Total</b>	<b>(7,497)</b>	<b>(25,557)</b>	<b>-</b>	<b>(33,054)</b>

Assets at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Long	9,091,472	-	-	9,091,472
Bonds - Long	-	-	-	-
Short-Term Notes	-	-	-	-
Options - Long	-	-	-	-
Mutual Fund - Long	-	-	-	-
Forward contracts	-	-	69,874	69,874
<b>Total</b>	<b>9,091,472</b>	<b>-</b>	<b>69,874</b>	<b>9,161,346</b>

Liabilities at fair value as at September 30, 2013 (\$)				
	Level 1	Level 2	Level 3	Total
Equities - Short	-	-	-	-
Bonds - Short	-	-	-	-
Options - Short	(25,064)	-	-	(25,064)
Forward contracts	-	(51,266)	-	(51,266)
<b>Total</b>	<b>(25,064)</b>	<b>(51,266)</b>	<b>-</b>	<b>(76,330)</b>

## RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT

The following table reconciles the Fund's Level 3 fair value measurements for the period ended March 31, 2014.

	Investment Funds	Total
Balance at Beginning of Period	-	-
Investment purchases during the period	642,446	642,446
Proceeds from sales during the period	-	-
Net transfers in (out) during the period	-	-
Net realized gain (loss) on sale of investments	-	-
Change in unrealized appreciation (depreciation) in value of investments	37,310	37,310
Balance at End of Period	679,756	679,756
Total change in unrealized appreciation (depreciation) for assets held as at March 31, 2014		37,310

Investment funds are included in net assets at their net asset value per unit, which approximates their fair value.

If the value of securities held by the investment fund had been higher or lower by 5%, the value of the investment fund classified as Level 3 would have been higher or lower by \$33,988.

## Statements of Net Assets (Unaudited)

	As at Mar 31, 2014	As at Sept 30, 2013
<b>ASSETS</b>		
Investments, at fair value	\$ 6,452,092	\$ 9,091,472
Unrealized appreciation of forward currency contracts	7,034	69,874
Cash and cash equivalents	434,186	3,498
Cash - restricted	51,519	83,483
Subscriptions receivable	28,000	-
Accrued investment income	26,297	14,769
	<u>\$ 6,999,128</u>	<u>\$ 9,263,096</u>
<b>LIABILITIES</b>		
Written options, at fair value	\$ 7,497	\$ 25,064
Unrealized depreciation of forward currency contracts	25,557	51,266
Net margin loan and borrowing	-	207,625
Payable for investments purchased	4,000	-
Redemptions payable	29,633	-
Distributions payable to Unitholders	1,665	103,305
	<u>68,352</u>	<u>387,260</u>
<b>NET ASSETS</b>	<u>\$ 6,930,776</u>	<u>\$ 8,875,836</u>
<b>NET ASSETS</b>		
Series A Units	\$ 200,763	\$ -
Series A2 Units (note 1b)	6,057,843	8,875,836
Series F Units	672,170	-
	<u>\$ 6,930,776</u>	<u>\$ 8,875,836</u>
<b>NUMBER OF UNITS OUTSTANDING (note 6)</b>		
Series A Units	19,620	-
Series A2 Units (note 1b)	591,687	2,582,626
Series F Units	65,474	-
<b>NET ASSETS PER UNIT (note 9)</b>		
Series A Units	\$ 10.23	\$ -
Series A2 Units (note 1b)	\$ 10.24	\$ 3.44
Series F Units	\$ 10.27	\$ -

\* Includes \$193,861 (September 30, 2013: \$1,286,402) of securities that are pledged as collateral for options.

Approved on behalf of the Trustee, Portland Investment Counsel Inc.

