Portland Investment Counsel®
Buy. Hold. And Prosper.®

Portland Private Income Fund

Interim Financial Report

June 30, 2022

Portland Private Income Fund

Interim Financial Report

June 30, 2022

PORTFOLIO MANAGER	**Christopher Wain-Lowe,** BA, MBA Chief Investment Officer, Executive Vice President and Portfolio Manager

Overview

The investment objective of the Portland Private Income Fund (the Fund) is to preserve capital and provide income and above average long-term returns. The Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Portland Private Income LP (the Partnership), although Portland Investment Counsel Inc. (the Manager) may determine from time to time that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership.

The award winning Portland Private Income Fund (the Fund) seeks to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities, either directly or indirectly through other funds, currently consisting of:

- Real Estate debt; primarily first mortgage floating-rate loans, asset backed on properties being developed and constructed for residential and commercial use across North America.
- Senior secured cash flow lending; to mid-market companies in North America and Europe, targeting loans characterized by robust legal structures, equity cushions and floating interest rates that provide quarterly income and improve returns in a rising interest rate environment.
- Maritime assets; primarily senior secured floating-rate loans to global shipping and other maritime businesses by engaging in asset-based financings secured by high quality maritime assets.
- Infrastructure assets; by acquisition of a diversified portfolio of what we believe are high quality, core infrastructure, long duration assets with regulated/contracted revenues, from which a significant percentage of returns can be generated from cash distributions.

The Manager will invest a portion of its portfolio in investment products directly or indirectly managed by specialty investment managers which it believes have disciplined investment philosophies (a Specialty Investment Manager). The Manager decides whether the Partnership invests in a fund managed by a Specialty Investment Manager and the extent of the commitment to that fund but does not decide on the individual loans or investments which will comprise that Specialty Investment Manager's Fund. Aside from funds managed by Specialty Investment Managers, the Partnership does also co-invest or directly invest in opportunities presented by Specialty Investment Managers at the Manager's discretion.

Current Specialty Investment Managers are the European Investment Fund (EIF) and its sister institution the European Investment Bank (EIB), which provide institutional support for the Global Energy Efficiency and Renewable Energy Fund (GEEREF) investment team, EnTrust Global, Crown Capital Partners Inc. (Crown Capital), Crown Private Credit Partners Inc. (Crown Credit), Northleaf Capital Partners Ltd. (Northleaf), Bridge Investment Group Holdings Inc. (Bridge), Brookfield Asset Management Inc. (Brookfield) and Parkview Financial, LLC (Parkview).

Christopher Wain-Lowe, the lead portfolio manager of the Fund, is a non- voting observer member of the investment committee of Crown Capital Partner Funding, LP (Crown Partner Funding) and is a member of the fund advisory board of Crown Capital Power Limited Partnership (Crown Power).

When creating this Fund, the Manager wanted to build a portfolio that could straddle a variety of investment opportunities, be nimble and adapt to changing circumstances and align to the best opportunities within those circumstances, while delivering steady income distributions and a stable net asset value per unit.

The following discussion covers the period from January 1, 2022 to June 30, 2022. Information related to investments is presented on a combined basis whether the investments are held by the Fund or the Partnership. All values are in Canadian dollars unless otherwise noted.

Financial Highlights

Common Units

The Fund's one-year net return on common units as at June 30, 2022 was 12.13% for Series A units and 13.40% for Series F units. The Fund's net asset value (NAV) per unit as of June 30, 2022 was $47.75 for Series A units and $49.52 for Series F units. The Fund has delivered annualized and cumulative net returns since inception of 7.98% and 104.77% for Series A units and 9.25% and 131.18% for Series F units, respectively, compared to its targeted 8% annualized return for Series A units and 9% annualized return first set in January 2013.[1]

The Fund increased its assets under management (AUM) from $167.6 million as at December 31, 2021 to $178.6 million as at June 30, 2022. This represented an increase of 6.2% for the six-month period. As mentioned earlier, the Series F units had a one-year net return of 13.40% as of June 30, 2022, which exceeded its targeted return of 9% by over 4%. The main contributor to this outperformance is the Global Maritime Loans and Assets pillar, as discussed on the pages that follow.

Figure 1 shows the comparison of performance per year of the Series F units of the Fund alongside the total distributions that have been paid. The performance of the Fund's Series F units has been an annualized rate of 9.25% since inception. If the Fund had not paid distributions, the NAV per unit would have risen from $50.00 to $91.96, a change of $41.96 per unit. However, since inception the Fund has targeted a regular distribution of 9% per annum and so paid out $41.58 of monthly distributions as well as $0.86 of special distributions required to ensure the Fund is not liable for income taxes as all income and capital gains must be distributed out to the investors in the Fund. As detailed in Figure 1, the difference between the performance earned of $41.96 and total distributions paid of $42.44 equals a change of ($0.48) and equates to the NAV per unit of $49.52 as at June 30, 2022.

Figure 1. Performance and Distributions - Series F

Year	Opening NAV per Unit	+ Performance	- Regular Distributions	- Special Distribution	Ending NAV per Unit
2013	$50.00	$4.51	$3.33	-	$51.19
2014	$51.19	$4.42	$4.50	$0.21	$50.89
2015	$50.89	$4.89	$4.50	$0.32	$50.96
2016	$50.96	$4.44	$4.50	$0.15	$50.75
2017	$50.75	$3.90	$4.50	-	$50.15
2018	$50.15	$4.38	$4.50	-	$50.03
2019	$50.03	$3.50	$4.50	-	$49.03
2020	$49.03	$3.22	$4.50	$0.18	$47.57
2021	$47.57	$5.19	$4.50	-	$48.26
2022	$48.26	$3.51	$2.25	-	$49.52
Total		$41.96	$41.58	$0.86	

We remain confident current investments as well as a robust pipeline of investment opportunities should allow the Fund to continue to target the same returns as it has since inception and to continue to provide its unitholders with the same levels of distributions, that is Series A and Series F unitholders with 8% and 9% (based on the initial NAV per unit of $50.00) annualized distributions paid monthly, respectively.

The Fund finished in 3rd place in the 2021 Canadian Hedge Fund Awards for the Best 1 Year Return and the Best 3 Year Return in the private debt category. The Fund also finished in 3rd place in the 2020 Canadian Hedge Fund Awards for the Best 5 Year Return in the private debt category. The Fund was also the winner of the 2018 Canadian Hedge Fund Awards for the Best 5 Year Return and the Best 5 Year Sharpe Ratio in the private debt category, the last time the 5 Year Sharpe Ratio was awarded.[2]

Preferred Units

The Fund offers a preferred class of units (the preferred units). Preferred shares are already a popular investment for investors seeking lower risk compared to an equity investment in the same issuer. In preparing for the launch of the preferred units in 2018, our legal counsel believed this was the first time in Canada that preferred units were being offered by an open-ended mutual fund trust.

The preferred units are being issued to provide support to the investment objectives of the Fund by providing a source of borrowing at what we believe to be an attractive cost, which is expected to be between the borrowing cost of a prime brokerage facility and a loan facility. The preferred units will be included as debt in the calculation of borrowing as outlined in the investment strategies, which continues to be an aggregate amount of up to 25% of the total assets of the Partnership after giving effect to the borrowing.

The preferred units are available in two series, Series AP and Series FP, with a minimum investment of $5,000 and are available for purchase in registered accounts. Similar to the common units, subscriptions for preferred units must be received no later than the 20th calendar day of the month (or the preceding business day if the 20th falls on a weekend). The preferred units are intended to be priced at a fixed NAV per unit of $10.00. Redemptions require 60 days' notice and no redemption fees apply.

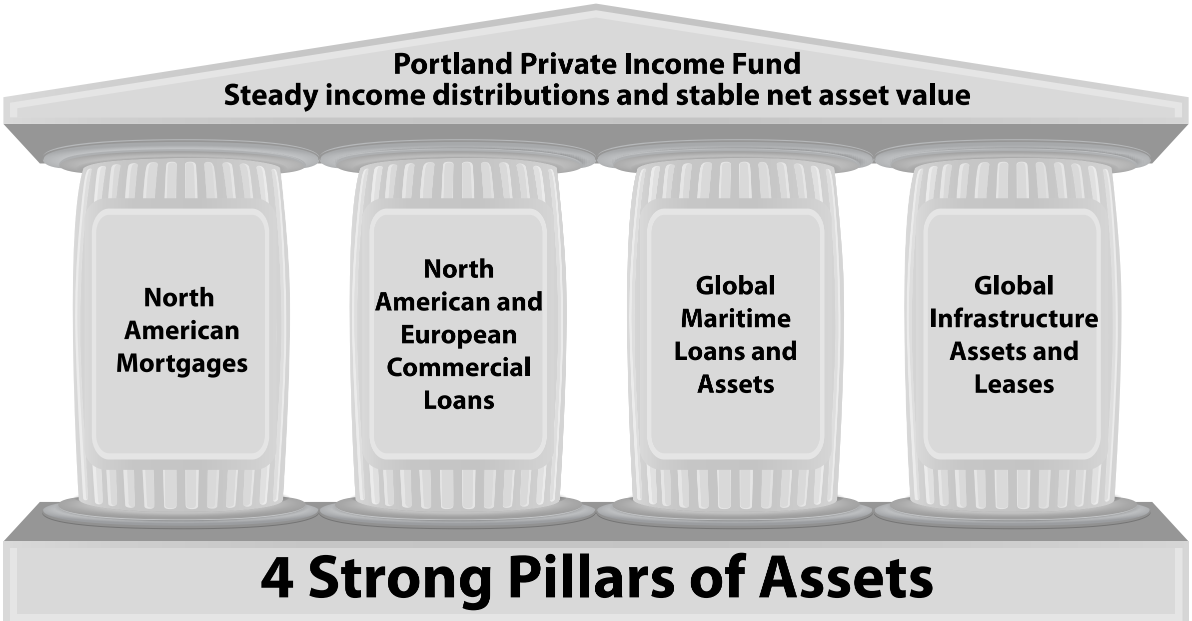
The Fund's one-year net return on preferred units as at June 30, 2022 was 3.51% for Series FP units and 2.48% for Series AP units. The Fund's NAV per unit as of June 30, 2022 was $10.00 for both Series AP and FP units. The Fund has delivered an annualized net return since inception of 4.05% for Series FP units and 2.94% for Series AP units.[1]

The preferred units are expected to pay a monthly distribution ranging from the Royal Bank of Canada Prime Rate (the Prime Rate) to no more than the cost of unsecured debt available to the Partnership. The monthly distribution will be the Prime Rate for Series AP units and the Prime Rate + 1.0% for Series FP units. As at June 30, 2022, the Prime Rate was 3.70%. Effective July 1, 2022, the Series AP units will pay an annual distribution of 3.70% and the Series FP units will pay an annual distribution of 4.70%. The Prime Rate is reviewed on a quarterly basis and distribution rates are posted on the Fund's website at www.portlandic.com/privateincome. We expect to adjust the distributions once the Prime Rate has changed by 50 basis points.

Recent Developments and Outlook

We believe that we have better positioned and shaped the Fund's future by providing two discrete offers to investors: the common units and preferred units; supported across four strong pillars of global assets: North American Mortgages, North American and European Commercial Loans, Global Maritime Loans and Assets and Global Infrastructure Assets and Leases as shown in Figure 2 below.

Figure 2.



When creating this Fund, we wanted to build a portfolio that could straddle a variety of investment opportunities, be nimble and adapt to changing circumstances and align to the best opportunities within those circumstances, while delivering steady income distributions and a stable NAV. From 2013 to mid-2015, we selected a portfolio almost exclusively of private mortgages. Beginning in mid-2015, we gradually assessed the attractiveness of the housing market compared to other lending opportunities and selected Specialty Investment Managers to enable the Fund to take advantage of those opportunities in order to ensure the Fund's monthly distribution was supported by the four strong pillars of asset classes that are diversified by sector and geography.

North American Mortgages

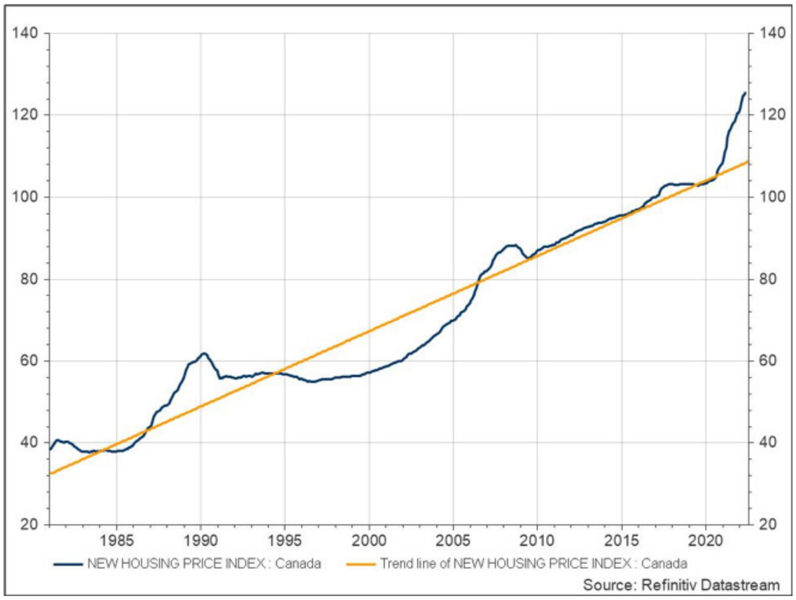
After the 2007-2008 global financial crisis, increased regulatory oversight of the banking sector resulted in more conservative lending standards and higher capital requirements. This tightened credit and reduced liquidity in the real estate-backed debt market and created an attractive opportunity for non-traditional real estate lenders, as yields generally increased. This environment has persisted despite being more than a decade removed from the beginning of the 2007-2008 global financial crisis. In addition, beginning in early 2020, there was dislocation in credit markets across asset classes as a result of the worldwide COVID-19 pandemic. We believe that the ongoing conservatism of the bank market and market volatility has created and continues to create opportunities to identify and invest in attractive commercial real estate debt instruments. In this environment, we believe that borrowers will be attracted to stable sources of capital like the Fund with proven execution records.

Figure 3 highlights Canadian real home index prices from January 15, 1981 to June 30, 2022. This figure seeks to show that real home prices in Canada are on the high-side of their long-term trend. Conversely, the lack of supply of housing units and the high immigration into Canada are likely to support current housing prices, future price increases, and the continued construction of new housing projects. However, the development of more affordable housing units is likely to take years and only offers potential relief over the longer-term horizon.

Since the Fund is a lender to developers, as long as new housing units are sold at the construction cost of the new housing unit, the Fund will be fully repaid with interest on its loans.

However, we continue to recognize the heightened evidence of overvaluation in the Toronto and Greater Toronto Area (GTA) housing market that is also noticeable in adjacent cities and believe continued price increases could moderate as underlying economic fundamentals catch up to current prices. We have continued to shun exposure to mortgages in the high-rise downtown core of Toronto and this strategy has been effective throughout the COVID-19 pandemic since the valuations of these units have been impacted due to the rise of remote working arrangements. Throughout 2021, we have continued to see a shift to remote working arrangements, which has caused an increased demand for housing in the suburbs around the GTA. This trend has continued to benefit some of the Fund's mortgages.

Figure 3. Canada New Housing Price Index – January 15, 1981 to June 30, 2022



House prices are relatively high in other major cities around the world. Common to all these cities are buyers from emerging markets, notably China, who have been willing to pay a premium to secure a safe place for their savings and so at the margin, help to drive a wedge between the prices of homes and the local fundamentals of incomes and rental payments. This mismatch has been frustrating local policymakers, hence the introduction of the non-resident taxes introduced in Vancouver and Ontario.

Mortgage investment entities are not a homogeneous group. The Fund lends short-term to developers and not long-term to individuals labelled by FICO® as a rating below scores of 660 and by banks as sub-prime. The Fund lends to developers or landowners known to us or the licensed mortgage administrator based on a project's understood exit, typically take-out financing as the development progresses or based on verified presales. The Fund does continue to have exposure to retirement, student and commercial retail markets and has experience investing in affordable housing, which we believe is increasingly needed as urbanization increases a city's 'support network' of service industry workers.

In a capital structure, equity holds the greater risk and is the cushion against which debt can be repaid. As of June 30, 2022, the weighted average loan-to-value (LTV) of the direct mortgage portion and select funds managed by Bridge and Parkview of the Fund's portfolio was 67% and consisted primarily of first mortgages (74% as of December 31, 2021). LTV is the ratio of loans advanced to date, to the appraised value of the project by a licensed mortgage administrator and/or Manager and/or an independent appraiser.

In our view, it would take a decline in property values in the order of greater than 25% to put the Fund's portfolio of mortgages at risk from a tangible collateral perspective and the mortgages to developers or landowners can be secured by corporate or personal guarantees.

In 2021, we introduced an additional Specialty Investment Manager, Bridge, within the North American Mortgages pillar of the portfolio. Bridge is the fund manager for Bridge Agency MBS International LP (Bridge AMBS) and Bridge Debt Strategies Fund IV International LP (Bridge Debt IV). Bridge AMBS and Bridge Debt IV help to add liquidity and diversification respectively to the North American Mortgages pillar.

Bridge is a leading, vertically integrated real estate investment manager, diversified across specialized asset classes, with approximately US$38.8 billion of assets under management as of March 31, 2022. Bridge has enjoyed significant growth since its establishment as an institutional fund manager in 2009, driven by strong investment returns and its successful efforts to develop an array of investment platforms focused on sectors of the U.S. real estate market that it believes are the most attractive. As of March 31, 2022, Bridge had approximately 2,100 employees, including its investment professionals and employees supporting its investment, investor service and corporate activities.

Bridge AMBS' strategy includes investments in mortgage-backed securities, collateralized mortgage obligations, regularly issued residential mortgage-backed securities that are guaranteed by a government sponsored enterprise, and residential mortgage-backed securities that include agency mortgage backed securities from multiple government sponsored enterprises, in each case acquired directly, through securitized pools, real estate mortgage investment conduits, or via to-be-announced contracts. Agency mortgage backed securities are backed by residential mortgage loans that produce regular cash flows, are generally collateralized by a first lien mortgage, and are guaranteed by government sponsored entities, including The Federal National Mortgage Association, The Federal Home Loan Mortgage Corporation, and The Government National Mortgage Association. The investments are expected to use leverage via borrowing with repurchase agreements in the repurchase market or other collateralized financing and may include U.S. Treasuries and various risk management strategies using derivative instruments, including swaps, swaptions, and futures. The portfolio has invested US$2.2 million in Bridge AMBS's AUM of US$1.9 billion as at June 30, 2022.

Bridge Debt IV invests in a diversified portfolio of commercial real estate-related debt and certain related investments related to or secured by income-producing multifamily, commercial office, seniors housing and selected other real estate assets in the United States. Bridge Debt IV capitalizes on established relationships with asset originators and other market participants, derived from the longstanding commercial relationships and identification and focus on underserved segments of the commercial real estate debt and certain related markets. The portfolio had committed US$15 million to Bridge Debt IV's AUM of US$5.7 billion with 66.7% drawn as at June 30, 2022.

