PORTLAND INVESTMENT COUNSEL®

PORTLAND VALUE FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

SEPTEMBER 30, 2016

PORTFOLIO MANAGEMENT TEAM	**Michael Lee-Chin** Executive Chairman, Chief Executive Officer and Portfolio Manager	**Dragos Berbecel** Portfolio Manager

Management Discussion of Fund Performance **Portland Value Fund**

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

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

The views of the portfolio management team contained in this report are as of September 30, 2016 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information please contact us using the above methods. All references to performance relate to Series F units. The performance of other units may be different than that of the Series F units due to differing fees.

INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Portland Value Fund (the Fund) remains as discussed in the prospectus. The Fund's objective is to generate an above average return by employing a focused investment strategy, primarily in a limited number of long securities positions. The Fund invests in a small number of quality equities, ordinarily selected from liquid, large cap stocks, domiciled in long-term growth industries, which the Manager believes are undervalued and/or have the potential of increased returns due to activist investor campaigns.

The Manager then overlays a risk mitigation strategy based on portfolio construction and value discipline. The Manager has long held the view that the key to wealth creation is owning a few high quality businesses. By using a concentrated investment strategy, the Manager leverages its best investment ideas, which is expected to aid the Fund in meeting its investment objectives.

Activist investors are value investors with a push. They are looking for opportunities to demand a change in a company's strategy in order to unlock shareholder value. Common strategies include demanding a raise in dividends/share buybacks, the divestment of assets and/or the embracing or rejecting of mergers and acquisitions. Activist investors achieve their goals by cooperating with other institutional investors, acquiring board representation and/or changing the management of the target company.

RISK

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

RESULTS OF OPERATIONS

For the period of September 30, 2015 to September 30, 2016, the Fund's benchmark, the MSCI World Total Return Index, had an annualized return of 9.0%. For the same period, the Fund had a return of 7.9%. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's key relative performance detractors were Liberty Global PLC LiLAC, Pershing Square Holdings, Ltd. and Hertz Global Holdings, Inc., while the Fund's relative performance contributors were Cable & Wireless Communications PLC, Northland Power Inc. and Brookfield Business Partners L.P.

As at September 30, 2016, the top 5 sector exposure was constituted by energy 26.7%, financials 19.9%, consumer discretionary 16.6%, industrials 14.1% and consumer staples 6.0%. By using a concentrated investment strategy, the Manager leverages its best investment ideas, which is expected to aid the Fund in meeting its investment objectives. As of September 30, 2016, the Fund's underlying portfolio held 11 investments.

As expected, given the Fund's value focused mandate, the performance was mainly driven by company specific developments, the most important of which are detailed below.

John Malone-backed Liberty Global PLC offered to buy Cable & Wireless Communications for £3.6 billion (CAD $5.5 billion) to extend its reach in the Caribbean, a testament of attractiveness of the core Columbus assets, which had only been acquired by Cable & Wireless at the end of the first quarter of 2015. As a result of the transaction, Cable & Wireless assets have been combined with Liberty Global's Latin American business, whose performance is tracked by the NASDAQ listed LiLAC shares. The combined business serves 10 million video, data, voice and mobile subscribers. The Liberty Global offer valued the Cable & Wireless at about $8.2 billion, including debt. Subsequent to the announcement of the transaction, we initiated a position in LiLAC shares which we then increased by converting all Liberty Global shares received as compensation for Cable & Wireless. Liberty Global PLC completed the demerger of its LiLAC Group interest in July, which significantly increased the liquidity of the LiLAC Group tracking shares (effectively tripling LiLAC Group's stock market capitalization), but created a lot of selling pressure from a number of investors that were either not interested in exposure to LiLAC Group's performance (formerly only representing about 11% of Liberty Global's overall business) or are precluded from investing in tracking shares. The forced selling initiated by the demerger process and an underwhelming set of results for the first quarter of the legacy LiLAC Group businesses and Cable & Wireless together (driven chiefly by conversion to the acquirer's accounting standards) have weighed on LiLAC's Group stock performance. We regard the above issues affecting LiLAC's performance as transitory (and quite common in the process of merging two businesses) and continue to be excited about the company's mid to long term prospects as the likely leader of the telecom industry in a region (Central and Latin America) which is ripe for consolidation. We have continued to opportunistically add to our investment in Liberty Global (LiLAC).