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

## Statements of Operations (Unaudited)

for the periods ended March 31	2014	2013
<b>INCOME</b>		
Interest	\$ 5,770	\$ -
Dividends	106,178	148,593
	<u>111,948</u>	<u>148,593</u>
Foreign withholding taxes	(8,736)	(12,817)
Net investment income	<u>103,212</u>	<u>135,776</u>
<b>EXPENSES (note 7)</b>		
Management fees	\$ 55,942	\$ 43,430
Unitholder reporting costs	71,569	110,214
Interest expense	808	5,486
Audit fees	7,555	8,286
Custodial fees	5,858	13,871
Independent review committee fees	2,915	6,756
Legal fees	1,279	2,012
Service fees	7,763	19,108
Total expenses	<u>153,689</u>	<u>209,163</u>
Less: expenses absorbed by Manager	-	(35,500)
Net expenses	<u>\$ 153,689</u>	<u>\$ 173,663</u>
<b>NET INVESTMENT INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ (50,477)</u>	<u>\$ (37,887)</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on sales of investments and options	\$ 887,377	\$ (30,117)
Net realized gain (loss) on forward currency contracts	(293,346)	(248,613)
Foreign exchange gain (loss) on currencies and other net assets	(1,993)	(27,423)
Transaction costs	(16,295)	(3,261)
Net change in unrealized appreciation (depreciation) in the value of investments and options	5,987	1,827,089
Net change in unrealized appreciation (depreciation) in the value of forward currency contracts	(37,131)	131,876
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<u>544,599</u>	<u>1,649,551</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 494,122</u>	<u>\$ 1,611,664</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
Series A Units	\$ 1,507	\$ -
Series A2 Units	\$ 479,743	\$ 1,611,664
Series F Units	\$ 12,872	\$ -
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b>		
Series A Units	\$ 0.16	\$ -
Series A2 Units	\$ 0.63	\$ 1.59
Series F Units	\$ 0.38	\$ -

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

## Statements of Changes in Net Assets (Unaudited)

for the periods ended March 31	2014	2013
NET ASSETS - BEGINNING OF PERIOD		
Series A Units	\$ -	\$ -
Series A2 Units	8,875,836	7,688,662
Series F Units	-	-
	<u>8,875,836</u>	<u>7,688,662</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	\$ 1,507	\$ -
Series A2 Units	479,743	1,611,664
Series F Units	12,872	-
	<u>494,122</u>	<u>1,611,664</u>
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Return of Capital		
Series A Units	\$ (2,601)	-
Series A2 Units	(169,573)	(233,678)
Series F Units	(8,792)	-
Total Distributions to Unitholders	<u>\$ (180,966)</u>	<u>\$ (233,678)</u>
CAPITAL UNIT TRANSACTIONS (note 6):		
Proceeds from units issued		
Series A Units	\$ 199,256	\$ -
Series A2 Units	371,144	-
Series F Units	670,557	-
	<u>1,240,957</u>	<u>-</u>
Reinvested distributions		
Series A Units	\$ 2,601	\$ -
Series A2 Units	167,969	-
Series F Units	8,731	-
	<u>179,301</u>	<u>-</u>
Payments for units redeemed		
Series A Units	\$ -	\$ -
Series A2 Units	(3,667,276)	-
Series F Units	(11,198)	-
	<u>(3,678,474)</u>	<u>-</u>
Net capital unit transactions	<u>\$ (2,439,182)</u>	<u>\$ -</u>
INCREASE (DECREASE) IN NET ASSETS FOR THE PERIOD		
Series A Units	\$ 200,763	\$ -
Series A2 Units	(2,817,993)	1,377,986
Series F Units	672,170	-
	<u>\$ (1,945,060)</u>	<u>\$ 1,377,986</u>
NET ASSETS - END OF PERIOD		
Series A Units	\$ 200,763	\$ -
Series A2 Units	6,057,843	9,066,648
Series F Units	672,170	-
	<u>\$ 6,930,776</u>	<u>\$ 9,066,648</u>