In the first half of 2022, the Fund selected Parkview as a new Specialty Investment Manager within the North American Mortgages pillar. Parkview is a direct private lender specializing in ground up commercial and residential real estate financing. Through a private real estate debt fund, Parkview provides short-term bridge and construction loans secured by first trust deeds to developers throughout the United States. Since 2015, Parkview has successfully executed more than US$3 billion in financing for multifamily, retail, office, industrial and mixed-use projects with executed loans ranging from US$5 million to US$300 million. Parkview was founded in 2009 by Paul Rahimian, its CEO, has an experienced team of in-house experts and has offices in Los Angeles, New York, Denver and Atlanta. Its reputation within the commercial real estate industry has been accomplished through its proven ability to provide fast, creative financing solutions to borrowers who need more leverage and certainty of execution. The portfolio initiated an investment of US$3.2 million to the Parkview Financial US-Cayman Blocker, LLC (Parkview Fund).The Parkview Fund has US$496 million in AUM.

North American and European Commercial Loans

We believe that while middle-market companies (revenues between $50 million and $500 million) are vital to support a growing economy, they have remarkably few alternatives to access growth capital to expand their operations, fund acquisitions, or recapitalize. The financial landscape is dominated by chartered banks and private equity funds, whose financial terms and dilutive financing structures are often ill-suited to meet the demands of mid-market companies. There is, we believe, a clear funding gap between equity providers and bank debt. Continued market uncertainty and banking regulatory changes have exacerbated the funding gap, as banks further limit their willingness to extend adequate credit, so providing the increasing growth opportunity for focused specialty finance providers seeking attractive risk-adjusted returns.

In July 2016, the portfolio broadened its exposure to private commercial debt via Crown Partner Funding that originates, structures and provides tailored transitory and permanent financing solutions in the form of loans, royalties and other structures with minimal or no ownership dilution to middle-market companies.

The portfolio of commercial loans held by Crown Partner Funding are detailed on Crown Credit's website at https://crownprivatecredit.ca. Crown Partner Funding currently has assets under management of $111 million of which the Fund owns 18.3%. Crown Partner Funding is currently in the harvesting stage and no further capital calls are expected. Crown Partner Funding is comprised of seven loans ranging in size from $7 million to $45 million. A sector breakdown of the commercial loans is provided in Figure 9.

From time to time, the Partnership has invested directly in deals syndicated by Crown Credit and Crown Capital and we expect this practice to continue. The Fund has currently participated in 3 direct loans syndicated by Crown Credit and Crown Capital with total principal lent amounting to $7.5 million.

In the second half of 2021, we introduced an additional Specialty Investment Manager, Northleaf, within the North American and European Commercial Loans pillar of the portfolio. Northleaf is an independent, employee-owned global private markets investment firm with US$20.0 billion in private credit, private equity and infrastructure commitments under management on behalf of more than 100 institutional investors including the Canada Pension Plan Investment Board and the Caisse de dépôt et placement du Québec. Based in Toronto, Montreal, London, New York, Chicago, Menlo Park and Melbourne, Northleaf's team of more than 190 people is focused exclusively on the sourcing, acquisition and management of private markets investments. Northleaf with strong Canadian roots, was formed in 2009 by the spin-out of TD Capital Private Equity Investors, the independent private equity, secondary investment and co-investment arm of TD Bank Group. With the spin-out, Northleaf became the successor to TD Capital's entire team, track record and global investment program. Northleaf remains focused on providing globally diversified private markets solutions to investors and currently manages more than 400 active private markets investments in 40 countries with a focus on mid-market companies and assets.

The Fund has committed US$7.0 million to the Northleaf Senior Private Credit-L with assets under management of US$603.2 million through NSPC-L Investor Trust (Northleaf Private Credit) and had a 22.1% of its commitment called as of June 30, 2022. By July 5, 2022, the Fund had 43.1% of its commitment called.

Global Maritime Loans and Assets

Since the Great Recession, European banks, compared to US banks, have been slower to build their capital strength but have historically served as the shipping industry's largest lenders. Regulatory changes now mandate banks to hold more capital and more liquidity and given the concentration and tenure of shipping loans, European banks have been reducing their lending activity to the sector, creating a shortfall in ship financing capacity.

We anticipate current financing opportunities to be diverse but to include the uneconomic selling by European banks of shipping assets at discounts based on their inability to afford funding such loans, as well as regulatory pressure to reduce exposure. Also, the disruption from COVID-19 has accelerated banks' wishes to divest maritime assets and so forsake relationships with strong counterparties which presents added opportunities. The large blue-chip ship owners, which historically have had no issues finding lower-cost financing from traditional shipping banks, are now seeking alternative forms of capital providers to finance acquisitions or debt maturities that are coming due. Many banks in Europe are focused on preserving capital and seek capital relief programs, which include selling off certain loan portfolios.

Christopher Wain-Lowe, portfolio manager of the Fund, has previous direct experience of European banking, having been employed by Barclays PLC for nearly 20 years. During that time, Christopher spent over three years based in Athens, Greece, ultimately as Chief Executive Officer of Barclays business in Greece responsible for its large shipping portfolio. These earlier experiences assisted the decision in March 2018 to select EnTrust Global as a Specialty Investment Manager to complement the Fund's existing portfolio via its maritime lending fund, Blue Ocean Fund (Blue Ocean) and subsequently the acquisition of the Maas Capital Shipping B.V. portfolio (Maas), through Blue MC (Cayman) LLC (Blue MC). EnTrust Global is a leading global alternative asset manager and is one of the world's largest hedge fund investors.

The investment strategy of Blue Ocean is to seek to generate attractive risk adjusted returns by targeting direct lending opportunities to vessel owners by engaging in asset-based financings secured by high-quality maritime assets. Blue Ocean is primarily engaged in lending to and investing in shipping companies, non-U.S. oil services companies and other maritime businesses and operations related directly thereto. Blue Ocean seeks to exploit the current twin dislocations in the shipping and European banking sectors by serving as an alternative source of liquidity to companies as traditional lenders reduce their activities.

The maritime assets currently finance 229 vessels via a maritime lending strategy including Blue Ocean and Maas. EnTrust Global provides portfolio and risk management services to its maritime strategy of approximately US$2.8 billion which, as of June 30, 2022, includes the Partnership's: (i) remaining US$11,000 of the US$5 million commitment to the Blue Ocean fund's first closed-end fund in March 2018; (ii) US$7 million commitment to the fund's second closed but revolving / evergreen fund in December 2018 with approximately 80.7% currently drawn and; (iii) US$6 million investment in the acquisition of Maas from ABN AMRO Bank N.V. (ABN AMRO) through Blue MC.

The Manager and EnTrust Global believe that current financing opportunities in the shipping sector come with significant contractual downside protection given low to moderate loan-to-ship values, historically low asset values and first lien, senior secured structures. As at the end of June 30, 2022, Blue Ocean's total invested capital of the first close featured a portfolio of 4 vessels with an average vessel age of 11 years and its total invested capital of the second close featured a portfolio of 149 vessels with an average vessel age of 11 years. The acquisition of Maas from ABN AMRO in 2021 features a portfolio of 76 vessels across a portfolio of 15 equity joint venture investments within the product/chemical tanker, dry bulk, LPG, container, and offshore services segments with underlying attractive average vessel ages. In addition, the Maas includes an equity stake in a growing intermodal business which leases out container boxes.

Ongoing outbreaks in critical links of global supply chains, limited vessel, container and warehouse capacity, and a continued dearth of truck drivers to move products, in combination with sustained consumer goods spending, have lengthened a plethora of logistical challenges (both pandemic-related and structural). Supply chains broadly have been pushed to breaking points, which has resulted in sustained pressure on the supply side to keep up with demand. Additionally, major global shipping ports remain congested as transporters also battle to keep up with demand, in addition to dealing with the ongoing COVID-19 outbreaks, resulting in significant delays and increases in voyage durations.

The pandemic still having meaningful effects on seaborne transportation, with specific sectors continuing to vary widely in their progress since the onset. The extraordinary strength that has been seen in the containership sector remained through Q1 2022, with earnings remaining still far above 30-year highs (Chart 1), driven in part by sustained fears regarding lack of vessel capacity, forcing liners, even at sustained higher rates, to seek ever-longer charter durations, which is further limiting available vessel capacity. Strong demand also remains in the dry bulk sector, where the Baltic Dry Index, even after typical seasonal weakness in early Q1 2022, moved higher again into the end of the quarter, finishing near 10-year highs (Chart 2). The tanker sector, which has struggled now for approximately 1.5 years, jolted higher in response to the Russian-Ukraine conflict (Chart 3) to levels comparable to prior oil market shocks, and has subsequently maintained these elevated levels now into Q2 2022.

Chart 1: Clarksons Average Containerships Earnings ($/day)

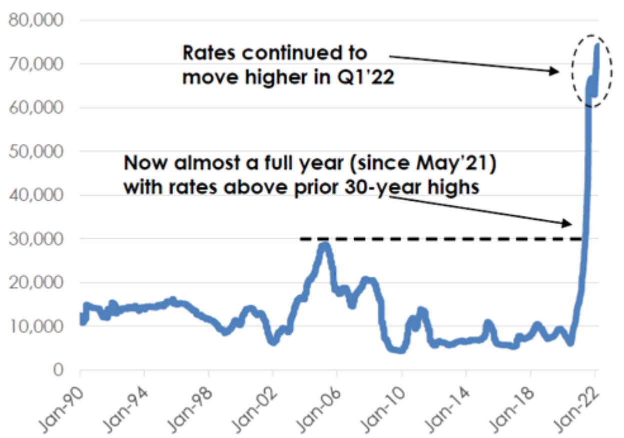


Chart 2: Baltic Dry Index

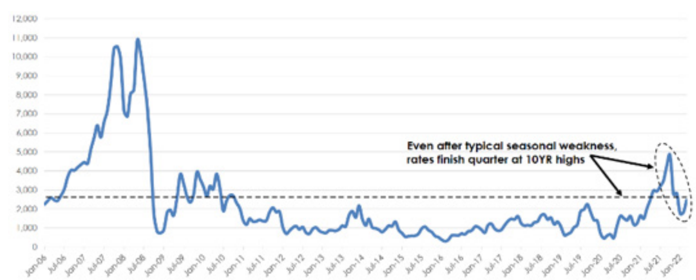
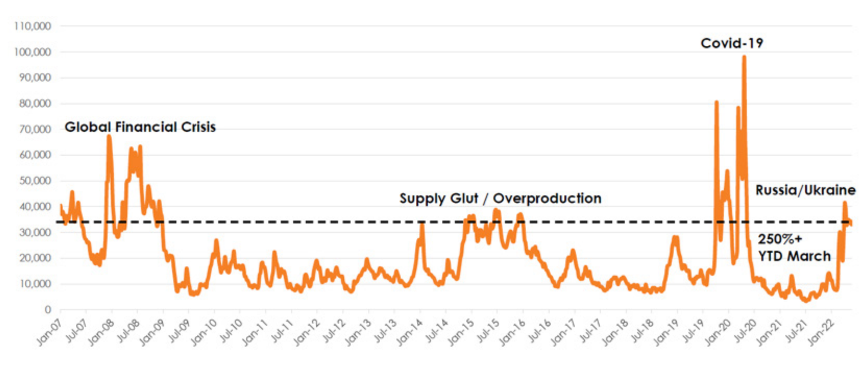


Chart 3: Clarksons Average Tanker Earnings ($/day)



Global seaborne trade rebounded by approximately 3.4% to 12 billion tonnes in 2021, slightly above 2019 levels, and was initially estimated to grow by another approximately 3.9% in 2022; however, with the Russia-Ukraine conflict continuing to impact the global macroeconomic outlook, the forecasted growth has now been downgraded to approximately 2.6%. Many unknowns remain around: (i) the ultimate impacts and duration of the Russia-Ukraine conflict; (ii) the Omicron, Delta and other emerging virus variants which continue to negatively affect some key economic regions; (iii) accelerated tapering of most government support to combat sustained higher inflation and; (iv) continued supply chain issues which have already impacted (and may even pose a greater risk to) growth in the coming quarters.

However, concerns around future demand in the near term can be offset by constricted supply in some shipping markets. The levels of new orders for dry bulk and tankers are at record lows since 1980 in part due to the volatile oil market at the beginning of the pandemic when oil prices fell to below zero forcing some tanker owners precipitously to scrap their tankers for cash – so causing a shortage of supply when oil prices recovered. As such, we believe the near term shipping markets can remain resilient overall.

The dry bulk ship sector currently has a low vessel supply, where the new order book has remained at 30-year lows, driven by higher steel prices and competition for yard slots from containerships, and ongoing port congestion. These factors are expected to continue to play a role in boosting fleet utilization, supporting a generally positive earnings environment going forward into 2022.

The tanker ship sector currently has a historically low new order book with an estimated supply growth of 2-3% for 2022. Sustained scrapping trends driven by higher scrap steel prices, and higher bunker prices that have been pushing some owners to slow-steam (predominantly during ballast), will further support supply constraints and so favour existing tanker charters. However, there are clear risks building to the outlook that could dampen gains, including growing concerns around the global economic outlook, which, along with high oil prices, could lead to a substantially lower level of global oil demand this year which is currently projected to grow by approximately 2%.

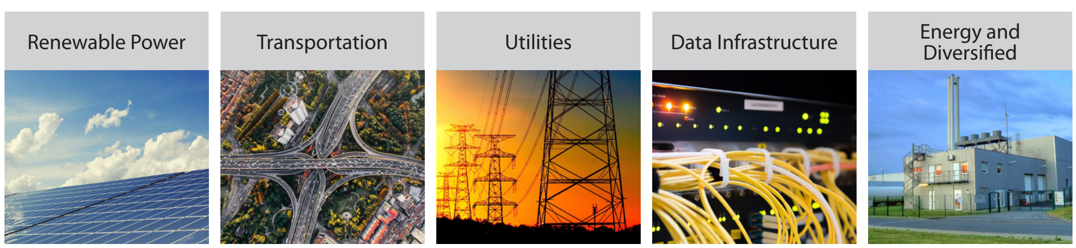
The containership sector currently has rates that remain at the highest levels in three decades, with elevated port congestion. Severely disrupted supply chains; a shortage of container boxes; and a low idle fleet (further reducing available vessel capacity) all continue to add to supply-side constraints. This has driven sustained increases in rates and asset values and charterers employing vessels for longer durations. With all the confidence currently in the market, ordering of new vessels picked up materially in 2021 and now continued further in 2022, which will need to be carefully watched, especially if the current level of ordering were to carry on throughout 2022. We understand most of these ships will be slotted for delivery in late 2023 and 2024, which will boost fleet growth around the time when long-term charters booked recently will expire.

The general trends in the global shipping markets have positively impacted our portfolio, driven by mark-ups of loans, preferred equity, and common equity positions; prepayments of select loan tranches; dividend payments from preferred equity and common equity positions; and the ongoing receipt of scheduled debt service where attractive cash yields exist. As vaccinations and now ongoing boosters continue to be administered and economies get back to operating at full capacity, and despite the risk of an intermittent slow down driven by the resurfacing of COVID-19 cases, we still expect to see a sustained positive impact on our portfolio. We believe the Blue Ocean team's active portfolio management approach has continued to demonstrate its value and helped keep the loan portfolio in good shape overall, despite an elongated negative shock caused by the COVID-19 pandemic.

Global Infrastructure Assets and Leases

We believe there has been systemic underinvestment in infrastructure which means that a significant amount of private capital is needed to address the global funding gap. This market's activity has been catalyzed further by strategic and infrastructure fund divestment programs. Furthermore, recent government initiatives are expected to create additional opportunities. Some examples of these assets are depicted in Figure 4.

Figure 4. Infrastructure Asset Sectors



Infrastructure assets have certain characteristics that we see as displaying attractive attributes for the Fund. These characteristics include having a significant cash yield, lower volatility, diversification, inflation protection and long duration. Please see Figure 5.

Figure 5. Infrastructure Asset Characteristics

Significant Cash Yield	Lower Volatility	Diversification	Inflation Protection	Long Duration
Significant percentage of returns can be generated from cash distributions	Regulated / contracted revenues from operating assets	Low correlation of infrastructure to other major asset classes	Inflation-linked cash flows provide natural hedge to rising liabilities	Long operational life of underlying assets

The COVID-19 pandemic has impacted infrastructure assets but mostly on the sidelines, as the asset characteristics are well placed to withstand economic downturns and the operating businesses are for the most part deemed essential services. Minor disruptions to construction and the quantum of activities on sites at any one time are now being factored into schedules with health and safety the ongoing priority. Inflation-linked infrastructure assets are now benefitting from higher rates of inflation seen across global economies leading to the current higher-interest rate environment.

International Infrastructure Assets

In December 2018, we selected Brookfield as a Specialty Investment Manager, one of the world's largest global infrastructure investors and operators. As an initial investor, we committed US$5 million to the open-ended Brookfield Super-Core Infrastructure Partners (NUS) L.P. (BSIP) managed by Brookfield and subsequently increased this commitment by US$0.8 million. On February 7, 2020, Brookfield announced the closing of its flagship global infrastructure fund, Brookfield Infrastructure Fund IV (BIF IV), with total equity commitments of US$20 billion. In March 2019, the Partnership as an initial investor committed US$15 million to BIF IV. Brookfield committed $5 billion to BIF IV. On June 21, 2022, the Partnership as an initial investor committed US$4 million to Brookfield Infrastructure Fund V (BIF V). Brookfield is targeting a commitment of US$6.25 billion to BIF V.

The investment strategy of BSIP is to invest in a portfolio of high quality, stable infrastructure assets and target mature, cash-generating core infrastructure assets with predominantly contracted/regulated revenues. BSIP pursues investments in developed markets where Brookfield has an investment presence, including North America, Western Europe and Australia and focuses on the utilities, energy, power and transportation sectors where Brookfield has established operating expertise.

BSIP primarily targets investments that provide a high percentage of investment returns from current cash yield and achieve capital appreciation from inflation linked cash flows and organic asset growth. Due to the strong infrastructure characteristics exhibited by these assets, the Fund is anticipated to demonstrate lower volatility relative to other major asset classes, which we believe will lead to attractive risk-adjusted returns. The Partnership's commitments are 100% drawn as of June 30, 2022 with no direct exposure to commodity prices.

We expect an expanding opportunity set of core infrastructure assets, as capital-constrained governments and corporations are continuing to monetize mature infrastructure assets in order to deploy capital towards growth and development initiatives. This activity is set against a prevailing landscape of systemic underinvestment in public sector infrastructure.

BIF IV and BIF V are seeking to acquire high quality, core infrastructure assets on a value basis. In order to be able to acquire high-quality core assets, Brookfield is focused on essential services with inelastic demand. It will identify strong barriers to entry, due to regulatory and/or contractual frameworks and attractive locations. Brookfield seeks sustainable, long-term, inflation-linked cash flows with high operating margins. In order to invest on a value basis, Brookfield taps into proprietary deal flow utilizing its proactive outreach program and advantages of scale and operating expertise. It capitalizes on a broad global mandate to invest opportunistically where pockets of value exist and to leverage its ability to execute large, multifaceted transactions, where there is less competition. In order to enhance value with an operations- oriented approach, Brookfield's focus is on acquiring control or co-control of investments. Brookfield implements an active management approach through the use of business plans. It will originate accretive organic growth projects and add-on acquisitions as it seeks to execute opportunistic exits in order to maximize value.

BIF IV has invested or committed capital to a diversified set of attractive infrastructure businesses, some of which include the largest short-haul rail operator in North America, natural gas pipelines in North America, European residential infrastructure, global telecom towers, data infrastructure businesses in South America, Australia, New Zealand, India and the UK, a North American Liquefied Natural Gas export facility, and a global portfolio of renewable power assets including solar and wind, with no direct exposure to commodity prices.

As at June 30, 2022, the Partnership had paid US$11.0 million towards its commitment in BIF IV, resulting in a remaining commitment of US$4.0 million.