During the period, we have profitably sold out of Northland Power, Brookfield Property Partners L.P., Brookfield Infrastructure Partners L.P. and Zoetis Inc., all on valuation concerns, as we were able to identify opportunities with what we believed was better upside and better fit with the Fund's mandate. We used the proceeds to initiate an investment in Brookfield Business Partners L.P. (BBU) and Nomad Foods Limited, as well as to increase the weights of some of our existing investments. Having experienced solid performance over the past year, Northland Power announced its intention to start looking for a buyer, which further increased its market valuation. Similarly, Zoetis' strong operational performance and recent changes to further streamline its business, driven at least in part by Bill Ackman's Pershing Square Holdings involvement, met with great recognition from the markets.

BBU is Brookfield Asset Management Inc.'s fourth (and most recent) publicly listed limited partnership, focused on private equity opportunities originated by the broader Brookfield group. BBU effectively acts as the publicly listed private equity vehicle of Brookfield, with an emphasis on actively managing the businesses it invests in, investing counter-cyclically and in underperforming/distressed situations. BBU's operations are focused on business services and industrial operations where the broader Brookfield platform provides for competitive advantage.

Nomad Foods is an acquisitive company active in the European frozen foods market, founded by Martin Franklin (who also founded Jarden and grew it to a consumer goods giant before it sold it to Newell Brands Inc. for more than $15 billion), and anchored by Bill Ackman's Pershing Square, who holds 18% of the company. Other notable shareholders include Wellington Management Company, LLP at 8%, Corvex Management LP at 8%, Birds Eye Iglo Limited Partnership Inc. at 8% and Third Point LLC at 7% (with top 10 shareholders owning 62% of the company, it is quite closely held). Through its acquisition of Birds Eye Iglo Limited Partnership Inc. and Findus, Nomad is now the owner of a number of leading European food brands and pioneers of the frozen foods industry. Nomad has a leading market share in European frozen foods, 2.7x larger than the next competitor, Nestlé SA. Initially listed in London in 2014, Nomad was re-listed on Nasdaq in 2015. The stock has a thin following and it trades, we believe, at a meaningful discount to its intrinsic value, in addition to trading at about half of the valuation afforded to its peers.

The Fund has a material exposure to energy holdings, which we believe have currently depressed valuations and which, as at September 30, 2016, constituted 26.7% of the portfolio's assets.

RECENT DEVELOPMENTS

During the period, central banks across the globe, including developed and developing nations, have continued their unprecedented accommodative stances and, indeed, accentuated their commitment to further monetary easing, driven by concerns related to slow economic growth, but also by geo-political concerns, such as the fallout from the Brexit vote. With valuations getting ahead of the fundamentals in certain areas of the market, the Manager believes that companies influenced by eminent capital allocators and activist investors have the ability to stand out by adapting quicker to market forces and improving their profitability through both operational changes and balance sheet optimization. At its December, 2015 Federal Open Market Committee meeting, the US Fed initiated a monetary tightening cycle, for the first time in nine years. Further US interest rate increases are contemplated by the US central bankers, though the likelihood continued to diminish during the period. In the wake of the unexpected outcome of the Brexit vote and ahead of the US presidential elections, the US Federal Reserve chose not to raise the interest rates in September, though it provided rather strong signals that it would do so in December. As the excessive liquidity is, albeit gradually, mopped up, we expect value based strategies to start outperforming the overall market.

Just when everyone least expected, OPEC (Organization of the Petroleum Exporting Countries) managed to reach an agreement, albeit preliminary, for a production target of 32.5 to 33 million boed (barrels of oil equivalent per day). If implemented, such a target could effectively translate in a production cut of as much as 750,000 boed, down from the current level of about 33.25 boed, if the lower limit is achieved. The higher limit of the production target range is meant to accommodate any potential production recovery from the conflict affected OPEC nations of Libya and Nigeria. While individual countries production targets are still to be formalized, it is expected that Saudi Arabia, who is facing significant budget headwinds and was undoubtedly the artisan of the current deal, and other Gulf Cooperation Countries (GCC) will support the brunt of the production cuts. A formal decision is to be made at OPEC's next scheduled meeting in November, however, the Algier round announcement is likely to provide some support and deter short trading in crude oil until then.

We continue to believe that the current oil prices are unsustainable, as evidenced by the 20% drop in global oil industry capex in 2015, which is estimated to be followed by a similar drop in 2016 and add up to some $1 trillion in overall spending cuts towards finding and developing reserves by 2020. Back to back capex cuts of such magnitude are unprecedented and are sowing the seeds of future supply shortfall as demand continues to grow. In other words, the longer lower oil prices stay low, the higher the eventual rebound.