## Statements of Cash Flow (Unaudited)

for the periods ended March 31	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 494,122	\$ 1,611,664
Net realized (gain) loss on sale of investments	(887,377)	30,117
Net change in unrealized (appreciation) depreciation in value of investments	(5,987)	(1,827,089)
Net change in unrealized (appreciation) depreciation in value of currency fwd contracts	<u>37,131</u>	<u>(131,876)</u>
	<u>(362,111)</u>	<u>(317,184)</u>
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(6,668,695)	(250,863)
Proceeds from disposition of investments	10,187,872	629,322
Decrease (increase) in accrued investment income	(11,528)	(13,613)
Increase (decrease) in accrued fees payable	-	10,526
Increase (decrease) in accrued expenses payable	-	11,741
Net cash provided by (used in) operating activities	<u>3,145,538</u>	<u>69,929</u>
Cash flows from financing activities:		
Change in net margin loan and borrowing	(207,625)	201,717
Change in restricted cash	31,964	(12,239)
Proceeds from units issued	1,212,957	-
Distributions to unitholders	(103,305)	(233,678)
Payments for units redeemed	(3,648,841)	-
Net cash provided by (used in) financing activities	<u>(2,714,850)</u>	<u>(44,200)</u>
Increase (decrease) in cash during the period	\$ 430,688	\$ 25,729
Cash and cash equivalents, beginning of period	\$ 3,498	\$ 51,723
Cash and cash equivalents, end of period	<u>\$ 434,186</u>	<u>\$ 77,452</u>

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

## Notes to Financial Statements (unaudited)

March 31, 2014 and September 30, 2013

### 1. ESTABLISHMENT OF THE FUNDS

a) The following funds (the "Funds") are open-ended unit trusts created and governed by a master declaration of trust under the laws of Ontario. Portland Investment Counsel Inc. (the "Manager") is the Manager and Trustee of the Funds. The Funds were formed and related series commenced operations on the following dates:

Name of Fund	Formation Date of Trust	Commencement of Operations		
		Series A, Series F	Series A2 (note 1b)	Series G
Portland Advantage Fund	October 1, 2012	October 31, 2012	n/a	March 14, 2013
Portland Canadian Balanced Fund	October 1, 2012	October 31, 2012	n/a	March 14, 2013
Portland Canadian Focused Fund	October 1, 2012	October 31, 2012	n/a	January 24, 2013
Portland Global Banks Fund	January 25, 2007	December 17, 2013	December 17, 2013	n/a
Portland Global Income Fund	January 25, 2005	December 17, 2013	December 17, 2013	n/a

b) Fund Merger and Fund Restructuring

Global Banks Premium Income Trust (the "Continuing Fund") was restructured on December 13, 2013 and became a multi-class, open end mutual fund. Prior to that date, the Continuing Fund was a closed-end investment fund which traded on the Toronto Stock Exchange ("TSX") under the symbol GBP.UN. On December 13, 2013 the Continuing Fund merged with Portland Global Income Fund (the "Merging Fund") and subsequently changed its name to Portland Global Income Fund. Existing unitholders of the Continuing Fund were issued 0.347759 Series A2 Units for each existing trust unit. The net asset value of the Series A2 Units was \$10.00 per unit immediately following the conversion such that the market value of issued trust units did not change as a result of the restructuring. The Continuing Fund acquired all the assets and liabilities of the Merging Fund in exchange for units of the Continuing Fund. Unitholders of the Merging Fund exchanged their units for units of the Continuing Fund based on an exchange ratio. The purchase method was used to account for the merger and the Continuing Fund was identified as the acquirer. The financial statements of the Continuing Fund include the results of operations of the Merging Fund from the date of the merger.

The exchange ratios (representing the number of units issued by the Continuing Fund in exchange for each unit of the Merging Fund), total number of units issued by the Continuing Fund and the Net Asset Value acquired are presented below:

Merging Fund	Continuing Fund	Exchange Ratio	Number of Units Issued by Continuing Fund	Net Asset Value Acquired
Series A Units - Initial Sales Charge	Series A	1.017604	1,276.249	\$ 12,762
Series A - Deferred Sales Charge	Series A2	1.017604	16,763.237	\$ 167,632
Series G	Series A2	0.951217	592.772	\$ 5,927
Series T	Series A2	1.019498	1,056.357	\$ 10,564
Series F	Series F	1.015559	4,306.523	\$ 43,065

Copernican British Banks Fund was restructured on December 13, 2013, became a multi-class, open end mutual fund and changed its name to Portland Global Banks Fund. Prior to that date, Copernican British Banks Fund was a closed end investment fund traded on the TSX under the symbol CBB.UN. Existing unitholders were issued 0.214028 Series A2 Units for each existing trust unit. The net asset value of Series A2 Units was \$10.00 per unit immediately following the conversion, such that the market value of issued trust units did not change as a result of the restructuring.

c) Reporting Periods

The Statements of Net Assets are as at March 31, 2014, with comparative information as at September 30, 2013.