Renewable Energy Infrastructure Assets in Developing (Non-OECD) Countries

Environmental, social, and governance (ESG) factors are gaining in prominence and consideration among mainstream investors globally. Sustainable investing comprises investment strategies that integrate ESG practices into investment decisions when assessing risks and opportunities within a portfolio. Sustainable investing can help combat global challenges such as climate change, unfair business practices and social inequality by investing in businesses that promote ethical and responsible corporate practices. We believe that renewable energy and energy efficiency are at the core of sustainable investing, which in turn is central to the transition to a less carbon-intensive and more sustainable global energy system. The investment in renewable energy and energy efficiency has grown rapidly over the past few years, as costs decline sharply especially for solar photovoltaics and wind power.

The Fund has invested in Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP), managed by the Manager via Christopher Wain-Lowe. The investment objective of Portland GEEREF LP is to provide income and above average long-term returns by investing primarily in the B units of GEEREF, advised by the EIF and sub-advised by the EIB, the largest multilateral borrower and lender in the European Union.

GEEREF is a private equity and infrastructure fund of funds, investing in energy efficiency and renewable energy private equity funds, for primarily energy efficiency and renewable energy projects in developing countries (Regional Funds). GEEREF was initiated by the European Commission in 2006 and launched A shares in 2008 with funding from the European Union, Germany and Norway, ultimately totaling €131.8 million. GEEREF successfully concluded its fundraising from private sector investors for B units in May 2015 raising €110 million. GEEREF's total commitments were €241.8 million. The Partnership owns Portland GEEREF LP, which committed €14.25 million for B units in GEEREF. The B units of GEEREF feature a preferred return mechanism and faster return of capital over the A shares currently held by the public sponsors. We believe the preferred return mechanism affords the B unitholders and so the Fund, a particularly attractive risk-adjusted return.

As of March 31, 2022, GEEREF had committed to invest approximately €192 million in 14 Regional Funds. The portfolio of Regional Funds held by GEEREF are detailed on GEEREF's website at www.geeref.com. The portfolios of each of the 14 Regional Funds currently comprise 203 investments. 11 of these Regional Funds have finished their investment periods and 10 have begun the process of divesting. One Regional Fund has been fully realized. Full details about Portland GEEREF LP can be found on our website at www.portlandic.com/geeref.html. To date, GEEREF has paid eight distributions to Portland GEEREF LP which in turn initiated quarterly distributions from Portland GEEREF LP to its unitholders beginning December 2017. The impact of COVID-19 lockdowns and inadequate supply of vaccines have of course reached into the emerging countries in which GEEREF's assets are located, causing delays through the 'life-cycle' of these assets, particularly delays in construction, delivery of equipment and divesting the operating assets as would-be buyers hesitate. These delays are likely to require patience as we share the GEEREF team view that it is better to await the impact of fairer distribution of vaccines and thereafter more normal working environments in order to enable and subsequently foster multiple competitive bids on projects to achieve optimal prices on divesting.

Power Generation: Infrastructure Assets in Ontario

The electricity markets in numerous regions in North America have become challenged. Mismanagement by the public sector has stressed electricity prices in numerous regions in North America. In Ontario, electricity prices had increased over 70% in less than 10 years. The province of Ontario demands 18 gigawatt hours of electricity, which equates to $11.9 billion, which is spent annually on electricity.[3] Due to underfunding of capital maintenance funds and an aging distribution system, we believe electricity prices are expected to continue to increase.

Many commercial enterprises are heavy users of electricity and the increased rates have affected their competitiveness. The private sector is responding and a private utility model is emerging. Private operators are building onsite Integrated Energy Platforms (IEPs) that include a combined heat and power unit to provide electricity at a lower and more predictable cost. The operators enter into long-term contracts to provide electricity and generate strong risk adjusted returns on capital deployed. The IEPs are natural gas fired generators with a heat exchanger that supplements or replaces the electricity, end customer purchases from the public utility and provides heat as a by-product. End customers are essentially making the decision to lock-in electricity prices by increasing exposure to natural gas prices.

Combined heat and power units are proven technology with thousands of systems installed across North America and Europe. We believe the inversion of natural gas and electricity prices has provided combined heat and power units a clear economic advantage over the public utilities in many jurisdictions. Combined heat and power systems typically remain backed-up to the grid providing maximum reliability.

Crown Capital launched Crown Power in 2019 and believes that the market opportunity continues to become more compelling for onsite power generation in each of Ontario and Alberta, the current geographic regions of focus. Crown Power is also currently prospecting opportunities in Eastern Canada, where electricity prices are among the highest in Canada but where natural gas supply is relatively limited, and is investigating potential expansion into select U.S. markets.

Crown Power has raised commitments of $50 million of which Crown Capital has committed $21.5 million. The Partnership committed $8.6 million and therefore holds about a 17.2% interest in Crown Power. By June 30, 2022, Crown Power had drawn about 78.6% of the committed capital as Crown Power currently has 14 projects underway of which: three are operating and all are expected to be operational in 2022. In addition to this, Crown Power has a strong pipeline of projects under consideration.

In the first quarter of 2019, Crown Capital had made a provision of $3.1 million, which was recorded in relation to amounts owing from an operating partner affiliated with Crown Power. This amount relates to advances from Crown Capital that were used by the operating partner to fund unauthorized operating expenses. Any loss that may be realized in the future would be fully borne by Crown Capital shareholders and not by Crown Power. This amount is gradually being reduced and repaid by Crown Capital over time as capital is needed within Crown Power to make further underlying investments. As at June 30, 2022, the remaining portion of the provision receivable by Crown Power is $0.4 million.

Portfolio Profile

The portfolio is comprised as follows:

June 30, 2022	Asset Allocation	# of Investments
North American Mortgages	**44.9%**	**182**
Direct Investment	34.0%	22
Indirect Investment into Open Fund	3.7%	85
Indirect Investment into Closed Fund	7.2%	75
North American and European Commercial Loans	**16.9%**	**69**
Direct Investment	4.4%	3
Indirect Investment into Open Fund	1.1%	59
Indirect Investment into Closed Fund	11.4%	7
Global Maritime Loans and Assets	**14.9%**	**229**
Direct Investment	8.6%	76
Indirect Investment into Closed Fund	6.3%	153
Global Infrastructure Assets and Leases	**18.6%**	**230**
Indirect Investment into Open Fund	3.6%	7
Indirect Investment into Closed Fund	15.0%	223
Public Securities	**4.7%**	**15**
Direct Public Securities	4.7%	15
Total	100.0%	

The Fund is primarily invested in private debt. Please see the below Figure 6 to see the Fund's historical asset allocation to debt.

Figure 6. Annual Historical Debt Allocations

	2022	2021	2020	2019	2018	2017	2016
Mortgages	46%	45%	44%	46%	46%	45%	47%
Commercial Loans	18%	19%	27%	26%	31%	33%	29%
Maritime Debt	7%	7%	8%	8%	9%	6%	-
Infrastructure Operating Leases	4%	4%	5%	3%	-	-	-
Total Debt Allocation	75%	75%	84%	83%	86%	84%	76%

North American Mortgages

As of June 30, 2022, the weighted average LTV of the direct mortgage portfolio and select funds managed by Bridge and Parkview of the Fund was 67% and consisted primarily of first mortgages. A significant component of the portfolio's current investments consists of mortgages in the Greater Toronto Area, Southwestern Ontario and Central Ontario sourced by MarshallZehr Group Inc. (MarshallZehr)[4]. These mortgages include a variety of infill and intensification projects with what the Manager believes to be well-established developers located in areas of increased demand. The projects span term, pre-development, development and construction stages (see Figure 7). The projects are also segmented between traditional housing, retail and mixed uses (see Figure 8). The mortgages are diversified across project types, geography, project stage and term.

Figure 7. Mortgage portfolio breakdown by mortgage type as of June 30, 2022

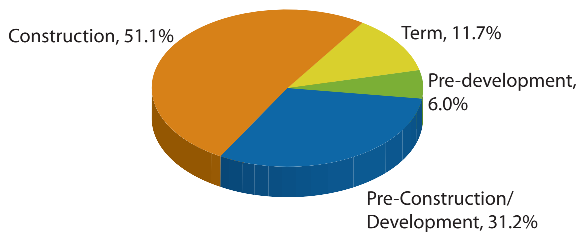
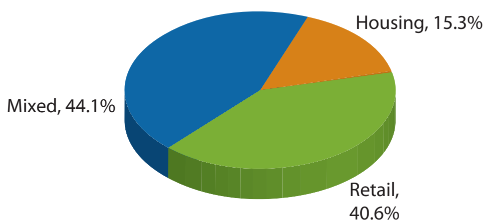


Figure 8. Mortgage portfolio breakdown by property usage as of June 30, 2022



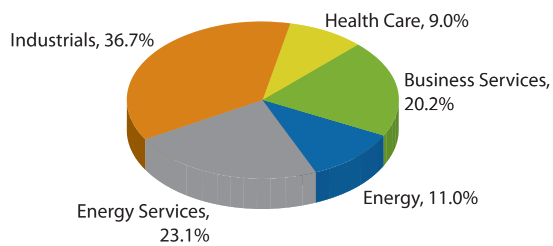
The Parkview Fund includes loans to developers as primarily construction loans as well as some bridge loans. The Parkview Fund portfolio is well-diversified spanning 19 states in America including Washington, Oregon, California, Idaho, Nevada, Arizona, Colorado, Texas, Illinois, Indiana, Michigan, Tennessee, Alabama, Florida, North Carolina, Maryland, New Jersey, New York, and Pennsylvania. The Parkview Fund issues loans with collateral property types including multi-family, mixed use, office, retail and industrial.

North American and European Commercial Loans

As depicted in Figure 9, the portfolio is diversified by sector, and comprises eight commercial loans made through Crown Partner Funding plus direct loan investments:

(i) RBee Aggregate Consulting Ltd. (construction/engineering);
(ii) Source Energy Services (frac sand supplier in hydraulic fracturing process);
(iii) Ferus Inc. (energy services);
(iv) Active Exhaust Corp. (industrial machinery & equipment);
(v) Rokstad Holdings Corporation (power line construction and maintenance services);
(vi) Persta Resources Inc. (oil and gas producer, with a focus on natural gas);
(vii) VIQ Solutions Inc. (transcription services industry); and
(viii) CareRx Corporation (pharmacy services for seniors).
(ix) MDT Sporting Goods Ltd. (outdoor sporting goods).

Figure 9. Commercial Loans Breakdown by Sector as at June 30, 2022



Northleaf Private Credit is building out a diversified portfolio of currently 59 senior secured loans across various geographies and sectors. Please see figure 9A for the portfolio breakdown by geographic location and 9B for portfolio breakdown by sector.

Figure 9A: Northleaf Private Credit by Geography

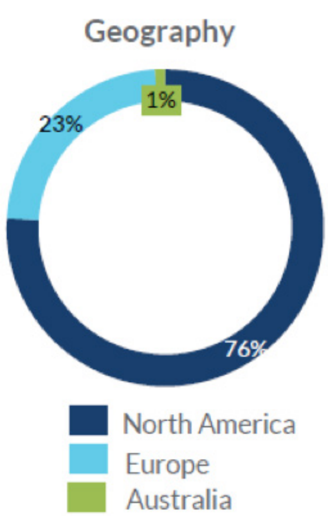
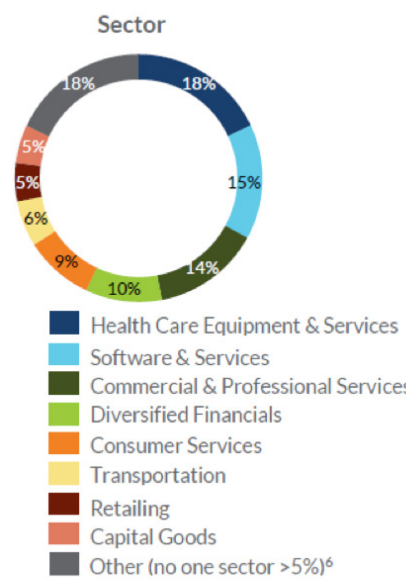


Figure 9B: Northleaf Private Credit by Sector



Global Maritime Loan and Assets

Global Maritime Loans and Assets

Figure 10 illustrates a snapshot of Blue Ocean's first portfolio as of June 30, 2022. Figure 11 illustrates a snapshot of Blue Ocean's second portfolio as of June 30, 2022. Figure 12 below illustrates the asset allocation of the Maas portfolio on the date of acquisition.

Figure 10. Portfolio Asset Allocation for the First Close of the Blue Ocean Fund

Asset Allocation		
Segment Breakdown	AUM (USD millions)	% of Total
Tanker	$11.4	100%
Total	$11.4	100%

Figure 11. Portfolio Asset Allocation for the Second Close of the Blue Ocean Fund

Asset Allocation		
Segment Breakdown	AUM (USD millions)	% of Total
Container	$18.29	28%
Dry Bulk	$12.10	19%
Tanker	$26.43	40%
Offshore	$8.48	13%
Total	$65.3	100%

Figure 12. Acquisition of Maas Capital Shipping B.V. Portfolio

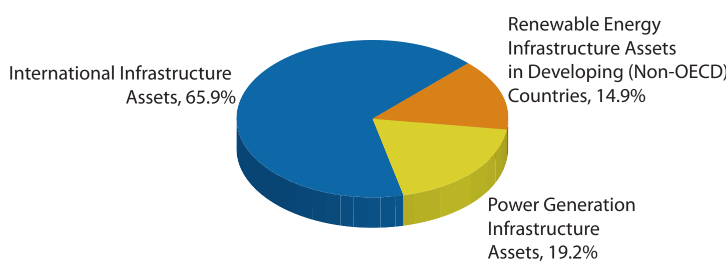
Asset Allocation	
Segment Breakdown	% of Total
Container	14%
Dry Bulk	24%
Tanker	27%
Offshore Production	20%
LPG Carriers	6%
Intermodal	7%
Offshore E&D	1%
Total	100%

Global Infrastructure Assets and Leases

Global Infrastructure Assets and Leases

Figure 13 shows the approximate infrastructure asset class allocation within the Fund as at June 30, 2022.

Figure 13. Approximate Infrastuture Assets and Leases by Type as at June 30, 2022



Risk

Project Risk and Returns

The business environment in which the Fund operates is a relatively high yield market. This market presents opportunities but not without risk. As described earlier, the holdings within the portfolio of private mortgages engage in a strategy that centers around taking on a suitable amount of project risk. The project that developers set out to accomplish is to construct or upgrade a building or complete a phase of homes. Along a timeline from beginning to completion, a project enters into different periods of time when the level of risk varies. As an example, the point in time when the Fund initiates a loan to a developer is one when zoning approvals have only been conditionally obtained for a piece of land, however full approval is expected. It is at this point in time when the lender can command a high interest rate on its funds of about 8% to 12% per annum since there is a quantum of due diligence required that large banks are unwilling to dedicate to relatively small developments - and this is the opportunity that the Fund captures. As the project develops and evolves where more units/homes are sold and built, the level of risk on the project reduces and as such the capital available to such a project from large banks increases and the price of this capital decreases. It is at those points in time when the Fund's more expensive capital is replaced by less expensive capital that requires a lower interest rate.

This particular strategy of providing expensive capital and executing on the development of a project is one in which the EIB's GEEREF, Crown Power, BSIP, BIF IV and BIF V all operate. GEEREF's Regional Funds and Crown Power intend to build portfolios of IEP's and then sell them at a higher price and lower risk to the purchaser. It is the aggregation of these assets in a diversified portfolio that reduce the risk of the combined portfolio and lowers the required rate of return the purchaser seeks. It is these factors that should allow GEEREF and Crown Power to generate attractive returns for investors, targeting net internal rate of return (IRR) of greater than 10%. Crown Power intends to provide operating leases by effectively owning each combined heat and power unit and leasing them back via long-term power contracts to creditworthy end-user counterparties; whereas GEEREF's A shares/B units structure provides significant downside protection and preferred returns to the B unitholders (in which the Fund invests).

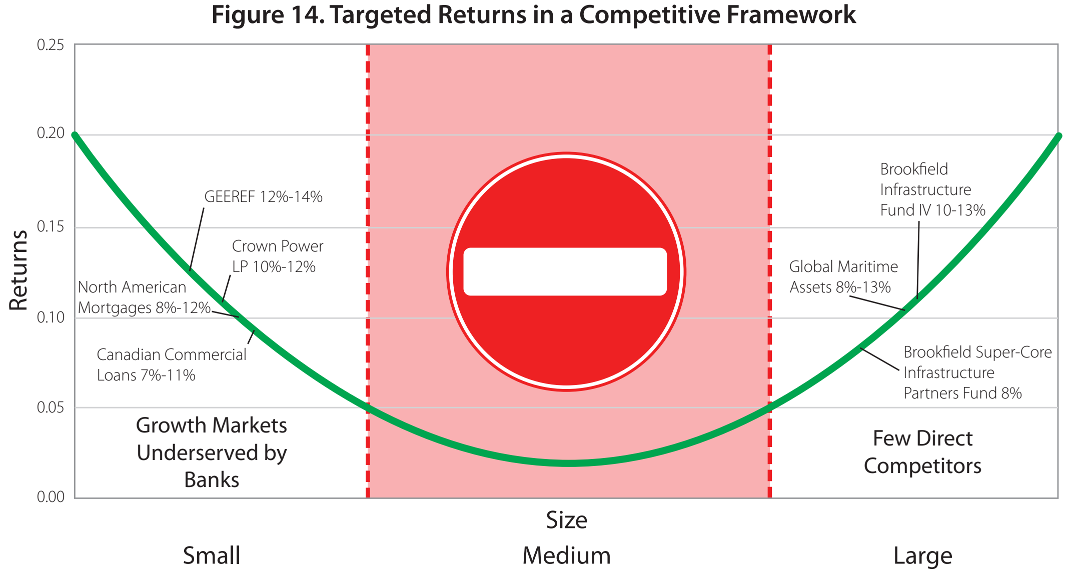
By comparison, BSIP, BIF IV and BIF V will seek to capitalize on Brookfield's over 120-year history of owning and operating essential infrastructure businesses globally. BSIP, BIF IV and BIF V will invest in a portfolio of high-quality, stable infrastructure assets with a focus on the utilities, energy, renewable power, data infrastructure and transportation sectors where Brookfield has established operating expertise. More specifically, BSIP will target mature, highly cash generative core infrastructure assets that benefit from predominantly contracted or regulated revenues. BSIP will pursue investments in OECD markets, predominantly located in North America, Western Europe, and Australia where Brookfield has an investment presence. BSIP will target a gross IRR of approximately 9%, a net IRR of 8% and an average current yield of 5% to 6%, supported by a focus on downside protection. By comparison, BIF IV and BIF V will target a gross IRR of approximately 13%+, a net IRR of 10%+ and an average current yield of 6% to 9%.

Exposure to global maritime assets is likely to be more cyclical than infrastructure but similar to commercial loans and so will be driven by opportunistically favourable deals due in part to a dearth of competition, so enabling loan pricing of approximately 8% to 11% per annum.

A key consideration to our seeking exposure to all four pillars: mortgages, commercial loans, maritime assets and infrastructure, is our belief that such diversification lowers the correlation of risk to other major asset classes including publicly traded asset classes, thereby enhancing the attractiveness of the Fund's risk-adjusted returns.

Figure 14 shows the expected returns of the different investments along the y-axis and the size of the underlying investment entity along the x-axis. This illustrates that we target to invest in growth markets that are under served by banks or invest in areas where there are few direct competitors. The scope of investments that range in between these two types of opportunities are likely an area where we would typically not invest since we would expect to receive lower returns due to competition.