It needs to be emphasized, we believe, that the recovery in the market values of oil and gas exploration and production (E&P) companies is not a linear function of the crude oil prices, but rather a combination of the prices, operating leverage and balance sheet leverage. As such, there are likely a couple of inflection points in the performance of E&P companies. In broad terms, a West Texas Intermediate (WTI) level in the low $30/barrel could signify potential liquidity and solvency issues for many operators, with the associated drops in valuations, while levels in the $50 to $60/barrel range are more indicative of cash flow positive operations and significant uplift in valuations.

We believe that the Fund is well-positioned to continue to meet its investment objectives as outlined above.

Effective October 19, 2015, the Fund changed custodians from Citibank Canada to CIBC Mellon Trust Company.

RELATED PARTY TRANSACTIONS

The Fund's manager is Portland Investment Counsel Inc. (the Manager). The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During the period ended September 30, 2016, the Manager received $6,315 in management fees from the Fund compared to $603 for the period ended September 30, 2015 (net of applicable taxes).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of operations. Depending on their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred. During the period ended September 30, 2016, the Manager was reimbursed $1,953 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes. This compares to $259 for period ended September 30, 2015. In addition to the amounts reimbursed, the Manager absorbed $86,385 of operating expenses during the period ended September 30, 2016 compared to $38,130 during the period ended September 30, 2015 (net of applicable taxes).

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the

Manager were reimbursed $2,581 during the period ended September 30, 2016 by the Fund for such services, compared to $831 during the period ended September 30, 2015.

The Manager, its affiliates, officers and directors of the Manager (Related Parties) may own units of the Fund. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from the Independent Review Committee were not required or obtained for such transactions. As at September 30, 2016, Related Parties owned 20.8% (September 30, 2015: 78.9%) of the Fund.

The Board of Directors of the manager is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

Notes

Certain statements included in this Management Discussion of Fund Performance constitute forward-looking statements, including those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent they relate to the Fund. These forward-looking statements are not historical facts, but reflect the current expectations of the portfolio management team regarding future results or events of the Fund. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The portfolio management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.

Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

Summary of Investment Portfolio as at September 30, 2016

Top 25 Investments*

	% of Net Asset Value
Cash and Cash Equivalents	18.1%
Liberty Global PLC LiLAC	10.2%
Whitecap Resources, Inc.	9.8%
Baytex Energy Corp.	8.6%
Crescent Point Energy Corp.	8.3%
Brookfield Business Partners L.P.	7.8%
Pershing Square Holdings, Ltd.	7.1%
Brookfield Asset Management Inc.	6.6%
Restaurant Brands International Inc.	6.4%
Hertz Global Holdings, Inc.	6.3%
Berkshire Hathaway Inc.	6.2%
Nomad Foods Limited	6.0%
Grand Total	101.4%
Total net asset value	$641,783

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

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end by visiting www.portlandic.com or contacting us at 1-888-710-4242.

Portfolio Composition

Sector	
Energy	26.7%
Financials	19.9%
Other Net Assets (Liabilities)	16.7%
Consumer Discretionary	16.6%
Industrials	14.1%
Consumer Staples	6.0%

Geographic Region	
Canada	39.7%
Other Net Assets (Liabilities)	16.7%
United States	12.5%
United Kingdom	10.2%
Bermuda	7.8%
Guernsey	7.1%
British Virgin Islands	6.0%

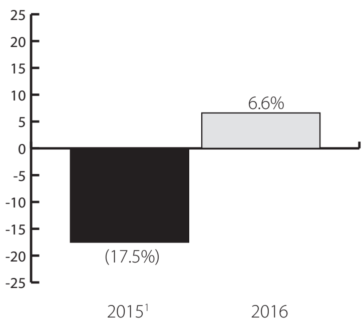
Other Net Assets (Liabilities) refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

Past Performance

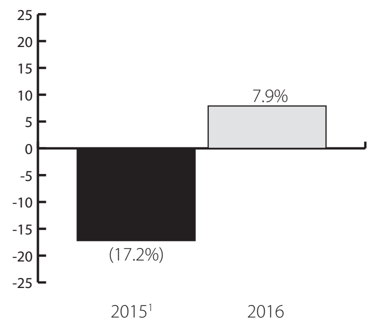
The past performance information shown in this section is calculated using the net asset value per unit and assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. The past performance information does not take into account sales, redemptions, distribution or other optional charges or income taxes payable by the unitholder that would have reduced returns or performance. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Year-By-Year Returns

The graphs show the annual historical returns of the applicable series of units, which change each year. Annual return is the percentage change in the value of an investment from October 1 to September 30 (unless otherwise stated).