The Statements of Operations, Statements of Changes in Net Assets and Statements of Cash Flows of Portland Advantage Fund, Portland Canadian Balanced Fund and Portland Canadian Focused Fund are for the six month period from October 1, 2013 to March 31, 2014, with comparative information for the period from the date of commencement of operations in note 1(a) to March 31, 2013.

The Statements of Operations, Statements of Changes in Net Assets and Statements of Cash Flows of Portland Global Banks Fund and Portland Global Income Fund are for the six month period from October 1, 2013 to March 31, 2014, with comparative information for the six month period from October 1, 2012 to March 31, 2013.

d) Definitions of Net Asset Value and Net Assets

Net Asset Value and Net Asset Value per unit are terms used to refer to the value of units for unitholder transactions (i.e. for pricing purposes). Net Assets and Net Assets per unit are terms used to describe the value determined solely for the purposes of the financial statements. Please refer to note 2 for the difference in valuation techniques used in the calculation of Net Asset Value and Net Assets. A comparison of Net Assets per unit and Net Asset Value per unit is contained in Note 9.

The Net Asset Value per unit is determined for each business day at the close of regular trading on the TSX (each a "Valuation Date"). The Net Asset Value is calculated as the value of a Fund's assets, less its liabilities. The Net Asset Value per unit of each series is computed by dividing the net asset value of the series by the total number of units outstanding at the time. For calculation of the Funds' Net Asset Values, including for purposes of the subscription for and redemption of units, investments are generally valued based on the closing price for the Valuation Date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Funds have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as defined by the Canadian Institute of Chartered Professional Accountants ("CICPA") Handbook. These financial statements include estimates and assumptions made by the Manager that may affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Funds.

### Financial instruments

The Funds' financial instruments may include equity instruments (including ETFs), bonds, and short-term investments (collectively referred to as "investments"), cash and cash equivalents, accrued investment income, subscriptions receivable and redemptions payable, receivables for investments sold, payables for investments purchased, distributions payable and accrued liabilities. Investments are classified as held for trading and fair valued based on the accounting policies described herein. All other financial instruments are classified as loans and receivables or financial liabilities, as applicable, and recorded at amortized cost equal which approximates fair value due to their short-term maturities.

### 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.

### Valuation of investments

For financial statement purposes, the fair value of investments is determined as follows:

- a) Investments are recorded at fair value, established by the closing bid price (the amount someone has offered to pay for a security) for long positions and the closing asking price (the amount someone has offered to take for a security) for short positions on the recognized exchange on which the investments are principally traded. Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques on such basis and in such manner as may be approved by the Manager; and
- b) Securities not listed on any exchange are valued in the same manner as above, based upon any available public quotation in common use or at a price estimated to be the fair value thereof on such basis and in such manner as may be approved by the Manager.

For pricing purposes, the fair value of investments is determined as follows:

- a) The value of any security which is listed or dealt with upon a stock exchange or traded on an over-the-counter market is determined by taking the exchange specific closing price published by the exchange as of the Valuation Date. If there has been no trade, the mid price (average bid and asking price) as of the close of the business on the Valuation Date is used to value the security; and
- b) The value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason, is determined on the basis of such price as the Manager reasonably determines best reflects fair value.

### Transaction costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. Transaction costs are expensed and included in "Transaction costs" in the Statements of Operations.

### Cost of investments

The cost of investments represents the amount paid for each security, and is determined on an average cost basis excluding transaction costs. On the Statement of Investment Portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which include transaction costs. The premium received on a written put option is added to the cost of investments acquired when the written put option is exercised.