Figure 14. Targeted Returns in a Competitive Framework



The target returns illustrated in Figure 14 are illustrated net of the fees that the Fund pays to the mortgage administrator and Specialty Investment Managers. The four pillars of assets are listed in Figure 15, which highlights an approximated range of the management fees and performance fees that we have agreed to pay in recognition of contribution to performance and/or sourcing the deals. Our approach has been to setup the fee structure such that the Fund will generally only pay performance fees after its distribution and return targets have been achieved with the performance, net of fees, published on the website.

Figure 15. Fees Profile

Security	Management Fee per annum	Performance Fee	Hurdle Rate
North American Mortgages	1.25% - 1.64%	0% - 20%	0% - 8%
North American and European Commercial Loans	0.35% - 1.49%	0% - 10%	0% - 8%
Global Maritime Loans and Assets	1.50%	15%	6%
Global Infrastructure Assets and Leases	0.925% - 1.84%	0% - 20%	0% - 10%

Credit risk

Credit risk is the risk of suffering financial loss should any of the borrowers fail to fulfill their contractual obligations. Credit risk is managed by adhering to the investment and operating policies, as set out in the Fund's offering documents. This includes the following policies:

- The majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees.
- The portfolio of mortgages are generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable), not exceeding 75% of the determined value of the underlying property securing the mortgage.
- Such mortgage risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraisers' valuations and credit checks and financial statement reviews on prospective borrowers.
- The portfolio of commercial loans are generally expected to be first and second lien senior loans and mezzanine debt of 1 to 10 years with amortization and so with terms being between 1 to 7 years, although some may be a much longer duration while bridge loans would typically be less than one year.

We believe that strong management, real cash flow, controlled balance sheet leverage and the ability, either directly or indirectly, to negotiate the appropriate entry price point are the primary drivers of value creation. We would ordinarily expect the leverage of companies being financed to be less than 50% of their determined value and controlled at or below a ratio of 4x debt/EBITDA.[5]

In selecting EnTrust Global as a Specialty Investment Manager of maritime assets, we reviewed the experiences and expectations of the senior team managing Blue Ocean and agreed with their analysis of opportunities to exploit twin dislocations in the shipping and European banking sectors by serving as an alternative source of liquidity to companies as traditional lenders reduce their activities. Both the Manager and EnTrust Global believe that current financing opportunities in the shipping sector come with contractual downside protection given low to moderate loan-to-ship values, historically low asset values and first lien, senior security structures.

Based on current expectations, the composition of maritime loans is expected to have appropriate loan-to-value and proper asset protection through their tenors. The investments which are senior secured loans would ordinarily expect to be within the range of 50% - 80% of the determined value of its underlying assets.

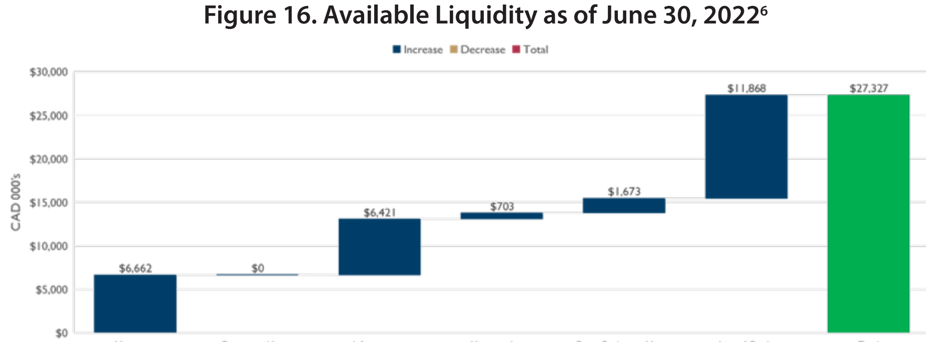
Liquidity

The liquidity of the Fund is an important consideration that we take into account when we conduct portfolio asset allocation. It is of utmost importance that the Fund is able to meet its financial liabilities as they come due. The Fund continually balances the desire to earn the illiquidity premium on private asset classes and avoid engaging in forced selling of private assets in order to meet near term liabilities. As discussed earlier, we look at the Fund through the lens of the four pillars of assets, namely North American Mortgages, North American Commercial Loans, Global Maritime Loans and Assets and Global Infrastructure Assets and Leases.

The Partnership may from time to time borrow from a bank, prime broker, the Manager or its affiliates but such borrowings are subject to the restriction that they will not exceed 25% of the total assets of the Partnership as detailed in the offering memorandum. The Partnership may borrow in US dollars but holds cash balances in Canadian dollars in order to hedge portfolio positions held in US dollars. The Partnership also actively manages borrowings from a bank credit facility. The total leverage of the Fund (including preferred units) is 5.7% as at June 30, 2022. All of the Fund's Specialty Investment Managers have the capacity to borrow.

The Fund has various options to access liquidity should it need time to access certain amounts of capital over a 3 month to 12-month time horizon. Liquidity options for the Fund include redeeming specific investments that have been made, maturing loans within the Fund and the ability to borrow. Figure 16 provides a breakdown of the liquidity options available to the Fund.

Figure 16. Available Liquidity as of June 30, 2022[6]



The assets within the portfolio generate cash distributions/payments on monthly and quarterly intervals. Based on target distribution rates and interest payments, we currently expect to receive approximately $0.9 million in monthly payments. Investors within the Fund can elect to receive their monthly distributions in cash or have them reinvested. Approximately 64% of the monthly liquidity received has been used to meet monthly cash distributions that the Fund pays and the remaining portion can be used to fund additional investments and/or meet other financial liabilities that may come due.

Impairment of Financial assets

On a monthly basis, we assess whether there is objective evidence that mortgages administered by MarshallZehr are impaired, having occurred after the initial recognition of the asset and prior to the period-end that have adversely impacted the estimated future cash flows of the asset. The criteria that we use to determine that there is objective evidence of an impairment loss include: significant financial difficulty of the borrowing entity; a breach of contract; and we, as lender, for economic or legal reasons relating to the borrower's financial difficulty, grant (directly or indirectly) to the borrower a concession that the lender would not otherwise consider.

Non-performing loans and the resolution of such loans are a normal, ongoing part of the business. In general, loan pricing takes into account the fact that a small percentage of loans will have a period of non-performance. While all Specialty Investment Managers aim to collect all indebtedness on mortgages and loans respectively, there are instances where borrowers encounter circumstances when the collection and/or timing of principal repayments and interest payments becomes unclear. For these non-performing loans, interest accrued into revenues is discounted, if such loans are partly performing, or eliminated, if such loans are not performing, thereby resulting in a lower return on the portfolio. Resolving non-performing loans to maximize value is not typically an expedient process and takes patience, experience and capital.

As at June 30, 2022, we recognized that 11 mortgages administered by MarshallZehr have objective evidence of financial difficulty and from the date of recognition, classified these mortgages as non-performing loans, with their mortgage interest accrued into revenue being discounted by way of creating a specific allowance. Five of these non-performing loans are interest amounts only and are not considered a part of the mortgage portfolio as the specific allowance brings their values down to zero.

MarshallZehr has been actively engaged in the recovery processes, including the provision of additional financing by way of court ordered debtor-in-possession facilities, pursuant to the Companies' Creditors Arrangement Act. Mortgage loans through MarshallZehr are valued at amortized cost (principal plus accrued interest less an allowance for expected credit losses), which approximates their fair value due to their short-term nature.

Parkview completes mortgage loans, which are valued at amortized cost (principal plus accrued interest less an allowance for expected credit losses), which approximates their fair value as well.

Crown Capital and Crown Credit, as Specialty Investment Managers, conducts their own quarterly review of the loans it manages and provides us with that assessment. Private securities are valued based upon the value of the underlying components. For example, an investment made by Crown Capital and Crown Credit that includes both debt and equity will value the debt component as one security and the equity component as a second security. Upon inception of an investment, the two components shall be equal to the consideration provided by Crown Capital and Crown Credit exclusive of market rate financing fees and transaction expenses.

The loan component will be valued by a discounted cash flow method taking into account current market interest rates and other spread premiums. The discount rate shall be the sum of the following components:

(i) Benchmark yield: For Canadian loans, this is the on-the-run Government of Canada bond with equivalent duration. For U.S. loans, this is the on-the-run U.S. Treasury bond with equivalent duration.

(ii) Credit spread: This is the Canadian or U.S. 'BBB' rated corporate spread index of equivalent duration.

(iii) Excess credit spread: This is determined by Crown Capital and Crown Credit at the inception of the loan and fluctuates over time as these spreads are observed by Crown in the marketplace.

(iv) Excess illiquidity spread: This is determined by Crown Capital and Crown Credit at the inception of the loan and fluctuates over time as these spreads are observed by Crown Capital and Crown Credit in the marketplace.

Crown Capital and Crown Credit conducts internal valuations monthly and provides these valuations to us ordinarily within about five business days after the month end.

Brookfield, Bridge and Northleaf, as Specialty Investment Managers, provide quarterly fair valued NAV per unit and quarterly performance and fund updates. EnTrust Global, as a Specialty Investment Manager, also provides a monthly NAV per unit and quarterly performance and fund updates. They appointed Citco Fund Services (Ireland) Limited to act as an external valuation agent to fair value Level 1 and certain Level 2 securities of Blue Ocean (for an explanation of Fair Value Levels 1, 2 and 3, please refer to the Notes to the Financial Statements). Level 3 securities, being mainly the loans, lease portfolios and similar investments within Blue Ocean will be valued by EnTrust Global with the assistance of one or more specialist maritime pricing providers, in accordance with fair value accounting principles. Under US Accounting Standards Codification 820 Fair Value Measures and Disclosures, EnTrust Global is required to fair value including an impairment/expected credit loss.

Measurement of Credit Risk via Expected Credit Loss (ECL)

At least annually, we will estimate the ECL attributable to the portfolio of mortgages administered by MarshallZehr based on probabilities of inherent losses that are yet unidentified. The approach adopted is 'Expected Credit Loss', a methodology which performs a quantitative calculation of the ECL to arrive at a probable quantitative value of the overall ECL. This methodology is similar to regulatory capital calculations already employed by banks and so represents the industry's regulatory standard. The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of the credit risk to which the portfolio of mortgages (and separately loans) is exposed, from the level of individual borrowers up to the total portfolio. The key building blocks of this process are:

- probability of default (PD);
- loss given default (LGD); and

- exposure at default (EAD).

For example, the portfolio of mortgages can assign an ECL over the next 12 months to each borrower by multiplying these three factors. A PD is calculated by assessing the credit quality of borrowers. For illustration purposes, suppose a borrower has a 2% probability of defaulting over a 12-month period. The EAD is our estimate of what the outstanding balance will be if the borrower does default. Suppose the current balance is $100,000, our models might predict a rise to $110,000 by the time the borrower defaults. Should borrowers default, some part of the exposure is usually recovered. The part that is not recovered, together with the costs associated with the recovery process, comprise the LGD, which is expressed as a percentage of EAD. Suppose the LGD in this case is estimated to be 10%, the ECL for this borrower is then calculated as 2% x $110,000 x 10% which is $220 (i.e. 0.22% of the outstanding balance).

To calculate PD, the Manager assesses the credit quality of borrowers and utilizes publicly available risk default data to help determine one-year probabilities of default and lifetime probabilities of default. When assessing EAD, the portfolio anticipates mortgages to be fully drawn and for the purposes of assessing the LGD, the portfolio makes adjustments to account for the increased losses experienced under downturn conditions.

Based on this ECL methodology, we have conducted regular assessments and have assigned an ECL/collective loan loss provision attributable to the mortgage portfolio holdings, administered by MarshallZehr and Parkview. As at June 30, 2022, we have assigned an overall rate of 1.74% on the outstanding balances in the mortgage portfolio (less any balances that include a specific provision). We have also assigned this rate of 1.74% on the outstanding $3 million direct commercial loan to CareRx Corporation and the $2 million direct commercial loan to MDT Sporting Goods Ltd.

In the ECL for mortgages, we recognize that such related losses have yet to be identified. Within the portfolio of mortgages that require an ECL/collective loan loss provision to be made, each mortgage is either classified as a Stage 1 or Stage 2 loan. If the mortgage was classified as a Stage 3 loan, then it would qualify for a specific allowance to be placed on it as was discussed earlier. The difference between a Stage 1 and a Stage 2 loan is that a Stage 2 loan is one in which there has been a significant increase in credit risk since inception of the loan. In other words, it has the probability of default on the loan significantly increased since the loan was first made. An increase in the probability of default does not mean that a default has occurred or that we have identified a situation that makes a default certain in the future. Once a loan is classified as a Stage 2 loan, the lifetime expected credit losses are calculated on the whole life of the loan instead of the one year expected credit losses that are calculated for Stage 1 loans. This means that a higher value is used for the PD value compared to the example that was used above. As at June 30, 2022, eight mortgages have been identified as Stage 2 loans and five mortgages have been identified as Stage 3 loans within the framework that was used and four of the five Stage 3 loans have specific allowances, which bring their values down to zero.

With the exception of Parkview, the Specialty Investment Managers classify their funds as at fair value through profit and loss. We believe our approach towards ECLs is in harmony with International Financial Reporting Standards, IFRS 9, which became effective January 1, 2018, namely, that we are setting aside collective provisions on performing and 'watch listed' loans, so establishing coverage of credit risk based on expected losses.

After reviewing the default rates incurred within the Fund since inception across its mortgages, commercial loans and maritime debt portfolios, we have been able to calculate an average realized default rate. From 2013 to 2021, this default rate within the Fund has averaged 0.59%. Please see the below chart for comparative S&P Average Annual Default Rates since 1981. We have provided this information for broad comparative purposes to equivalent publically traded credit. We believe the Fund captures an illiquidity discount in comparison to the 5 Year Corporate BB+, BB, BB- aggregate yield of 6.49%.

S&P Average Annual Default Rates since 1981

Credit Rating	Average Annual Default Rate
BBB	0.21%
BBB-	0.24%
BB+	0.49%
BB	0.68%
BB-	1.21%
B+	2.07%
B	5.76%
B-	8.73%
CCC/C	24.92%

Thank You

The last couple of years have been fraught with the impact of living in the era of the COVID-19 pandemic. Nonetheless, the Fund has nearly 2,000 investors, which has increased over the last 6 months. Collectively, you enable us to continue to prioritize the monthly distribution while maintaining an attractive allocation of capital to the four pillars of assets. Whether you have been investing with us for many years or just recently and despite this 'COVID-era' adversity, we want to thank you for placing your savings and trust in the Fund.

Notes

Sources: Unless noted, information has been compiled from various sources including corporate documents, press releases, annual reports, offering documents and public news articles of underlying investment funds and Specialty Investment Managers, Thomson Reuters and company websites.

Certain statements included in this Commentary 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 or Partnership. 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 or Partnership. 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 or Partnership, 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.

1. Inception dates of each series are as follows: Series A February 28, 2013, Series F January 7, 2013, Series AP December 31, 2018 and Series FP June 29, 2018.

2. *The Canadian Hedge Fund Awards are based solely on quantitative performance data with Fundata Canada Inc. managing the collection and tabulation of the data to determine the winners. There is no nomination process or subjective assessment in identifying the winning hedge funds. The 2018 awards were baed on 207 Canadian hedge funds to June 30, 2018 and the 2020 awards were based on 221 Canadian hedge funds to June 30, 2020.The Sharpe Ratio is a measure for calculating risk-adjusted returns. The Sharpe Ratio is the portfolio return in excess of the risk-free rate divided by the volatility of the portfolio.*
3. *Crown Capital Power LP July 2018 Presentation, Crown Capital Partners Inc.*
4. *MarshallZehr Group Inc. Mortgage Administration #11955 Mortgage Brokerage #12453*
5. *Earnings before interest, taxes, depreciation and amortization*
6. *Remaining term as of breakdown date for mortgages and commercial loans*

Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland Private Income Fund (the Fund) and Portland Private Income LP (the Partnership) (collectively the Funds) have been prepared and approved by Portland Investment Counsel Inc. (the Manager) in its capacity as the manager of the Funds. The Manager is responsible for the information and representations contained in these financial statements. The Board of Directors of general partner of the Partnership, Portland General Partner (Ontario) Inc., and the Board of Directors of the Manager, in its capacity as trustee of the Fund, approved these 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 International Financial Reporting Standards 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 3 to each of these financial statements.

"Michael Lee-Chin"

Michael Lee-Chin
Director
August 8, 2022

"Robert Almeida"

Robert Almeida
Director
August 8, 2022

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

Statements of Financial Position (Unaudited)

		As at June 30, 2022		As at December 31, 2021
Assets				
Cash and cash equivalents	$	1,049,375	$	579,628
Subscriptions receivable		2,823,018		1,515,933
Investments (note 5)		177,370,633		167,240,877
		181,243,026		169,336,438
Liabilities				
Management fees payable		83,047		75,460
Expenses payable		48,408		44,658
Redemptions payable		1,041,731		1,028,386
Payable for investments purchased		900,000		-
Distributions payable		601,596		550,362
Organization expenses payable (note 8)		10,377		13,654
		2,685,159		1,712,520
Net Assets Attributable to Holders of Redeemable Units	$	178,557,867	$	167,623,918
Net Assets Attributable to Holders of Redeemable Units Per Series				
Series AP		75,949		175,473
Series FP		4,572,343		3,216,908
Series A		29,651,321		27,765,398
Series F		144,254,145		136,462,178
Series O		4,109		3,961
	$	178,557,867	$	167,623,918
Number of Redeemable Units Outstanding (note 6)				
Series AP		7,595		17,547
Series FP		457,233		321,690
Series A		620,932		573,590
Series F		2,913,193		2,724,074
Series O		88		83
Net Assets Attributable to Holders of Redeemable Units Per Unit				
Series AP	$	10.00	$	10.00
Series FP	$	10.00	$	10.00
Series A	$	47.75	$	48.41
Series F	$	49.52	$	50.09
Series O	$	46.69	$	47.72

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin" *"Robert Almeida"*

Director Director

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

Statements of Comprehensive Income (Unaudited)

For the periods ended June 30,		2022		2021
Income				
Securityholder redemption fees	$	17,603	$	11,334
Net gain (loss) on investments				
Interest for distribution purposes		2,354		172
Net realized gain (loss) on investments		-		1
Change in unrealized appreciation (depreciation) on investments		6,372,486		8,038,307
		6,392,443		8,049,814
Other income				
Foreign exchange gain (loss) on cash and other net assets		745		(48)
Total income (net)		6,393,188		8,049,766
Expenses				
Management fees (note 8)		478,692		402,173
Service fees (note 8)		157,742		141,632
Securityholder reporting costs (note 8)		113,528		94,614
Audit fees		5,044		4,204
Independent review committee fees		1,259		1,843
Custodial fees		756		784
Legal fees		98		235
Interest expense		-		23
Total operating expenses		757,119		645,508
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	5,636,069	$	7,404,258
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series				
Series AP	$	2,281	$	553
Series FP	$	52,839	$	40,654
Series A	$	823,952	$	1,217,077
Series F	$	4,756,849	$	6,145,777
Series O	$	148	$	197
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit				
Series AP	$	0.12	$	0.12
Series FP	$	0.17	$	0.17
Series A	$	1.38	$	2.23
Series F	$	1.71	$	2.56
Series O	$	1.74	$	2.56