Series A Units



Series F Units

1. From May 19, 2015 to September 30, 2015.

Annual Compound Returns

The table below shows the historical compound returns of the applicable series of units and the MSCI World Total Return Index (the Index). The Index is designed to measure the equity market performance of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Performance will vary by series largely due to the extent that fees and expenses may differ between series.

Series of Units	Inception Date	Since Inception	One Year	Three Year	Five Year	Ten Year
Series A	May 19, 2015	(8.9%)	6.6%	-	-	-
Index		4.0%	9.0%	-	-	-
Series F	May 19, 2015	(7.9%)	7.9%	-	-	-
Index		4.0%	9.0%	-	-	-

Comparison to the Index: Since the Fund does not necessarily invest in the same securities as the Index or in the same proportion, the performance of the Fund is not expected to equal that of its benchmark. Please refer to Management Discussion of Fund Performance - Results of Operations for additional discussion of the Fund's performance compared to the Index.

Management Fees

The Manager is responsible for the day-to-day management and administration of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the investment adviser and arranges for the administrative services required to be provided to the Fund. As compensation for its service, the Manager is entitled to receive a fee, payable monthly, calculated based on the daily net asset value of the Fund.

		Expenses Paid Out of the Management Fee (%)		
Series of Units	Management Fee (%)	Dealer compensation	General administration, investment advice and profit	Absorbed expenses
Series A	2.00%	100%	-	-
Series F	1.00%	-	-	100%

Financial Highlights

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

Series A Units - Net Assets per unit[1(a)]

For the periods ended	2016	2015
Net assets, beginning of the period	$8.25	$10.00 †[1b]
Increase (decrease) from operations:		
Total revenue	0.17	0.14
Total expenses	(0.26)	(0.11)
Realized gains (losses)	0.33	(0.09)
Unrealized gains (losses)	(0.22)	(1.55)
Total increase (decrease) from operations[2]	0.02	(1.61)
Distributions to unitholders:		
From income	-	-
From dividends	(0.01)	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions[3]	(0.01)	-
Net assets, end of period[4]	$8.79	$8.25

Series A Units - Ratios/Supplemental Data

For the periods ended	2016	2015
Total net asset value	$470,433	$46,143
Number of units outstanding	53,522	5,594
Management expense ratio[5]	2.83%	2.85% *
Management expense ratio before waivers or absorptions[5]	27.83%	85.28% *
Trading expense ratio[6]	0.16%	0.36% *
Portfolio turnover rate[7]	43.57%	0.00%
Net asset value per unit	$8.79	$8.25

Series F Units - Net Assets per unit[1(a)]

For the periods ended	2016	2015
Net assets, beginning of the period	$8.28	$10.00 †[1b]
Increase (decrease) from operations:		
Total revenue	0.10	0.14
Total expenses	(0.16)	(0.08)
Realized gains (losses)	0.44	(0.08)
Unrealized gains (losses)	0.38	(1.71)
Total increase (decrease) from operations[2]	0.76	(1.73)
Distributions to unitholders:		
From income	-	-
From dividends	(0.06)	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions[3]	(0.06)	-
Net assets, end of period[4]	$8.87	$8.28

Series F Units - Ratios/Supplemental Data

For the periods ended	2016	2015
Total net asset value	$171,350	$111,150
Number of units outstanding	19,316	13,417
Management expense ratio[5]	1.70%	1.74% *
Management expense ratio before waivers or absorptions[5]	26.70%	84.29% *
Trading expense ratio[6]	0.16%	0.36% *
Portfolio turnover rate[7]	43.57%	0.00%
Net asset value per unit	$8.87	$8.28

† Initial offering price

** Annualized*

Explanatory Notes

1. a) This information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards.

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

Series A Units	May 19, 2015
Series F Units	May 19, 2015

2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted daily average number of units outstanding over the financial period.

3. Distributions are paid out in cash/reinvested in additional units of the Fund, or both.

4. This is not a reconciliation of the beginning and ending net assets per unit.

5. The management expense ratio is based on total expenses (excluding foreign witholding taxes, commissions and other portfolio transaction costs but including management fee distributions paid to certain unitholders in the form of additional units) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager may absorb certain expenses otherwise payable by the Fund. The amount of expenses absorbed is determined annually at the discretion of the Manager.

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

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

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

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