### Investment transactions and income and expenses

Investment transactions are accounted for on the trade date. Realized gains and losses on sales of investments and unrealized appreciation or depreciation in the value of investments are calculated on an average cost basis.

Realized gains and losses relating to written options may arise from:

- (i) Expiration of options whereby realized gains are equivalent to the premium received;
- (ii) Exercise of covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option; and
- (iii) Closing of options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to written options are included in "Realized gain (loss) on options" in the Statements of Operations. Outstanding options are presented at fair value as liabilities on the statement of net assets. Any difference resulting from valuation is included in "Change in unrealized appreciation (depreciation) in value of investments and options" in the Statements of Operations.

Dividend income is recorded on the ex-dividend date. Interest income and expenses are accrued daily on each Valuation Date.

#### **Foreign currency translation**

Portfolio investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars based on the exchange rate of such currencies against Canadian dollars on each Valuation Date.

Unrealized exchange gains or losses on investments are included in "Net change in unrealized appreciation (depreciation) in the value of investments and options" in the Statements of Operations.

Purchases and sales of securities and income items denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date.

Foreign exchange gain (loss) on currencies 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.

#### **Increase (decrease) in net assets from operations per unit**

"Increase (decrease) in net assets from operations per unit" in the Statements of Operations represents the increase (decrease) in net assets from operations per Series, divided by the weighted average units outstanding of that Series during the financial period.

#### **Adoption of International Financial Reporting Standards**

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, on January 1 2011. However, the AcSB deferred the mandatory IFRS changeover date for Canadian investment funds to periods beginning on or after January 1 2014. Accordingly, IFRS will be applicable for the Funds effective October 1, 2014.

Based on the Manager's current evaluation of the significant differences between Canadian GAAP and IFRS, the adoption of IFRS is expected to have the following impact:

- i) IAS 32, "Financial Instruments: Disclosure and Presentation", requires unitholders' equity to be classified as a liability unless certain conditions are met. The Manager is currently of the opinion that unitholders' equity will be classified as a liability, which will result in disclosure differences in the financial statements of the Funds.
- ii) IFRS 13, "Fair Value Measurements", provides guidance on the measurements of fair value and allows for the possibility of using closing prices to value instruments. The Manager intends to use closing prices to value certain investments that are currently required to use bid or ask prices, the result of which will be the use of similar valuation framework to that used in the determination of net asset value.

The Manager has presently determined that the impact of IFRS will be limited to additional note disclosure and modifications to existing presentation, with the exception of implementation of IFRS 13, which is expected to have an impact Net Assets.

The Manager has not identified any changes that will impact Net Asset Value per unit as a result of the changeover to IFRS. Such assessments may change as a result of issuance of new standards. The Manager expects to meet the timetable published by the CICPA for changeover to IFRS.

#### **Distribution to the Unitholders**

Distributions will be made to the Unitholders only at such times and in such amounts as may be determined in the discretion of the Manager. Each Fund intends to distribute enough of its net income and net realized capital gains so that it does not have to pay ordinary income tax. All distributions by the Funds on Series A Units, Series A2 Units, Series F Units and Series G Units will be automatically reinvested in additional units of the same series of the Funds held by the investor at the Net Asset Value thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

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. The Funds' shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each series based upon the relative net asset value of each series.

### **3. FAIR VALUE**

The Funds' financial instruments may include equity instruments, bonds, short-term investments, options (collectively referred to as "investments"), cash and cash equivalents, accrued investment income, subscriptions receivable and redemptions payable, receivables for investments sold, payables for investments purchased, distributions payable and accrued expenses. Investments are classified as held for trading and fair valued based on the accounting policies described in Note 2. All other financial instruments are classified as loans and receivables or financial liabilities, as applicable, and recorded at amortized cost which approximates fair value due to their short-term maturities.