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the periods ended June 30,	2022	2021
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Series AP	$ 175,473	$ 44,871
Series FP	3,216,908	2,093,625
Series A	27,765,398	26,049,261
Series F	136,462,178	108,111,915
Series O	3,961	3,406
	167,623,918	136,303,078
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Series AP	2,281	553
Series FP	52,839	40,654
Series A	823,952	1,217,077
Series F	4,756,849	6,145,777
Series O	148	197
	5,636,069	7,404,258
Distributions to Holders of Redeemable Units		
From net investment income		
Series AP	(2,281)	(553)
Series FP	(52,839)	(40,654)
Series A	(1,192,197)	(1,093,514)
Series F	(6,270,811)	(5,391,472)
Series O	(202)	(182)
Net Decrease from Distributions to Holders of Redeemable Units	(7,518,330)	(6,526,375)
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Series AP	29,400	-
Series FP	2,735,725	977,256
Series A	2,800,988	1,247,452
Series F	9,241,057	11,816,511
Series O	-	-
	14,807,170	14,041,219
Reinvestments of distributions		
Series AP	2,161	553
Series FP	25,828	18,121
Series A	691,642	679,634
Series F	3,321,930	3,091,343
Series O	202	182
	4,041,763	3,789,833
Redemptions of redeemable units		
Series AP	(131,085)	-
Series FP	(1,406,119)	(86,619)
Series A	(1,238,462)	(2,482,879)
Series F	(3,257,058)	(2,359,062)
Series O	-	-
	(6,032,723)	(4,928,560)
Net Increase (Decrease) from Redeemable Unit Transactions	12,816,210	12,902,492
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Series AP	75,949	45,424
Series FP	4,572,343	3,002,383
Series A	29,651,321	25,617,031
Series F	144,254,145	121,415,012
Series O	4,109	3,603
	$ 178,557,867	$ 150,083,453

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

Statements of Cash Flows (Unaudited)

For the periods ended June 30,	2022	2021
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 5,636,069	$ 7,404,258
Adjustments for:		
Net realized (gain) loss on investments	-	(1)
Change in unrealized (appreciation) depreciation on investments	(6,372,486)	(8,038,307)
Unrealized foreign exchange (gain) loss on cash	(329)	(190)
Increase (decrease) in management fees and expenses payable	11,337	5,316
Increase (decrease) in organization expenses payable	(3,277)	(3,277)
Purchase of investments	(2,857,270)	(4,889,999)
Net Cash Generated (Used) by Operating Activities	(3,585,956)	(5,522,200)
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	(3,425,333)	(2,820,169)
Proceeds from redeemable units issued (note 3)	12,943,253	13,070,910
Amount paid on redemption of redeemable units (note 3)	(5,462,546)	(4,407,677)
Net Cash Generated (Used) by Financing Activities	4,055,374	5,843,064
Net increase (decrease) in cash and cash equivalents	469,418	320,864
Unrealized foreign exchange gain (loss) on cash	329	190
Cash and cash equivalents - beginning of period	579,628	9,113
Cash and cash equivalents - end of period	1,049,375	330,167
Cash and cash equivalents comprise:		
Cash at bank	$ 52,764	$ 30,169
Short-term investments	996,611	299,998
	$ 1,049,375	$ 330,167
From operating activities:		
Interest received, net of withholding tax	$ 2,354	$ 172
From financing activities:		
Distributions paid	$ 3,425,333	$ 2,820,169

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

Schedule of Investment Portfolio (Unaudited)

as at June 30, 2022

No. of Units	Description		Average Cost		Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
UNDERLYING FUNDS						
Canada						
1,621,490	Portland Private Income LP Class B	$	113,456,939	$	177,370,633	99.3%
	Other assets less liabilities				1,187,234	0.7%
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			$	178,557,867	100.0%

1. GENERAL INFORMATION

Portland Private Income Fund (the Fund) is an open-ended investment fund established under the laws of the Province of Ontario as a trust pursuant to an amended and restated master declaration of trust dated as of December 13, 2013, as amended thereafter and as may be amended and restated from time to time. The formation date of the Fund was December 17, 2012 and inception date was January 7, 2013. Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Fund. The head office of the Fund is 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7. These financial statements were authorized for issue by the Board of Directors of the Manager on August 8, 2022. The financial statements of Portland Private Income LP (the Partnership) are included in Appendix A and are to be read in conjunction with these financial statements.

The Fund offers units to the public on a private placement basis under an offering memorandum. The investment objectives of the Fund are to preserve capital and provide income and above average long-term returns. Although the Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Partnership, the Manager may from time to time determine that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership. The investment objective of the Partnership is to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities.

The statements of financial position of the Fund are as at June 30, 2022 and December 31, 2021. The statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows of the Fund are for the six-month periods ended June 30, 2022 and June 30, 2021.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Fund classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Fund may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at FVTPL. Purchases and sales of financial assets are recognized as at their trade date. The Fund classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. Other investment funds (the Partnership) held by the Fund do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Fund's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Fund has classified its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

The Fund's accounting policies for measuring the fair value of its investments are similar to those used in measuring net asset value (NAV) for unitholder transactions; except for the treatment of organizational expenses. Organization expenses are deductible from the NAV over a five-year period commencing at such time as the Manager shall determine and such expenses were fully deductible in the first year of operations under IFRS. There is a comparison of NAV per unit and net assets attributable to holders of redeemable units per unit within note 11.

Financial assets and liabilities may be offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income within 'Change in unrealized appreciation (depreciation) on investments' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' in the statements of comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread and the difference is material, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid-price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Partnership does not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Partnership as reported by the administrator of the Partnership.

Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income represents the stated rate of interest earned by the Fund on fixed income securities accounted for on an accrual basis, as applicable. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Interest receivable is shown separately in the statements of financial position based on the debt instruments' stated rates of interest. Dividends on equity investments and distributions on investments in other instrument funds are recognized as income on the ex-dividend date. Redemption fees earned by the Fund as detailed under note 6 are presented as 'Securityholder redemption fees' and are recognized upon the redemption date of the units on the statements of comprehensive income.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income. Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income within 'Net realized gain (loss) on investments'.

Unrealized exchange gains or losses on investments are included in 'Change in unrealized appreciation (depreciation) of investments' in the statements of comprehensive income.

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, 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.

Cash and cash equivalents

The Fund considers 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. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs for investments at FVTPL. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs.

Redeemable Units

The Fund issues multiple series of redeemable units, which are redeemable at the holder's option and do not have identical rights. Redeemable units can be put back to the Fund at any redemption date for cash equal to a proportionate share of the Fund's NAV attributable to the unit series. Units are redeemable monthly with 60 days' notice.

The redeemable units are carried at the redemption amount that is payable at the statements of financial position date if the holder exercises the right to put the units back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The Fund's NAV per unit is calculated by dividing the net assets attributable to the holders of each series of redeemable units by the total number of outstanding redeemable units of each respective series. Refer to note 6 for additional details on redeemable units.

Expenses

Expenses of the Fund including management fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income.

Organization expenses

Organization expenses including legal fees, time spent by the Manager to create the Fund, and registration fees associated with the formation of the Fund are recoverable from the Fund by the Manager. In 2018, organization expenses were incurred for the issuance of Preferred Units. The Fund is required to re-pay this amount to the Manager over five years commencing January 31, 2019.

Increase (Decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the weighted average units outstanding of that series during the reporting period.

Distribution to Unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. The Fund will distribute sufficient net income and net realized capital gains to unitholders annually to ensure that the Fund is not liable for ordinary income taxes. All distributions by the Fund will be automatically reinvested in additional units of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

With respect to distributions, the Common Units and Preferred Units are, to a certain extent, comparable to common shares and preferred shares, respectively, of a corporation. The Preferred Units pay or accrue a monthly distribution (which accrues if it is unpaid) equal to the return expressed as an annualized percentage (the Preferred Return) of the Preferred unitholder's subscription price (the Preferred Unit Investment Amount) which will range from the Royal Bank of Canada Prime Rate (the Prime Rate) to no more than the cost of unsecured debt available to the Partnership, as adjusted by the Manager from time to time. The Preferred Return is paid in preference to distributions on the Common Units. The Common Units receive a distribution following the payment of Preferred Return, which is not capped (unlike the Preferred Return). The distribution on the Common Units is variable and may be higher or lower than the distribution on the Preferred Units depending upon the cash flow of the Fund's underlying investments. All distributions are paid after the payment of fund expenses, including interest and principal payments on indebtedness.

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to each series of common units are charged to that series.

All of the Fund's expenses, income and realized and unrealized gains and losses, including the Preferred Return, are allocated to the Common Units of the Fund. The Preferred Units do not receive any allocation of fees or expenses of the Fund because the Preferred Units only entitle the holder to the Preferred Return and a return of the Preferred Unit Investment Amount. In contrast, the Common Units entitle the holder to the Fund's income after payment of all fees, expenses, the Preferred Return and the return of any amount of the Preferred Unit Investment Amount.

Allocation of non-cash items on the statement of cash flows

The Fund includes only the net cash flow impact and does not include non-cash switches between series of the Fund that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. For the six-month period ended June 30, 2022, $556,832 non-cash switches have been excluded from the Fund's operation and financing activities on the statements of cash flows (June 30, 2021: $1,707,978).

Future accounting changes

There are no new accounting standards effective after January 1, 2022 which affect the accounting policies of the Fund.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Fund has made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Fund would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Classification of financial assets and liabilities

Financial assets may be classified as financial assets at amortized cost, financial assets at FVTPL or financial assets at fair value through other comprehensive income. Financial liabilities may be classified as financial liabilities at amortized cost or financial liabilities at FVTPL. In order to classify its financial assets and liabilities in accordance with IFRS 9, the Manager uses judgment to assess the business model of the Fund and the cash flows of their financial assets and liabilities. The classification of financial assets and liabilities of the Fund is outlined in note 3.

5. FINANCIAL INSTRUMENTS

a) Risk management

The Fund's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Fund invests in the Partnership which invests in other funds (the Underlying Funds) and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Funds, their strategies and the overall quality of the Underlying Funds' manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Fund is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's investment objectives and risk tolerance per the Fund's offering memorandum. All investments result in a risk of loss of capital.

Price risk

Price 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 Fund may be susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of these investments held by the Fund on June 30, 2022 had been higher or lower by 10%, net assets attributable to holders of redeemable units of the Fund would have been higher or lower by $17,737,063 (December 31, 2021: $16,724,088). Actual results may differ from this sensitivity analysis and the difference could be material. The Fund has indirect exposure to price risk through its investment in the Partnership.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Fund. The fair value and future cash flows of such instruments held by the Fund will fluctuate due to changes in market interest rates. The Fund has indirect exposure to interest rate risk through its investment in the Partnership.

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 Fund may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. The Fund has indirect exposure to currency risk through its investment in the Partnership.

The table below indicates the foreign currency to which the Fund had significant exposure at June 30, 2022 in Canadian dollar terms. The table also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. There was no currency risk as at December 31, 2021.

June 30, 2022	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	18,506	-	18,506	1,851	-	1,851
Total	**18,506**	**-**	**18,506**	**1,851**	**-**	**1,851**
% of net assets attributable to holders of redeemable units	-	-	-	-	-	-

Liquidity risk

The Fund invests in the Partnership, which is not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments at amounts which approximate their fair values. The Fund may suspend the redemption of Units or postpone the date of payment of redeemed units (a) for any period when normal trading is suspended on any stock, options, futures or other exchange or market within or outside Canada on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 50% by value or underlying market exposures of the public securities of the Fund, without allowance for liabilities or (b) at any time that the Manager is unable to value or dispose of the assets of the Fund. In case of a suspension of a right of redemption, a unitholder will receive redemption proceeds based on the NAV per unit on the first Valuation Date (as defined in note 6) following the termination of the suspension unless the redemption request has been withdrawn earlier by the Unitholder.

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's exposure to liquidity risk is concentrated in the cash redemption of its units. The Fund provides investors with the right to redeem units monthly upon 60 days' notice in advance of the redemption date. Such redemptions are to be paid within 30 days following the redemption date. Historical experience indicates that shares of the Fund are generally held by unitholders on a medium or long term basis. Based on average historical information from the past 3 years, redemption levels were an average of $573,252 per month (December 31, 2021: $526,623); however, actual monthly redemptions could differ significantly. The portfolio receives a constant cash flow from the underlying mortgage portfolio and other investments and the

Manager monitors liquidity within the portfolio on a monthly basis. As at June 30, 2022, 4.6% of the Partnership is held in publically traded securities (December 31, 2021: 6.2%).

The Fund invests directly in the Partnership and the Partnership has the ability to borrow up to 25% of the total assets of the Partnership for the purposes of making investments, providing cover for the writing of options, paying redemptions, working capital purposes and to maintain liquidity in accordance with its investment objective and investment strategies.

Other obligations of the Fund including management fees payable, service fees payable, expenses payable, redemptions payable, payable for investments purchased, and distributions payable, as applicable, were due within 3 months from the financial reporting date. Issued redeemable units are payable on demand following 60 days' notice.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has indirect exposure to credit risk through its investment in the Partnership.

b) 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data 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. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The following tables illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2022 and December 31, 2021:

	Assets			
As at June 30, 2022	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Portland Private Income LP	-	177,370,633	-	177,370,633
Total	**-**	**177,370,633**	**-**	**177,370,633**

	Assets			
As at December 31, 2021	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Portland Private Income LP	-	167,240,877	-	167,240,877
Total	**-**	**167,240,877**	**-**	**167,240,877**

c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investment in the Partnership to be an investment in an unconsolidated structured entity. The Partnership is valued as per the above section on Fair Value Measurement. The change in fair value of the Partnership is included in the statements of comprehensive income in 'Change in unrealized appreciation (depreciation) on investments'.

The Fund's investment in the Partnership is subject to the terms and conditions of its offering document and is susceptible to market price risk arising from uncertainties about future values. The Partnership units are redeemable.

The exposure to the investment in the Partnership at fair value as at June 30, 2022 and December 31, 2021 are presented in the following tables. This investment is included at fair value in financial assets at FVTPL in the statements of financial position. The Manager's best estimate of the maximum exposure to loss from the Fund's investment in the Partnership is the fair value below.

June 30, 2022	Investment at Fair Value ($)	Net Asset Value ($)	% of Net Asset Value
Portland Private Income LP	177,370,633	177,370,841	100.0%

December 31, 2021	Investment at Fair Value ($)	Net Asset Value ($)	% of Net Asset Value
Portland Private Income LP	167,240,877	167,240,982	100.0%

6. REDEEMABLE UNITS

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series F, and/or Series O (Common Units). The Fund is permitted to issue Series AP and Series FP (Preferred Units), limited to equivalent of a maximum of 25% of the total assets of the Partnership after giving effect to borrowing, inclusive of any prime brokerage or other borrowing facility. Additional series may be offered in the 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 Fund's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, or on such other date as determined by the Manager (each, a Valuation Date). Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise the redemption will be processed as at the next Valuation Date. If a holder of Common Units redeems his or her units within the first 18 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 5% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund. If a holder of Common Units redeems his or her units after 18 months to 36 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 2% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund. There are no redemption fees applicable to Preferred Units.

The Fund endeavors to invest capital in appropriate investments in conjunction with their investment objectives. The Fund may dispose of investments, or the Partnership may borrow, where necessary, to fund redemptions.

The principal difference between the series of units relates to the distribution policy, management fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. Units of the Fund are entitled to participate in the liquidation of assets on a series basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units of the Fund being redeemed, determined at the close of business on the redemption date, as outlined in the offering memorandum.

Preferred Units are issuable and redeemable at the NAV per unit of the applicable series, which is generally $10.00, plus any accrued and unpaid distributions. Common Units are issuable and redeemable at the NAV per unit which is the NAV of the applicable series of Common Units divided by the number of units of the applicable series. The NAV of Common Units is the amount of net assets available after deduction of the NAV and accrued and unpaid distribution attributable to the Preferred Units.

Preferred Units rank ahead of Common Units for payment of distributions and redemptions in the normal course, as well as upon liquidation of the Fund.

Series A and Series AP Units are available to all investors who meet the eligibility requirements and invest a minimum of $2,500 in respect of Series A and $5,000 in respect of Series AP.

Series F and Series FP Units are available to investors who meet the eligibility requirements and who invest a minimum of $2,500 in respect of Series F and $5,000 in respect of Series FP, 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 Fund does not incur distribution costs, or individual investors approved by the Manager.

Series O Units are available to certain institutional investors making a minimum investment of $500,000.

The number of units issued and outstanding for the six-month periods ended June 30, 2022 and June 30, 2021 was as follows:

June 30, 2022	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series AP	17,547	2,940	216	13,108	7,595	18,585
Series FP	321,690	273,572	2,583	140,612	457,233	305,739
Series A	573,590	58,925	14,558	26,142	620,931	596,255
Series F	2,724,074	187,524	67,488	65,893	2,913,193	2,787,253
Series O	83	-	4	-	87	85

June 30, 2021	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series AP	4,487	-	55	-	4,542	4,511
Series FP	209,362	109,126	1,812	44,062	276,238	236,118
Series A	564,630	26,988	14,694	53,703	552,609	546,645
Series F	2,272,903	247,596	64,758	49,439	2,535,818	2,398,196
Series O	75	-	4	-	79	77

7. TAXATION

The Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada) (the Tax Act). The Fund calculates taxable and net capital gains/(losses) in accordance with the Tax Act and intends to distribute sufficient net income and net realized capital gains, if any, to ensure it does not pay ordinary income tax. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the statements of financial position as a deferred income tax asset.

The taxation year-end of the Fund is December 31.

The Fund has $nil capital loss and non-capital loss carry forwards as at December 31, 2021 and December 31, 2020.

8. FEES AND EXPENSES

Pursuant to the Fund's offering memorandum, all of the Fund's fees and expenses, including distributions of the Preferred Return on Preferred Units, are allocated to the Common Units of the Fund. The Preferred Units do not receive any allocation of fees or expenses of the Fund because the Preferred Units only entitle the holder to the Preferred Return and the Preferred Unit Investment Amount. In contrast, the Common Units entitle the holder to the Fund's income after payment of all fees, expenses, the Preferred Return and the return of any amount of the Preferred Unit Investment Amount.

The Fund is required to pay management fees to the Manager, calculated and accrued on each valuation date and paid monthly. The annual management fee rate for Series A, Series F, Series AP and Series FP Units is 0.50% of the NAV of the applicable series. Management fees on Series O Units are negotiated and are charged to the investors who hold Series O Units, not the Fund. The Fund is also charged service fees on Series A and Series AP Units of 1.00% per annum calculated and accrued on each Valuation Date and paid monthly. The Manager distributes the service fees to advisors as a trailing commission.

In addition, the Fund is responsible for, and the Manager is entitled to reimbursement for any operating expenses it incurs on behalf of the Fund, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the independent review committee, bank charges, the cost of financial reporting, and all related sales taxes. The Manager also provides key management personnel to the Fund. The Manager may charge the Fund for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Fund. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a markup or administration fee. The Manager may absorb fund operating expenses at its discretion but is under no obligation to do so.

In 2018, organization expenses in the amount of $29,000 (excluding applicable taxes such as HST) were incurred for the issuance of Preferred Units. Organization expenses were expensed in full in 2019 on the statements of comprehensive income and the Fund is required to re-pay this amount to the Manager over five years commencing January 31, 2019.

All management fees, operating expenses and organization expense payable by the Fund to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

9. SOFT DOLLARS

Allocation of business to brokers of the Fund is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Fund or to the Manager at prices which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

The Manager may use third party proprietary research, which is generally also available on a subscription basis, the value of which will be used to approximate the value of research and other similar services received from third parties through commission sharing arrangements with executing brokers. The Fund has not participated in any third party soft dollar arrangements to date.

10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, service fees and operating expense reimbursements that were paid to the Manager by the Fund during the six-month periods ended June 30, 2022 and June 30, 2021. The table includes the amount of operating expense reimbursement that was made to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST and/or HST.

	Management Fees ($)	Service Fees ($)	Operating Expense Reimbursement ($)	Organization Costs ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)
June 30, 2022	425,358	140,174	107,247	2,900	744
June 30, 2021	358,194	126,156	90,571	2,900	678

The Fund owed the following amounts to the Manager excluding the applicable GST and/or HST:

	Management Fees ($)	Service Fees ($)	Operating Expense Reimbursement ($)	Organization Costs ($)
December 31, 2021	73,964	24,366	18,477	9,183
December 31, 2021	67,422	22,716	16,872	12,083

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course of business. As at June 30, 2022, Related Parties held 398,175 units of the Fund (June 30, 2021: 422,152).

11. RECONCILATION OF NAV PER UNITS AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The following table provide a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Fund as at June 30, 2022. There was no difference as at December 31, 2021.

June 30, 2022	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Series AP Units	10.00	10.00
Series FP Units	10.00	10.00
Series A Units	47.76	47.75
Series F Units	49.52	49.52
Series O Units	46.94	46.94

12. EXEMPTION FROM FILING

The Fund is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

APPENDIX A

Portland Private Income LP

Interim Financial Report

June 30, 2022

▪ PARTNERSHIP INFORMATION

▪ General Partner:	Portland General Partner (Ontario) Inc.
▪ Registered Office:	1375 Kerns Road, Suite 100 Burlington, Ontario L7P 4V7
▪ Investment fund manager and portfolio manager:	Portland Investment Counsel Inc. Burlington, Ontario
▪ Administrator:	CIBC Mellon Global Securities Services Company Toronto, Ontario
▪ Auditor:	KPMG LLP Toronto, Ontario

Statements of Financial Position (Unaudited)

		As at June 30, 2022		As at December 31, 2021
Assets				
Cash and cash equivalents	$	3,001,105	$	1,707,645
Margin accounts (note 11)		-		1,613,734
Subscriptions receivable		900,000		-
Distributions receivable		1,582,044		827,859
Interest receivable		10,172,873		8,452,254
Dividends receivable		47,943		56,986
Investments (note 5)		164,523,349		161,074,778
Investments - pledged as collateral (note 5 and 9)		3,347,225		402,456
Derivative assets		25,316		35,405
		183,599,855		174,171,117
Liabilities				
Borrowing (note 9)		6,023,090		6,577,740
Expenses payable		136,657		112,681
Payable for investments purchased		-		140,720
Derivative liabilities		69,267		98,894
		6,229,014		6,930,035
Net Assets Attributable to Holders of Redeemable Units	$	177,370,841	$	167,241,082
Equity				
General Partner's Equity		100		100
Net Assets Attributable to Holders of Redeemable Units Per Class				
Class A		108		105
Class B		177,370,633		167,240,877
	$	177,370,741	$	167,240,982
Number of Redeemable Units Outstanding (note 6)				
Class A		1		1
Class B		1,621,490		1,586,983
Net Assets Attributable to Holders of Redeemable Units Per Unit				
Class A	$	108.44	$	104.98
Class B	$	109.39	$	105.38

Approved by the Board of Directors of Portland General Partner (Ontario) Inc.

"Michael Lee-Chin"

Director

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

Statements of Comprehensive Income (Unaudited)

For the periods ended June 30,	2022	2021
Income		
Net gain (loss) on investments and derivatives		
Dividends	$ 1,930,526	$ 1,046,971
Interest for distribution purposes	4,797,239	4,465,000
Net realized gain (loss) on investments	1,110,077	217,387
Net realized gain (loss) on options	147,753	128,876
Net realized gain (loss) on forward currency contracts	(182,390)	348,022
Change in unrealized appreciation (depreciation) on investments	2,584,794	2,936,933
	10,387,999	9,143,189
Other income		
Foreign exchange gain (loss) on cash and other net assets	(957,388)	503,105
Total income (net)	9,430,611	9,646,294
Expenses		
Impairment (gain) loss (note 5)	2,106,669	724,211
Mortgage administration fees	585,338	622,660
Interest expense and bank charges (note 10)	261,594	170,769
Audit fees	45,293	46,148
Securityholder reporting costs (note 8)	30,110	17,258
Custodial fees	10,218	8,493
Transaction costs	9,230	12,093
Withholding tax expense	9,577	6,116
Legal fees	98	234
Total operating expenses	3,058,127	1,607,982
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 6,372,484	$ 8,038,312
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	$ 3	$ 5
Class B	$ 6,372,481	$ 8,038,307
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	$ 3.48	$ 4.90
Class B	$ 4.00	$ 5.26

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the periods ended June 30,	2022	2021
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	$ 105	$ 91
Class B	167,240,877	136,237,263
	167,240,982	136,237,354
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	3	5
Class B	6,372,481	8,038,307
	6,372,484	8,038,312
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	-	-
Class B	3,757,275	5,249,000
Net Increase (Decrease) from Redeemable Unit Transactions	3,757,275	5,249,000
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	108	96
Class B	177,370,633	149,524,570
	$ 177,370,741	$ 149,524,666

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

Statements of Cash Flows (Unaudited)

For the periods ended June 30,		2022		2021
Cash Flows from Operating Activities				
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$	6,372,484	$	8,038,312
Adjustments for:				
Net realized (gain) loss on investments		(1,110,077)		(217,387)
Net realized gain (loss) on options		(147,753)		(128,876)
Change in unrealized (appreciation) depreciation on investments		(2,584,794)		(2,936,933)
Unrealized foreign exchange (gain) loss on cash		(928)		810
Impairment (gain) loss		2,106,668		724,211
Increase (decrease) in distributions receivable		(754,185)		(244)
(Increase) decrease in interest receivable		(1,720,619)		(1,755,058)
(Increase) decrease in dividends receivable		9,043		(27,029)
Increase (decrease) in expenses payable		23,976		(13,727)
Purchase of investments		(15,129,645)		(15,221,372)
Proceeds from sale of investments		10,312,003		12,756,701
Net Cash Generated (Used) by Operating Activities		(2,623,827)		1,219,408
Cash Flows from Financing Activities				
Increase (decrease) in borrowing (note 5)		(554,650)		(6,100,145)
Change in margin cash		1,613,734		-
Proceeds from redeemable units issued (note 3)		2,857,275		4,890,000
Net Cash Generated (Used) by Financing Activities		3,916,359		(1,210,145)
Net increase (decrease) in cash and cash equivalents		1,292,532		9,263
Unrealized foreign exchange gain (loss) on cash		928		(810)
Cash and cash equivalents - beginning of period		1,707,645		45,904
Cash and cash equivalents - end of period		3,001,105		54,357
Cash and cash equivalents comprise:				
Cash at bank	$	3,001,105	$	54,357
From operating activities:				
Interest received, net of withholding tax	$	1,496,146	$	1,991,818
Dividends received, net of withholding tax	$	1,929,992	$	1,013,826
From financing activities:				
Interest paid	$	269,701	$	60,727

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

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2022

No. of Units/ Shares/ Face Value	Description	Average Cost	Fair Value/ Amortized Cost	% of Net Assets Attributable to Holders of Redeemable Units
LOAN PARTICIPATION AGREEMENTS				
Canada				
2,500,000	Crown Capital Partner Fund, LP - Rokstad Holdings Corporation	$ 2,500,000	$ 2,810,000	
3,000,000	Crown Private Credit Partners Inc. - CareRX Corporation*	3,000,000	2,947,800	
2,000,000	Crown Private Credit Partners Inc. - MDT Sporting Goods Ltd.*	2,000,000	1,965,200	
	Total - loan participation agreements	7,500,000	7,723,000	4.3%
EQUITIES - COMMON				
Canada				
31,022	Baylin Technologies Inc. Warrant January 17, 2023	40,755	-	
600,000	Crown Capital Partners Inc.	5,186,412	4,908,000	
		5,227,167	4,908,000	2.8%
Denmark				
1,200	Coloplast A/S	224,808	175,932	0.1%
Germany				
25,000	Bayer AG, Sponsored ADR	463,809	478,516	0.3%
Panama				
6,000	Carnival Corporation	85,321	66,806	-
United Kingdom				
5,000	Barclays PLC, Sponsored ADR	49,644	48,913	
5,000	National Grid PLC, Sponsored ADR	380,642	416,345	
2,000	Unilever PLC	116,522	117,985	
24,000	Vodafone Group PLC, Sponsored ADR	520,817	481,310	
		1,067,625	1,064,553	0.6%
United States				
27,000	AT&T Inc.	916,083	728,452	
1,000	Cisco Systems, Inc.	56,043	54,886	
2,000	D.R. Horton, Inc.	167,332	170,400	
1,000	Target Corporation	183,701	181,791	
400	The Clorox Company	83,976	72,588	
10,031	Warner Bros. Discovery, Inc.	273,946	173,278	
		1,681,081	1,381,395	0.8%
	Total equities - common	8,749,811	8,075,202	4.6%
UNDERLYING FUNDS				
Canada				
7,500	Crown Capital Partner Fund, LP (Non-Voting)	1,334,204	2,906,250	
45,000	Crown Capital Partner Fund, LP (Voting)	5,502,958	17,437,500	
2,500	Crown Capital Power Limited Partnership (Non-Voting)	1,674,052	1,625,925	
7,500	Crown Capital Power Limited Partnership (Voting)	5,022,157	4,877,775	
700	NSPC-L Investor Trust	1,942,020	1,980,833	
2,240	Portland Global Aristocrats Plus Fund Series O	114,250	121,006	
15,447	Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Non-Voting)	839,140	1,071,774	
44,975	Portland Global Energy Efficiency and Renewable Energy Fund LP Class O (Voting)	2,442,168	3,120,550	
		18,870,949	33,141,613	18.6%
Cayman Islands				
1,000	Blue MC (Cayman) LLC	7,424,400	15,236,282	
2,115	Bridge Agency MBS Fund International LP	2,775,145	2,582,808	
1,000	Bridge Debt Strategies Fund IV International LP	12,280,998	12,780,001	
		22,480,543	30,599,091	17.3%
Ireland				
2,629	Blue Ocean Fund Class I	344,703	703,179	
49,199	Blue Ocean Fund Class I-B	6,923,415	10,537,685	
		7,268,118	11,240,864	6.3%
United States				
10,972	Brookfield Infrastructure Fund IV-A L.P.	14,239,257	16,051,201	
4,949	Brookfield Super-Core Infrastructure Partners (NUS) L.P.	6,613,965	6,420,536	
1,000	Parkview Financial US-Cayman Blocker LLC*	3,997,760	4,079,072	
		24,850,982	26,550,809	15.0%
	Total - underlying funds	73,470,592	101,532,377	57.2%

Schedule of Investment Portfolio (Unaudited) (continued)

As at June 30, 2022

No. of Units/ Shares/ Face Value	Description	Average Cost	Fair Value/ Amortized Cost	% of Net Assets Attributable to Holders of Redeemable Units
MORTGAGES				
Canada				
	Private Mortgage Loans (note 5)*	58,443,882	50,539,995	28.5%
	Total investment portfolio	148,164,285	167,870,574	94.6%
DERIVATIVES - OPTIONS[1]				
Call Options				
Panama				
USD (30)	Carnival Corporation, Call 15, 08/19/2022	(928)	(386)	-
United Kingdom				
USD (25)	Barclays PLC, Sponsored ADR, Call 9, 08/19/2022	(452)	(322)	
USD (20)	Unilever PLC, Sponsored ADR, Call 50, 08/19/2022	(491)	(772)	
USD (40)	Vodafone Group PLC, Sponsored ADR, Call 18, 08/19/2022	(568)	(386)	
		(1,511)	(1,480)	-
United States				
USD (20)	AT&T Inc., Call 22, 08/19/2022	(544)	(798)	
USD (50)	AT&T Inc., Call 23, 09/16/2022	(969)	(1,480)	
USD (10)	Cisco Systems Inc, Call 50, 08/19/2022	(323)	(167)	
USD (10)	D.R. Horton Inc., Call 70, 07/15/2022	(698)	(1,416)	
USD (10)	D.R. Horton Inc., Call 80, 08/19/2022	(764)	(991)	
USD (5)	Target Corporation, Call 170, 08/19/2022	(1,797)	(978)	
		(5,095)	(5,830)	-
	Total call options	(7,534)	(7,696)	-
Put Options				
United States				
USD (10)	Citigroup Inc., Put 40, 07/15/2022	(257)	(283)	
USD (5)	Lowe's Companies, Inc., Put 150, 07/15/2022	(322)	(322)	
USD (10)	State Street Corporation, Put 52.5, 07/15/2022	(373)	(386)	
USD (5)	Target Corporation, Put 120, 07/15/2022	(251)	(257)	
USD (15)	Walgreens Boots Alliance, Inc., Put 35, 07/15/2022	(367)	(502)	
		(1,570)	(1,750)	-
	Total put options	(1,570)	(1,751)	-
	Total options	(9,104)	(9,447)	-
FORWARD CURRENCY CONTRACTS (Schedule 1)				
	Total unrealized gain on forward currency contracts	-	25,316	-
	Total unrealized loss on forward currency contracts	-	(59,820)	-
	Net Investments	148,155,181	167,826,623	94.6%
	Transaction costs	(58,565)	-	-
		$ 148,096,616	167,826,623	94.6%
	Other assets less liabilities		9,544,118	5.4%
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEEMABLE UNITS		$ 177,370,741	100.0%

Schedule 1

	Purchased Currency				Sold Currency			
Contract Price	Settlement Date	Currency	Amount ($)	Value as at June 30, 2022 ($)	Currency	Amount ($)	Value as at June 30, 2022 ($)	Unrealized gain (loss) ($)
0.77543	Aug-18-22	Canadian Dollar	3,224,000	3,224,000	United States Dollar	2,500,000	3,217,837	6,163
0.77239	Sep-20-22	Canadian Dollar	3,236,688	3,236,688	United States Dollar	2,500,000	3,217,535	19,153
							Unrealized gain	25,316
0.79158	Jul-20-22	Canadian Dollar	3,158,250	3,158,250	United States Dollar	2,500,000	3,218,070	(59,820)
							Unrealized loss	(59,820)

* Reported at amortized cost

[1] The contract size of the options is 100 shares, except as otherwise noted.

1. GENERAL INFORMATION

Portland Private Income LP (the Partnership) is a limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated as of December 17, 2012, as amended thereafter and as may be amended and restated from time to time. The inception date of the Partnership was October 31, 2012. Pursuant to the partnership agreement, Portland General Partner (Ontario) Inc. (the General Partner) is responsible for the management of the Partnership. The General Partner has engaged Portland Investment Counsel Inc. (the Manager) to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the units of the Partnership. The head office of the Partnership is 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7. These financial statements were authorized for issue by the General Partner on August 8, 2022.

The Partnership was established as an investment vehicle for Portland Private Income Fund (the Fund). Both the Partnership and the Fund are managed by the Manager.

The investment objective of the Partnership is to preserve capital and provide income and above average long-term returns by investing primarily in a portfolio of private debt securities. To achieve the investment objective, the Manager may invest in a portfolio of private income generating securities, either directly or indirectly through other funds, consisting of:

- private mortgages, administered by licensed mortgage administrators;
- private commercial debts, a portion of which may have provisions resulting in equity ownership of the issuer of the debt or the underlying asset if certain events occur;
- other debt securities, a portion of which may have provisions resulting in equity ownership of the issuer of the debt or the underlying asset if certain events occur; and
- invest in complementary income producing public securities, including real estate income trusts, royalty income trusts, preferred shares, dividend paying equity securities and debt securities including convertibles, corporate and sovereign debt.

To a lesser extent, derivatives may also be used on an opportunistic basis in order to meet the Partnership's investment objective. Derivatives may limit or hedge potential losses associated with currencies, specific securities, stock markets and interest rates or are used to generate income. Derivatives may include forward currency agreements and options.

In addition, the Partnership may borrow up to 25% of the total assets of the Partnership after giving effect to the borrowing.

The Partnership may invest in investment funds and mutual funds (collectively, Underlying Funds) and exchange-traded funds which may or may not be managed by the Manager or one of its affiliates or associates. The Partnership may hold cash in short-term debt instruments, money market funds or similar temporary instruments, pending full investment of the Partnership's capital and at any time deemed appropriate by the Manager.

The Partnership has no geographic, industry sector, asset class or market capitalization restrictions. There is no restriction on the percentage of the net asset value of the Partnership which may be invested in the securities of a single issuer.

The statements of financial position of the Partnership are as at June 30, 2022 and December 31, 2021.The statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows of the Partnership are for the six-month periods ended June 30, 2022 and June 30, 2021.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Partnership classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Partnership may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Partnership recognizes financial instruments at FVTPL upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at fair value. Purchases and sales of financial assets are recognized as at their trade date. The Partnership classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. Mortgage loans have been classified as amortized cost. Other Underlying Funds held by the Partnership do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Partnership's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Partnership has elected to classify its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

Financial assets and liabilities may be offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Partnership may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Partnership commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income within 'Change in unrealized appreciation (depreciation) on investments and derivatives' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost, less any impairment losses. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Partnership has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments and options' in the statements of comprehensive income.

Amounts receivable or payable with respect to derivative transactions, including premiums of discounts received or paid, are included in the statements of financial position under 'Derivative assets' or 'Derivative liabilities'.

When the Partnership writes an option, an amount equal to fair value, which is based on the premium received by the Partnership, is recorded as a liability. When options are closed, the difference between the premium and the amount received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statements of comprehensive income within 'Net realized gain (loss) on investments and options'. When a written call option is exercised, the amount of gain or loss realized from the disposition of the related investment at the exercise price, plus the premiums received at the time the option was written are included in the statements of comprehensive income within 'Net realized gain (loss) on investments and options'. When a written put option is exercised, the amount of premiums received is deducted from the cost to acquire the related investment.

Option premiums paid when the Partnership purchases an option are recorded as an asset. Exchange traded options are valued at their last traded market price where the last traded market price falls within the day's bid-ask spread. In cases where the last traded price is not within the day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances.

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

i. Expiration of purchased options - realized losses will arise equal to the premium paid;

ii. Exercise of the purchased options - realized gains will arise up to the intrinsic value of the option net of premiums paid; or

iii. Closing of the purchased options - realized gains or losses will arise equal to the proceeds from selling the options to close the position, net of any premium paid.

Realized gains and losses related to options are included in 'Net realized gain (loss) on investments and options' in the statements of comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Partnership uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread and the difference is material, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. If there has been no trade, the mid-price (average bid and asking price) as of the close of the business on the reporting date is used to approximate fair value. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Underlying Funds do not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Underlying Fund as reported by the administrator of the Underlying Fund.

Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income represents the stated rate of interest earned by the Partnership on fixed income securities accounted for on an accrual basis, as applicable. The Partnership does not amortize premiums paid or discounts received on the purchase of fixed income securities. Interest receivable is shown separately in the statements of financial position based on the debt instruments' stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

Impairment of financial assets

The Manager estimates the amount of expected credit losses (ECLs) on the Partnership's financial assets at amortized cost at each reporting date. The amount of the ECL is deducted from the carrying amount of investments on the statements of financial position. Changes in the ECL from the previous reporting date are included as 'Impairment (gain) loss' on the statements of comprehensive income. Refer to note 5 Credit Risk for information on ECLs.

Foreign currency translation

The Partnership's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income. Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income within 'Net realized gain (loss) on investments and options'.

Unrealized exchange gains or losses on investments, including options and forward currency contracts are included in 'Change in unrealized appreciation (depreciation) of investments and derivatives' in the statements of comprehensive income.

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, 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.

Cash and cash equivalents

The Partnership considers 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. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs for investments at FVTPL. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes 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.