#### **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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on data corresponding to quoted prices for similar instruments in active markets; to quoted prices for identical or similar instruments in non-active markets; to data other than quoted prices used in a valuation model, that are observable for the instrument evaluated and to data derived from mainly observable data or that is corroborated by market data by correlation or other link;

Level 3 - valuation techniques based on significant unobservable market parameters.

The fair value hierarchy requires the use of observable data on the market 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.

Refer to Discussion of Financial Risk Management for fund specific fair value disclosures.

## 4. RISK MANAGEMENT

The Funds' investment activities may be exposed to various financial risks, including market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Funds' 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 Funds' offering documents.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Where a fund invests in debt instruments or enters into derivatives (such as forward contracts), these represent the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the fund.

The Manager considers a Fund to have significant credit risk if it has forward contracts in a net unrealized gain with a particular counterparty or is investing in debt securities that represent more than 5% of its net assets.

### Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. The income of the Funds may be affected by changes to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future.

The Manager considers a Fund to have significant exposure to interest rate risk if it holds greater than 10% of its net assets in fixed income instruments with a term to maturity greater than 90 days.

### 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, the functional currency of the Funds, and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

### Other Market risk

Other market 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.

### Liquidity risk

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Funds' exposure to liquidity risk is concentrated in the cash redemption of units. 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 for the purposes of funding redemptions and settling portfolio transactions.

Refer to Discussion of Financial Risk Management for fund specific risk disclosure.

## 5. INCOME TAXES

Portland Advantage Fund, Portland Canadian Balanced Fund and Portland Canadian Focused Fund are unit trusts with registered investment status per the Income Tax Act (Canada). Portland Global Income Fund and Portland Global Banks Fund are mutual fund trusts per the Income Tax Act (Canada).

The Funds calculate taxable income and net capital gains/(losses) in accordance with the Income Tax Act (Canada). Each Fund intends to distribute enough of its net income and net realized capital gains, if any, to ensure it does not have to pay ordinary income tax.

The taxation year-end for Portland Advantage Fund, Portland Canadian Balanced Fund and Portland Canadian Focused Fund is December 31. The taxation year-end for Portland Global Income Fund and Portland Global Banks Fund is December 15.

Net capital losses can be carried forward indefinitely and may be used to reduce future capital gains. Non-capital losses can be carried forward for 20 years and may be used to offset future income.

The following chart presents the amount of non-capital loss carry forwards available to the Funds by year of expiry.

	2029 (\$)	2032 (\$)	2033 (\$)	Total (\$)
Portland Advantage Fund	-	63	-	63
Portland Canadian Balanced Fund	-	139	-	139
Portland Canadian Focused Fund	-	544	-	544
Portland Global Banks Fund	279,354	1,913	336,358	617,625
Portland Global Income Fund	279,952	-	-	279,952

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

	Total (\$)
Portland Advantage Fund	99
Portland Canadian Balanced Fund	2
Portland Canadian Focused Fund	2
Portland Global Banks Fund	158,706,097
Portland Global Income Fund	23,666,836

## 6. UNITHOLDERS' EQUITY

The Funds are permitted to have an unlimited number of series of units, having such terms and conditions as the Manager may determine. Additional series may be offered in future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. 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. All units are entitled to participate in a Fund's assets on liquidation on a series basis. Units are issued as fully paid and non-assessable and are redeemable at their net asset value.

Series A Units and Series A2 Units are available to all investors.

Series G Units are similar to Series A Units but are only available to investors resident for tax purposes in a province or territory of Canada that has not adopted or has eliminated the harmonized sales tax (HST). Expenses in Series G only attract goods and services tax (GST).

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.

The number of units issued and outstanding for the period ended March 31, 2014 were as follows:

Period ended March 31, 2014	Balance, Beginning of Period	Units Issued	Units Reinvested	Units Redeemed	Balance, End of Period
<b>Portland Advantage Fund</b>					
Series A Units	83,890	61,608	-	17,211	128,287
Series F Units	13,288	23,433	-	2,508	34,213
Series G Units	600	-	-	-	600
<b>Portland Canadian Balanced Fund</b>					
Series A Units	83,867	74,261	96	15,894	142,330
Series F Units	3,969	35,447	28	2,512	36,932
Series G Units	622	-	-	-	622
<b>Portland Canadian Focused Fund</b>					
Series A Units	212,435	26,716	-	33,442	205,709
Series F Units	86,405	54,666	-	2,500	138,571
Series G Units	1,605	-	-	-	1,605



Period ended March 31, 2014	Balance, Beginning of Period	Units redeemed preconversion	Units converted December 13, 2013 (note 1(b))	Units issued post conversion (note 1(b))	Units Reinvested post conversion (note 1(b))	Units Redeemed post conversion (note 1(b))	Balance, End of Period
<b>Portland Global Banks Fund</b>							
Series A Units	-	-	-	100	2	-	102
Series A2 Units	12,195,709	2,887,890	1,992,134	64,406	36,185	808,209	1,284,516
Series F Units	-	-	-	5,514	133	-	5,647
<b>Portland Global Income Fund</b>							
Series A Units	-	-	1,276	18,042	302	-	19,620
Series A2 Units	2,582,626	276,728	820,309	17,573	17,095	263,290	591,687
Series F Units	-	-	4,307	61,195	1,080	1,108	65,474

The number of units issued and outstanding for the period ended March 31, 2013 were as follows:

Period ended March 31, 2013	Balance, Beginning of Period	Units Issued	Units Reinvested	Units Redeemed	Balance, End of Period
<b>Portland Advantage Fund</b>					
Series A Units	-	43,385	-	-	43,385
Series F Units	-	3,158	-	-	3,158
Series G Units	-	600	-	-	600
<b>Portland Canadian Balanced Fund</b>					
Series A Units	-	15,137	-	-	15,137
Series F Units	-	3,246	-	-	3,246
Series G Units	-	200	-	-	200
<b>Portland Canadian Focused Fund</b>					
Series A Units	-	19,499	-	502	18,997
Series F Units	-	3,569	-	-	3,569
Series G Units	-	1,605	-	-	1,605
<b>Portland Global Banks Fund</b>					
Trust Units (note 1b)	12,200,209	-	-	4,500	12,195,709
<b>Portland Global Income Fund</b>					
Trust Units (note 1b)	2,920,964	-	-	-	2,920,964

## 7. MANAGEMENT FEES AND EXPENSES

Pursuant to the Funds' prospectus, the Funds agree to pay management fees to the Manager, calculated and accrued on each Valuation Date and paid monthly.

The annual management fees rate of the respective series of units are as follows:

	Series A Units	Series A2 Units	Series F Units	Series G Units
Portland Advantage Fund	2.00%	n/a	1.00%	2.00%
Portland Canadian Balanced Fund	2.00%	n/a	1.00%	2.00%
Portland Canadian Focused Fund	2.00%	n/a	1.00%	2.00%
Portland Global Banks Fund	2.00%	1.75%	1.00%	2.00%
Portland Global Income Fund	1.85%	1.65%	0.85%	1.85%

Some of the Funds invest in Exchange Traded Funds (ETF's). When a Fund invests in an ETF, the ETF may pay a management fee and other expenses in addition to the expenses payable by the Fund. However, the Fund will not pay a management fee on the portion of its assets that it invests in the ETF that, to a reasonable person, would duplicate a management fee payable by the ETF for the same service.

In addition, the Manager will be reimbursed for any operating expenses it incurs on behalf of the Funds, including regulatory filing fees, custodian fees, legal and audit fees, bank charges, the cost of financial reporting, and all related sales taxes. GST and HST paid by the Fund on its expenses is not recoverable. 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 future fund operating expenses at its discretion but is under no obligation to do so.

## 8. SOFT DOLLARS

A portion of the brokerage commissions (referred to as "soft dollars") paid by the Funds on securities purchases and sales to dealers (generally "full service" dealers) represents fees for goods and services, in the form of proprietary research, provided to the Manager by the dealer which are in addition to order execution services. The Manager may choose to affect 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. The Manager may direct trades to a dealer in exchange for 'in-house' proprietary research. The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services.