Redeemable Units

The Partnership has issued multiple classes of redeemable units, which are redeemable at the holder's option and do not have identical rights. Redeemable units can be put back to the Partnership at any redemption date for cash equal to a proportionate share of the Partnership's NAV attributable to the unit class. Units are redeemable monthly with 60 days' notice.

The redeemable units are carried at the redemption amount that is payable at the statements of financial position date if the holder exercises the right to put the units back to the Partnership.

Redeemable units are issued and redeemed at the holder's option at prices based on the Partnership's NAV per unit at the time of issue or redemption. The Partnership's NAV per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units of each respective class.

Expenses

Expenses of the Partnership including operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income.

Interest expense and applicable non-utilization fees associated with borrowing are recorded on an accrual basis.

Increase (Decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class, divided by the weighted average units outstanding of that class during the reporting period.

Loan origination fees

The Partnership may pay fees to a lender at the time of negotiating borrowing facilities (see note 9). Such origination fees are due at the time the borrowing facility becomes legally binding, which is generally when both the borrower and the lender have signed the agreement. Such fees are expensed when paid and are be included as 'Arrangement fee-Clarien Bank' on the statements of comprehensive income.

Distribution to Unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. All distributions by the Partnership will be paid in cash.

Allocation of income and expense, and realized and unrealized gains and losses

Fees and other costs directly attributable to a class are charged to that class. The Partnership's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each class of Units based upon the relative NAV of each class.

Collateral

Cash collateral provided by the Partnership is identified in the statements of financial position as 'Margin accounts' and is not included as a component of cash and cash equivalents. Collateral other than cash is classified in the statements of financial position separately from other assets and liabilities as 'Investments - pledged as collateral' if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral.

Allocation of non-cash items on the statement of cash flows

The Partnership includes only the net cash flow impact and does not include non-cash switches between classes of the Partnership that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. There were no non-cash switches excluded from the Partnership's operation and financing activities on the statements of cash flows for the six-month periods ended June 30, 2022 and June 30, 2021.

Future accounting changes

There are no new accounting standards effective after January 1, 2022 which affect the accounting policies of the Partnership.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Partnership has made in preparing these financial statements.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Partnership using reputable pricing sources (such as pricing agencies) or indicative prices. Such values may be indicative and not executable or binding. The Partnership would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Partnership may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgment by the Partnership. The Partnership considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair value of Underlying Funds

The fair value of Underlying Funds that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Partnership may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

Classification of financial assets and liabilities

Financial assets may be classified as financial assets at amortized cost, financial assets at FVTPL or financial assets at fair value through other comprehensive income. Financial liabilities may be classified as financial liabilities at amortized cost or financial liabilities at FVTPL. In order to classify its financial assets and liabilities in accordance with IFRS 9, the Manager uses judgment to assess the business model of the Partnership and the cash flows of their financial assets and liabilities. The classification of financial assets and liabilities of the Partnership are outlined in note 3.

5. FINANCIAL INSTRUMENTS

a) Offsetting of Financial Assets and Financial Liabilities

The Partnership has a master netting or similar arrangements in place with a counterparty for borrowing and the execution of forward currency contracts. This means that in the event of default or bankruptcy, the Partnership may set off the assets held with the counterparty against the liabilities it owes to the same counterparty. The contracts in place under these arrangements that settle on the same date have been offset and presented in the statements of financial position of the Partnership and the table below, where there is a legally enforceable right and an intention to settle the contracts on a net basis. There is no collateral associated with these arrangements. The following table presents the gross amount of recognized financial assets and liabilities of the Partnership that are offset under master netting or similar arrangements as at June 30, 2022 and December 31, 2021:

	June 30, 2022 ($)	December 31, 2021 ($)
Gross Derivatives		
Gross Derivative Assets	25,316	35,405
Gross Derivative Liabilities	(59,820)	(85,919)
Net Exposure	(34,504)	(50,514)
Gross Borrowing		
Gross Borrowing	(58,519,196)	(32,584,450)
Cash	28,790,422	6,668,099
Short Term Investments	27,889,084	27,530,085
Net Exposure	(1,839,690)	1,613,734

b) Risk management

The Partnership's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), liquidity risk, credit risk and leverage risk. The Partnership invests in other funds and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Funds, their strategies and the overall quality of the Underlying Fund's manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Partnership is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Partnership's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Partnership's investment objectives and risk tolerance per the Partnership's offering documents. All investments result in a risk of loss of capital.

Price risk

Price 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, excluding interest-bearing financial instruments such as mortgages, commercial loans and bonds, held by the Partnership are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of these investments held by the Partnership on June 30, 2022 had been higher or lower by 10%, net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $10,832,906 (December 31, 2021: $10,077,957). Actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Partnership, such as mortgages and commercial loans and bonds. The fair value and future cash flows of such instruments held by the Partnership will fluctuate due to changes in market interest rates.

This risk is managed by investing in short term mortgages and commercial loans. As a result, the credit characteristics of these investments will evolve such that in periods of higher market interest rates, there will be those with narrower credit spreads, and vice versa in periods of lower market interest rates, compared to other benchmark rates.

As of June 30, 2022 and December 31, 2021, the Partnership held direct short-term mortgages and commercial loans. The Partnership generally intends to hold all of these investments to maturity. There is a very limited secondary market and in syndication transactions such as the ones in which the Partnership participates, these investments are generally traded at face value without regard to changes in interest rates.

The following is a summary of the carrying value (principal minus allowance for ECL) of the direct mortgages administered by MarshallZehr Group Inc. (Direct Mortgages) segmented by gross interest rate (before deduction of mortgage administration fees) as at June 30, 2022 and December 31, 2021:

	0% - 11.99% ($)	12% - 12.99% ($)	13% - 13.99% ($)	14% - 14.99% ($)	15% - 15.99% ($)	Total ($)
June 30, 2022	17,879,255	12,994,129	790,262	14,079,257	4,797,092	50,539,995
December 31, 2021	28,366,869	17,220,437	2,779,743	5,894,396	3,475,447	57,736,892

The following is a summary of the carrying value of the Direct Mortgages segmented by term as at June 30, 2022 and December 31, 2021:

	12 months or less ($)	13 to 24 months ($)	24 to 36 months ($)	Total ($)
June 30, 2022	40,298,211	5,511,585	4,730,199	50,539,995
December 31, 2021	49,185,452	3,413,988	5,137,452	57,736,892

The Partnership has invested in Bridge Agency MBS Fund International LP (Bridge AMBS) which invests in a diversified portfolio of residential mortgage-backed securities which are backed by U.S. government sponsored entities and other related securities. Bridge AMBS is subject to interest rate risk but its intention is to hedge interest rate risk by using various derivative instruments and hedging of cash. As at June 30, 2022, the value of Bridge AMBS and the maximum exposure to interest rate risk is $2,582,808 (December 31, 2021: $2,765,887).

The Partnership has committed to invest US$15,000,000 in Bridge Debt Strategies Fund IV International LP (Bridge Debt IV) which invests in a diversified portfolio of commercial real-estate debt and certain related investments related to or secured by income-producing multifamily, commercial office, seniors housing and select other real estate assets in the United States. Bridge Debt IV is subject to interest rate risk but its intention is to hedge interest rate risk by using various derivative instruments and hedging of cash. As at June 30, 2022, US$10,004,902 (December 31, 2021: US$4,426,647) was paid towards this commitment and US$4,995,098 remains outstanding (December 31, 2021: US$2,073,352). The value of Bridge Debt IV and the maximum exposure to interest rate risk is $12,780,001 (December 31, 2021: $5,587,964).

The Partnership has invested US$3,200,000 in Parkview Financial US–Cayman Blocker, LLC (Parkview Fund) which invests in real estate development companies in the form of construction and commercial loans. Parkview is subject to interest rate risk on the underlying loans of its portfolio. The value of Parkview Fund and the maximum exposure to interest rate risk is $4,079,072.

The Partnership has committed to invest US$7,000,000 in NSPC-L Investor Trust (Northleaf Private Credit), an open-end private credit fund that seeks to build a diversified portfolio of senior secured private credit investments focused on mid-market, primarily private equity-backed, companies. Northleaf Private Credit is subject to interest rate risk on the underlying loans of its portfolio. As at June 30, 2022, US$1,550,000 was paid towards this commitment and US$5,540,000 remains outstanding. The value of Northleaf Private Credit and the maximum exposure to interest rate risk is $1,980,833.

The Partnership holds a participation interest in three commercial loans and are subject to interest rate risk. One participation interest is $2.5 million of a $55 million loan that was completed with Rokstad Holdings Corporation (Rokstad) with an interest rate of 10% per annum is payable monthly. The second is a participation interest of $3.0 million of a $60 million loan with CareRX Corporation (CareRX) with an interest rate of 9% per annum payable quarterly. The third is a participation interest of $2.0 million of a $40 million loan with MDT Sporting Goods Ltd. (MDT) with an interest rate of 8%. Agreements for both CareRX and MDT include covenants where the interest rate may change based the companies condition for the most recently completed fiscal quarter end whereas if the senior debt over EBITDA increases, the interest rate payable to the Partnership decreases. As at March 31, 2022, the interest rates were 8.0% for CareRx and 8.0% for MDT.

The Partnership has indirect exposure to interest rate risk in commercial loans through its investments in Crown Capital Partner Fund, LP (Crown Partner Funding), Blue Ocean Fund Class I and Blue Ocean Fund Class I-B (collectively referred to as Blue Ocean) and Blue MC (Cayman) LLC (Blue MC).

The Partnership had exposure to interest rate risk due to its borrowings as described in note 9. If interest rates had doubled during the six-month period ended June 30, 2022, interest expense would have been higher and ending net assets attributable to holders of redeemable units would have been lower by $261,378 (June 30, 2021: $137,969).

The Partnership's balances of dividends receivable, interest receivable, subscriptions receivable, receivable for investments sold, expenses payable and payable for investments purchased have no significant exposure to interest rate risk due to their short-term nature.

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 Partnership may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

The use of currency risk mitigation strategies such as forward currency 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 such strategies could result in losses greater than if the strategy had not been used. The forward currency contracts may have the effect of limiting or reducing the total returns of the Partnership if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, costs associated with the forward currency contracts may outweigh the benefits of the arrangements in some circumstances.

The Manager may, from time to time, at its sole discretion, enter into forward currency contracts in relation to all or a portion of the value of the Partnership's non-Canadian dollar currency exposure or the non-Canadian currency exposure of the issuers whose securities comprise the Partnership's portfolio back, directly or indirectly, to the Canadian dollar. Forward currency contract amounts are based on a combination of trading currency of the Partnership's holdings and an estimate of the currency to which their operations are exposed.

The tables below indicate the foreign currencies to which the Partnership had significant exposure at June 30, 2022 and December 31, 2021 in Canadian dollar terms, net of the notional amounts of forward currency contracts. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

	Exposure			Impact on net assets attributable to holders of redeemable units		
June 30, 2022	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
Danish Krone	794	175,932	176,726	79	17,593	17,672
United States Dollar	(65,243,842)	69,170,019	3,926,177	(6,524,384)	6,917,002	392,618
Total	**(65,243,048)**	**69,345,951**	**4,102,903**	**(6,524,305)**	**6,934,595**	**410,290**
% of net assets attributable to holders of redeemable units	(36.8%)	39.1%	2.3%	(3.7%)	3.9%	0.2%

December 31, 2021	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
British Pound	1	847,763	847,764	-	84,776	84,776
Danish Krone	3,687	356,631	360,318	369	35,663	36,032
Euro	(3)	715,910	715,907	-	71,591	71,591
Hong Kong Dollar	(11)	177,314	177,303	(1)	17,731	17,730
United States Dollar	(41,721,914)	49,692,253	7,970,339	(4,172,191)	4,969,225	797,034
Total	**(41,718,240)**	**51,789,871**	**10,071,631**	**(4,171,823)**	**5,178,986**	**1,007,163**
% of net assets attributable to holders of redeemable units	(24.9%)	31.0%	6.1%	(2.5%)	3.1%	0.6%

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting their obligations associated with financial liabilities. The Partnership is exposed to monthly cash redemptions and may borrow on margin to invest or settle redemptions. The Manager monitors the Partnership's liquidity position on an ongoing basis.

The Partnership's investments in Direct Mortgages, commercial loans and Underlying Funds are not traded in an active market and may not be redeemable. As a result, the Partnership may not be able to quickly liquidate its investments in these instruments at amounts, which approximate their fair values. In order to maintain liquidity, the Partnership may invest in complementary, more liquid, income producing public securities, including real estate income trusts, royalty income trusts, preferred shares, dividend paying equity securities and debt securities including convertibles, corporate and sovereign debt. The Partnership has the ability to borrow for the purposes of making investments, providing cover for the writing of options, paying redemptions, working capital purposes and to maintain liquidity in accordance with its investment objective and investment strategies. The borrowing facilities may be payable upon demand, as described in note 9.

The Partnership has committed amounts to Underlying Funds, as described in note 12. All other payables are due within 3 months from the financial reporting date. Issued redeemable units and borrowings are payable on demand following 60 days' notice.

The Partnership writes cash secured put options in accordance with its investment objectives and strategies. The value of the securities and/or cash required to satisfy the options if they were exercised as at June 30, 2022 and December 31, 2021 are presented in the table below.

	Less than 1 month ($)	1 to 3 months ($)	Total ($)
June 30, 2022	360,416	-	360,416
December 31, 2021	1,990,083	643,227	2,633,310

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership.

The Partnership invests in Direct Mortgages which are subject to credit risk. Any instability in the real estate sector and adverse change in economic conditions in Canada could result in declines in the value of real property securing the Partnership's mortgage investments within it's portfolio. As at June 30, 2022 and December 31, 2021, the Direct Mortgages only contained investments within Ontario.

The Partnership's credit risk management objectives for Direct Mortgages are to:

- establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles; and
- identify, assess and measure credit risk clearly and accurately across the Partnership, from the level of individual mortgages or commercial loans up to the total portfolio.

Credit risk is managed by adhering to the investment and operating policies, as set out in the Partnership's offering documents. This includes the following strategies:

- the majority of mortgages are generally expected to be written for terms of 6 to 36 months and supported by commercial liability insurance and by personal or corporate guarantees; and
- the portfolio of mortgages is generally expected to be written for principal amounts at the time of commitment (together with the principal balance outstanding on prior mortgages if applicable), not exceeding 75% of the determined value of the underlying property securing the mortgage.

Such risks are further mitigated by ensuring a comprehensive due diligence process is conducted on each mortgage prior to funding. This process generally includes, but is not limited to, reviewing legal documentation, independent appraiser's valuations and credit checks and financial statement reviews on prospective borrowers.

Expected Credit Losses

At each reporting date, the Manager performs an assessment of credit risk on its portfolio. ECLs are estimated and reflected as a reduction to the carrying amount of the Partnership's Direct Mortgages and commercial loans reported at amortized cost (the Loan Portfolio).

The Loan Portfolio is grouped into three categories or stages, as described below.

Stage 1 - Performing

There has been no significant change in credit risk on the loan (or the loan was and still is in the low credit risk category) since initial recognition. The ECL rate, as determined above, is multiplied by the aggregate principal plus accrued interest of all Stage 1 loans to reduce the carrying amount.

Stage 2 – Non performing

When a particular Stage 1 mortgage or commercial loan moves to Stage 2 (see the section below entitled *Determination of significant changes in credit risk*) a lifetime ECL is applied on that individual loan. The lifetime ECL is determined using loan-to-value (LTV), information from the third party mortgage administrator or investment manager as well as historical experience in similar situations. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the ECL. Typically, the ECL is ratably higher than the ECL on Stage 1 assets to reflect the increase in credit risk.

Stage 3 – Impaired

If the Manager believes that a mortgage or commercial loan is impaired, an allowance specific to that loan will be determined based on an assessment of the expected loss over the lifetime of the loan. A range of possibilities is considered and the probable value of the recovery amount determines the amount of the lifetime ECL.

For mortgages in Stage 1, an ECL percentage rate is applied to the total carrying value of all mortgage loans that are in Stage 1. The ECL percentage rate is determined by calculating an ECL (in dollars) for each mortgage and dividing the aggregate ECL by the total value of such loans, excluding the ECL.

ECL is calculated by applying the following formula:

Expected credit loss = Exposure at Default (EAD) x Loss Given Default (LGD) x Probability of Default (PD)

EAD is the estimate of what the outstanding balance will be at the time of default, if the borrower does default, including time to resolve the default. LGD is the unrecovered part of EAD if there is a default requiring recovery of collateral or payments under a guarantee. PD is the probability that a borrower will default prior to the maturity of the loan.

For mortgages in Stage 2 or Stage 3, the ECL is determined based on the Manager's best estimate of the ECL over the lifetime of the loan.

The Partnership considers a borrower to be in default when the first of (i) a failure to pay interest or principal on a loan more than 90 days after the payment is due and either the loan-to-cost (LTC) or LTV covenant is breached or (ii) bankruptcy filing or receivership, occurs. The Manager believes that more than 90 days and either a LTC or LTV covenant breach is a reasonable definition of default based on its previous experience in the mortgage and commercial loan industry. Loans will be written off when there is no reasonable prospect of recovering any further cash flows from the financial asset.

The following tables present the breakdown of the Direct Mortgages into Stages and the respective ECL as at June 30, 2022 and December 31, 2021:

June 30, 2022	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Stage 1	15	41,229,293	(717,390)	1.7%
Stage 2	7	24,009,916	(3,951,079)	16.5%
Stage 3	5	3,235,419	(3,235,419)	100.0%
Total	**27**	**68,474,628**	**(7,903,888)**	

December 31, 2021	Number of Loans	Principal + Accrued Interest ($)	ECL Amount ($)	ECL Rate
Stage 1	18	35,640,475	(624,060)	1.8%
Stage 2	8	33,253,165	(2,552,052)	7.7%
Stage 3	5	3,061,448	(2,656,008)	86.8%
Total	**31**	**71,955,088**	**(5,832,120)**	

During the six-month period ended June 30, 2022, there was no loans that moved between the stages.

Determination of significant changes in credit risk

The Manager compares the risk of a default occurring as at the reporting date with the risk of a default occurring on a financial instrument as at the date of initial recognition using reasonable and supportable information that is available without undue cost. The Manager may assume that the credit risk of a private mortgage loan has not changed significantly if it is determined to have low credit risk at the reporting date. The Manager looks at the following factors to assess whether credit risk has increased (or decreased) since initial recognition:

- Increases in LTC and/or LTV on particular loans;

- Events/delays in construction or intentions that are a significant deviation from planned activities;
- Missed interest and/or principal payments; and
- Material degradation of the financial position of the borrower, including its guarantors.

LTV ratios are updated using forward-looking information whenever it is available via periodic updates from the third party investment manager/mortgage administrator on the status of projects and collateral underlying the loans. LTC and LTV ratios that exceed 90% and 85%, respectively are viewed as a sign that the mortgage may be put on a watch list for potential changes in credit risk. This will depend on how close a project is to completion (in the case of development/construction projects) and other qualitative factors.

The assessment may include an evaluation of the monitoring steps being taken by the third party investment manager/mortgage administrator which can be a sign of a change in credit risk.

The maximum direct exposure to credit risk as at June 30, 2022 is calculated as the face value of the Direct Mortgages plus the accrued interest thereon less any ECLs, which totaled $50,539,995 (December 31, 2021: $57,736,892). The Partnership has recourse under the terms of the private mortgage loans in the event of default by the borrower, in which case the Partnership would have a claim against the underlying property and security.