## 9. COMPARISON OF NET ASSET VALUE

The comparison between the Net Asset Value per Unit and the Net Assets per unit presented in the financial statements is as follows:

As at March 31, 2014	March 31, 2014		September 30, 2013	
	Net Asset Value Per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets Per Unit (\$)
<b>Portland Advantage Fund</b>				
Series A Units	12.23	12.23	11.30	11.29
Series F Units	12.43	12.42	11.41	11.40
Series G Units	11.30	11.29	10.43	10.42
<b>Portland Canadian Balanced Fund</b>				
Series A Units	12.48	12.48	11.75	11.75
Series F Units	12.64	12.64	11.87	11.87
Series G Units	11.37	11.37	10.68	10.68
<b>Portland Canadian Focused Fund</b>				
Series A Units	12.12	12.12	11.42	11.42
Series F Units	12.32	12.32	11.54	11.54
Series G Units	11.62	11.62	10.93	10.93
<b>Portland Global Banks Fund</b>				
Series A Units	10.29	10.29	n/a	n/a
Series A2 Units/Trust Units	10.28	10.28	2.12	2.12
Series F Units	10.31	10.30	n/a	n/a
<b>Portland Global Income Fund</b>				
Series A Units	10.24	10.23	n/a	n/a
Series A2 Units/Trust Units	10.24	10.24	3.44	3.44
Series F Units	10.27	10.27	n/a	n/a

## 10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees and operating expense reimbursements that were paid to the Manager by the Funds during the periods ended March 31, 2014 and March 31, 2013. The table includes amount of operating expense reimbursement that was paid to affiliates of the Manager 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 table below exclude applicable GST or HST.

Period ended March 31, 2014	Management Fees (\$)	Operating Expense Reimbursement (\$)	Service Fee (\$)	Absorbed Operating Expenses (\$)	Operating Expenses Reimbursed to Affiliates of the Manager (\$)
Portland Advantage Fund	13,023	3,594	-	41,250	1,296
Portland Canadian Balanced Fund	13,141	3,457	-	37,270	1,296
Portland Canadian Focused Fund	30,670	9,193	-	38,975	1,296
Portland Global Banks Fund	160,902	84,406	28,653	-	2,093
Portland Global Income Fund	50,019	79,746	6,940	-	2,531

Period ended March 31, 2013	Management Fees (\$)	Operating Expense Reimbursement (\$)	Service Fee (\$)	Absorbed Operating Expenses (\$)	Operating Expenses Reimbursed to Affiliates of the Manager (\$)
Portland Advantage Fund	2,102	564	-	47,850	-
Portland Canadian Balanced Fund	1,161	330	-	38,910	-
Portland Canadian Focused Fund	1,334	360	-	40,110	-
Portland Global Banks Fund	186,154	81,422	67,621	-	-
Portland Global Income Fund	39,443	43,097	17,410	35,500	-

The Manager and its affiliates hold units of the Funds. The tables below outline the number of units held at the end of the period.

As at March 31, 2014	Series A Units	Series F Units	As at September 30, 2013	Series A Units	Series F Units
Portland Global Banks Fund	101	202	Portland Advantage Fund	12,500	2,500
Portland Global Income Fund	101	-	Portland Canadian Balanced Fund	12,500	2,500
			Portland Canadian Focused Fund	12,500	2,500

As at March 31, 2014, Portland Global Income Fund held 4,613 of Portland CVBI Holdings LP (September 2013: nil), 2,404 units of Portland Global Energy Efficiency and Renewable Energy Fund LP (September 2013: nil) and 414 units of Portland Private Income Fund (September 2013: nil), all of which have the same Manager as the Funds.

As at March 31, 2014, Portland Global Banks Fund held 3,175 units of Portland CVBI Holdings LP (September 2013: nil), 2,438 units of Portland Global Energy Efficiency and Renewable Energy Fund LP (September 2013: nil) and 1,854 units of Portland Private Income Fund (September 2013: nil), all of which have the same Manager as the Funds.

## 11. COMPARATIVE INFORMATION

Certain comparative amounts have been re-formatted to conform to current year presentation.



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