The following is a summary of the Direct Mortgages held by the Partnership as at June 30, 2022 and December 31, 2021:

June 30, 2022	Number of Mortgages	Carrying Value ($)	Carrying Value + Accrued Interest ($)
First Mortgages	22	39,718,120	48,614,649
Second Mortgages	4	8,569,116	8,723,614
Third Mortgages	1	2,252,759	3,232,477
Total	**27**	**50,539,995**	**60,570,740**

December 31, 2021	Number of Mortgages	Carrying Value ($)	Carrying Value + Accrued Interest ($)
First Mortgages	25	41,067,130	48,167,734
Second Mortgages	5	14,411,257	15,047,255
Third Mortgages	1	2,258,505	2,907,980
Total	**31**	**57,736,892**	**66,122,969**

The following is a summary of the Direct Mortgages segmented by type of project as at June 30, 2022 and December 31, 2021:

	Pre-development ($)	Pre-development/ Construction ($)	Construction ($)	Term ($)	Total ($)
June 30, 2022	2,980,322	16,646,297	21,722,084	9,191,292	50,539,995
December 31, 2021	3,905,363	16,369,313	30,278,011	7,184,205	57,736,892

The following is a summary of the maturity profile of the Direct Mortgages as at June 30, 2022 and December 31, 2021:

	12 months or less ($)	13 to 24 months ($)	25 to 36 months ($)	Total ($)
June 30, 2022	40,298,211	5,511,585	4,730,199	50,539,995
December 31, 2021	49,185,452	3,413,988	5,137,452	57,736,892

In addition to the Direct Mortgages, the Partnership holds a participation interest in three commercial loans: Rokstad, which is a co-investment with Crown Partner Funding; and CareRX and MDT, which are co-investments with Crown Private Credit Partners Inc. (Crown Credit). In addition to credit risk of the borrower, the participation interest carries additional risks associated with the credit-worthiness of Crown Partner Funding and Crown Credit. As at June 30, 2022, the value of Rokstad and the maximum exposure to credit risk is $2,810,000 (December 31, 2021: $2,810,000). As at June 30, 2022, the value of CareRX and maximum exposure to credit risk is $3,000,000 (December 31, 2021: $3,000,000) but the value of this investment has been reduced by ECL equal to 1.74% (December 31, 2021: 1.74%) of the face value of the loan plus accrued interest, leaving the maximum exposure to credit risk from the investment at $2,947,800 (December 31, 2021: $2,947,800). As at June 30, 2022, the value of MDT and maximum exposure to credit risk is $2,000,000 but the value of this investment has been reduced by ECL equal to 1.74% (December 31, 2021: 1.74%) of the face value of the loan plus accrued interest, leaving the maximum exposure to credit risk from the investment at $1,965,200.

The Partnership has indirect exposure to credit risk through its investment in Parkview Fund. As at June 30, 2022, the value of Parkview Fund and maximum exposure to credit risk is US$3,200,000. but the value of this investment has been reduced by ECL equal to 1.74% of the face value of the investment plus accrued interest, leaving the maximum exposure to credit risk from the investment at $4,079,072.

The Partnership has indirect exposure to credit risk through its investments in Bridge AMBS, Bridge Debt IV and Northleaf Private Credit. As at June 30, 2022, the value of Bridge AMBS and the maximum exposure to credit risk is $2,582,808 (December 31, 2021: $2,765,887). As at June 30, 2022, the value of Bridge Debt IV and the maximum exposure to credit risk is $12,780,001 (December 31, 2021: $5,587,964). As at June 30, 2022, the value of Northleaf Private Credit and the maximum exposure to credit risk is $1,980,833.

The Partnership has indirect exposure to credit risk on commercial loans through its investments in Crown Partner Funding, Blue Ocean and Blue MC. The portfolio of commercial loans are generally expected to be first and second lien senior loans and mezzanine debt of 1 to 10 years amortization period and with terms being between 1 to 7 years, although some may be a much longer duration while bridge loans would typically be less than one year. As at June 30, 2022, the value of Crown Partner Funding and the maximum exposure to credit risk is $20,343,750 (December 31, 2021: $25,011,000). As at June 30, 2022, the value of Blue Ocean and the maximum exposure to credit risk is $11,240,864 (December 31, 2021: $11,285,787). As at June 30, 2022, the value of Blue MC and the maximum exposure to credit risk is $15,236,282 (December 31, 2021: $13,588,197).

The Partnership is also exposed to credit risk from investments in forward currency contracts. The Partnership 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 Partnership) on individual contracts can be set off against any losses (amounts owing to the counterparty) even in the event of default or bankruptcy. 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 as outlined in the table below including the effect of master netting or similar arrangements in place with all counterparties. The following table outlines the exposure and credit rating of each counterparty in an unrealized gain position as of the date of the statements of financial position.

June 30, 2022	Net Unrealized Gain ($)	Credit Rating
CIBC World Markets Inc.	25,316	Standard & Poor's A-1

December 31, 2021	Net Unrealized Gain ($)	Credit Rating
CIBC World Markets Inc.	35,405	Standard & Poor's A-1

Leverage Risk

The Partnership uses leverage as part of its investment strategy and is therefore subject to leverage risk. The Partnership may generally borrow up to 25% of its total assets. The Partnership pledges securities as collateral and is able to borrow up to limits imposed by the lender it has pledged the collateral to. The amount of borrowing allowed by the lender depends on the nature of securities pledged. The Partnership pays interest on the amounts borrowed, which accrues daily and is payable monthly. When the Partnership makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed-income securities or other portfolio assets, leverage may be introduced into the Partnership. Leverage occurs when the Partnership borrows to invest or when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently any adverse change in the value or level of the Partnership's investments, or of the underlying assets, rate or index to which the Partnership's investments relate, may amplify losses compared to those that would have been incurred if the Fund had not borrowed to invest or if the underlying asset had been directly held by the Partnership. This may result in losses greater than if the Partnership had not borrowed to invest, or, in the case of derivatives, losses greater than the amount invested in the derivative itself.

As at June 30, 2022, the amount borrowed was $6,023,090 (December 31, 2021: $6,557,740) and borrowing of 3.2% of the total assets of the Partnership (December 31, 2021: 3.8%) and 5.6% of the total assets of the Partnership including Preferred Units (December 31, 2021: 5.7%). Interest expense incurred on amounts borrowed for the six-month period ended June 30, 2022 was $261,378 (December 31, 2021: $306,383).

c) 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data 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. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Partnership's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The following tables illustrates the classification of the Partnership's financial instruments within the fair value hierarchy as at June 30, 2022 and December 31, 2021:

		Assets (Liabilities)		
June 30, 2022	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Derivative Assets	-	25,316	-	25,316
Derivative Liabilities	-	(69,267)	-	(69,267)
Loans	-	-	2,810,000	2,810,000
Equities - Long	3,167,202	4,908,000	-	8,075,202
Underlying Funds	-	37,952,633	59,500,672	97,453,305
Total	**8,075,202**	**37,908,682**	**62,310,672**	**108,294,556**

December 31, 2021	Level 1 ($)	Assets (Liabilities) Level 2 ($)	Level 3 ($)	Total ($)
Derivative Assets	-	35,405	-	35,405
Derivative Liabilities	-	(98,894)	-	(98,894)
Loans	-	-	2,810,000	2,810,000
Equities - Long	5,148,537	5,055,254	-	10,203,791
Underlying Funds	-	39,862,976	47,915,775	87,778,751
Total	**5,148,537**	**44,854,741**	**50,725,775**	**100,729,053**

As at June 30, 2022 and December 31, 2021, the Partnership held units of Portland Global Energy Efficiency and Renewable Energy Fund LP (Portland GEEREF LP), Blue Ocean, Brookfield Infrastructure Fund IV-A L.P. (BIF IV), Rokstad, Bridge Debt IV and Blue MC, which are considered to be Level 3 investments.

Portland GEEREF LP is a closed-end investment fund. Portland GEEREF LP has the same Manager and administrator as the Partnership. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution except in very limited circumstances. The Partnership measures Portland GEEREF LP units at the most recently published NAV per unit as reported by its administrator, considering restrictions on the Partnership's ability to redeem units of Portland GEEREF LP. If the NAV per unit of Portland GEEREF LP had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $419,232 as at June 30, 2022 (December 31, 2021: $438,244).

Blue Ocean is a closed-ended sub-fund of EnTrustPermal ICAV, an umbrella Irish Collective Asset-Management Vehicle with segregated liability between sub-funds. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Blue Ocean at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Blue Ocean. If the NAV per unit of Blue Ocean had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,124,086 as at June 30, 2022 (December 31, 2021: $1,128,579).

BIF IV is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures BIF IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of BIF IV. If the NAV per unit of BIF IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,605,120 as at June 30, 2022 (December 31, 2021: $1,307,139).

In 2019, the Partnership participated in a co-investment opportunity with Crown Partner Funding in a loan participation agreement with Rokstad in the amount of $2,500,000. This investment is considered Level 3 in the fair value hierarchy because it is valued using a fair valuation techniques to determine value of the loan participation agreement. If the value of Rokstad had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $281,000 as at June 30, 2022 (December 31, 2021: $281,000).

Bridge Debt IV is a closed-ended parallel structured fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Bridge Debt IV at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Bridge Debt IV. If the NAV per unit of Bridge Debt IV had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,278,000 as at June 30, 2022 (December 31, 2021: $558,796).

Blue MC is a closed-ended fund. This investment is considered Level 3 in the fair value hierarchy because it does not allow redemptions or transfers of units prior to dissolution. The Partnership measures Blue MC at the most recently published NAV per unit as reported by its administrator, considering the Partnership's inability to redeem units of Blue MC. If the NAV per unit of Blue MC had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Partnership would have been higher or lower by $1,523,628 as at June 30, 2022 (December 31, 2021: $1,358,820).

Reconciliation of Level 3 Fair Value Measurement of Financial Instruments

The following tables reconcile the Partnership's Level 3 fair value measurement of financial instruments for the six-month periods ended June 30, 2022 and June 30, 2021:

June 30, 2022	Investment Funds ($)	Loans ($)	Total ($)
Balance at beginning of period	47,915,775	2,810,000	50,725,775
Investment purchases during the period*	8,657,785	-	8,657,785
Proceeds from sales during the period*	(2,724,458)	-	(2,724,458)
Net transfers in (out) during the period	-	-	-
Net realized gain (loss) on sale of investments	1,198,380	-	1,198,380
Unrealized appreciation (depreciation) of investments	4,453,190	-	4,453,190
Balance at end of period	59,500,672	2,810,000	62,310,672

June 30, 2021	Investment Funds ($)	Loans ($)	Total ($)
Balance at beginning of period	24,076,427	2,810,000	26,886,427
Investment purchases during the period*	5,044,421	-	5,044,421
Proceeds from sales during the period*	(4,139,396)	-	(4,139,396)
Net transfers in (out) during the period	-	-	-
Net realized gain (loss) on sale of investments	157,075	-	157,075
Unrealized appreciation (depreciation) of investments	736,477	-	736,477
Balance at end of period	25,875,004	2,810,000	28,685,004

**Balances reported are net of return of capital*

d) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Partnership considers its investments in Underlying Funds to be investments in unconsolidated structured entities.

The change in fair value of the Partnership is included in the statements of comprehensive income in 'Change in unrealized appreciation (depreciation) on investments and derivatives'.

The Partnership's investments in Underlying Funds are subject to the terms and conditions of their respective offering documents and are susceptible to market price risk arising from uncertainties about future values. The Manager makes investment decisions after extensive due diligence on the strategy and overall quality of the Underlying Fund's manager.

The exposure to investments in Underlying Funds at fair value as at June 30, 2022 and December 31, 2021 are presented in the following tables. These investments are included at their fair value in financial assets at FVTPL in the statements of financial position. The Manager's best estimate of the maximum exposure to loss from the Partnership's investment in Underlying Funds is the fair value below.

June 30, 2022	Investment at Fair Value ($)	Net Asset Value ($ millions)	% of Net Asset Value
Blue MC (Cayman) LLC	15,236,282	697	2.2%
Blue Ocean Fund Class I	703,179	15	4.6%
Blue Ocean Fund Class I-B	10,537,685	108	9.8%
Bridge Agency MBS Fund International LP	2,582,808	235	1.1%
Bridge Debt Strategies Fund IV International LP	12,780,001	490	2.6%
Brookfield Infrastructure Fund IV-A L.P.	16,051,201	20,698	0.1%
Brookfield Super-Core Infrastructure Partners (NUS) L.P.	6,420,536	2,755	0.2%
Crown Capital Partner Fund, LP	20,343,750	144	14.2%
Crown Capital Power Limited Partnership	6,503,700	32	20.2%
NSPC-L Investor Trust	1,980,833	776	0.3%
Parkview Financial US-Cayman Blocker LLC	4,079,072	506	0.8%
Portland Global Aristocrats Plus Fund	121,006	1	17.1%
Portland Global Energy Efficiency and Renewable Energy Fund LP	4,192,324	22	18.9%

December 31, 2021	Investment at Fair Value ($)	Net Asset Value ($ millions)	% of Net Asset Value
Blue MC (Cayman) LLC	13,588,197	448	3.0%
Blue Ocean Fund Class I	2,628,539	50	5.2%
Blue Ocean Fund Class I-B	8,657,248	85	10.2%
Bridge Agency MBS Fund International LP	2,765,887	2,038	0.1%
Bridge Debt Strategies Fund IV International LP	5,587,964	187	3.0%
Brookfield Infrastructure Fund IV-A L.P.	13,071,388	19,876	0.1%
Brookfield Super-Core Infrastructure Partners (NUS) L.P.	6,310,931	2,130	0.3%
Crown Capital Partner Fund, LP	25,011,000	166	15.1%
Crown Capital Power Limited Partnership	5,640,000	33	17.3%
Portland Global Aristocrats Plus Fund	135,158	0.8	17.4%
Portland Global Energy Efficiency and Renewable Energy Fund LP	4,382,439	24	18.4%

6. REDEEMABLE UNITS

The Partnership is available in two classes of shares: Class A and Class B. Class A units may only be issued to the General Partner or an affiliate of the General Partner and have voting rights, while Class B units are available for purchase by the Fund and are non-voting. The Partnership is permitted to have an unlimited number of classes of units, having such terms and conditions as the Manager may determine. Additional classes may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a class represents an undivided ownership interest in the net assets of the Partnership attributable to that class of units.

The Partnership's NAV per unit is determined on the last business day of each month at the close of regular trading on the Toronto Stock Exchange, (each, a Valuation Date) or on such other date as determined by the Manager. Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise, the redemption will be processed as at the next Valuation Date.

The Partnership endeavors to invest capital in appropriate investments in conjunction with their investment objectives. The Partnership may borrow or dispose of investments, where necessary, to fund redemptions.

The number of units issued and outstanding for the six-month periods ended June 30, 2022 and June 30, 2021 was as follows:

June 30, 2022	Beginning Balance	Units Issued Including Switches from Other Series	Units Redeemed Including Switches to Other Series	Units Redeemed	Ending Balance	Weighted Average Number of Units
Class A	1	-	-	-	1	1
Class B	1,586,983	34,507	-	-	1,621,490	1,591,338

June 30, 2021	Beginning Balance	Units Issued Including Switches from Other Series	Units Redeemed Including Switches to Other Series	Units Redeemed	Ending Balance	Weighted Average Number of Units
Class A	1	-	-	-	1	1
Class B	1,502,256	56,104	-	-	1,558,360	1,527,219

7. TAXATION

The Partnership calculates its taxable income and net capital gains/ (losses) in accordance with the Income Tax Act (Canada). The Partnership is not a taxable entity and is required to allocate its taxable income and net capital gains/(losses) to its limited partners in accordance with the limited partnership agreement. Accordingly, the Partnership has not included a provision for taxes in the financial statements.

The Partnership may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are shown as a separate item in the statements of comprehensive income.

The taxation year-end of the Partnership is December 31.

8. FEES AND EXPENSES

The Partnership is responsible for the payment of the following ongoing fees and expenses relating to its operation: custodian fees, administration fees, accounting expenses, audit fees, interest and safekeeping charges, all taxes (including Goods and Services Tax (GST) and HST, if any), assessments or other regulatory and governmental charges levied against the Partnership, interest and all brokerage fees. The Manager may absorb future Partnership operating expenses at its discretion but is under no obligation to do so.

9. BORROWING FACILITY

The Partnership may use various forms of leverage, including its margin facility with a prime broker, a loan facility with a bank and the use of Preferred Units (as defined in the notes to the Fund), that allows it to borrow funds from time to time when the Manager determines this to be appropriate. The aggregate amount of borrowing by the Partnership may not exceed 25% of the total assets of the Partnership at the time of use.

Settlement Services Agreement

The Partnership has a Settlement Services Agreement (SSA) with a Canadian dealer for margin borrowing. The rate of interest payable on borrowed money in Canadian dollars is the 3-month Canadian Dealer Offered Rate plus 0.50% and in U.S. dollars is the Overnight Bank Funding Rate (OBFR) plus 0.60% and the facility is repayable on demand. The Partnership has placed securities on account with the dealer as collateral for borrowing.

Based on the amount borrowed, the required amount of cash or non-cash collateral has been classified separately within the statements of financial position from other assets and is identified as 'Investments - pledged as collateral' or 'Margin accounts'.

As at June 30, 2022, the Partnership borrowed $58,519,196 or $1,839,699 net of short-term investments and positive cash through the SSA (December 31, 2021: $32,584,451 or positive $1,613,734 net of short term investments). During the six-month period ended June 30, 2022, the Partnership borrowed a minimum of $32,548,746 and a maximum of $58,555,271 under the SSA (December 31, 2021: minimum of $nil and maximum of $32,943,954).

Revolving Loan Facility

The Partnership has a revolving loan facility (the Facility) with a Bermuda-based bank (the Bank). Under the Facility, the Partnership could borrow in order to bridge the timing difference between planned subscriptions from unitholders and the commitments/disbursements to/from investments made by the Partnership.

The Partnership agreed to pay on demand to the Bank the principal sum of up to US$12,500,000 and to pay interest on unpaid principal, calculated from and including the date of first drawdown at a rate which is the greater of 4.5% above the U.S. dollar 3-month LIBOR+3.5% net of any applicable withholding taxes, payable over 364 days from the date of first drawdown at interest only quarterly with principal payments at the Partnership's election subject to the term if not renewed. In the event that the Facility becomes 90 days overdue, the Bank could increase the rate of interest to 2% over the interest rate being charged at that time. A non-utilization fee was payable quarterly in arrears of between zero and 0.30% per annum, if the average utilization during the proceeding quarter is less than 40%. Payments of principal could be made at any time without penalty. The terms of the Facility include that the maximum total debt of the Partnership does not exceed 25% of total assets and that the Facility amount drawn does not exceed 20% of the Partnership's assets less those securities the Partnership has placed on account with the dealer of the SSA as collateral for the margin borrowing mentioned above. An arrangement fee of 0.30% or US$37,500 was payable on the date of initial drawdown and was deducted from the proceeds.

The Partnership borrowed US$3,250,000 as at June 30, 2022 (December 31, 2021: US$5,200,000). During the six-month period ended June 30, 2022, the Partnership borrowed a minimum of US$nil and a maximum of US$5,200,000 under the Facility (December 31, 2021: minimum of US$nil and a maximum of US$7,000,000).

10. SOFT DOLLARS

Allocation of business to brokers of the Partnership is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to affect portfolio transactions with dealers who provide research, statistical and other similar services to the Partnership or to the Manager at prices, which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

The Manager may use third party proprietary research, which is generally also available on a subscription basis, the value of which will be used to approximate the value of research and other similar services received from third parties through commission sharing arrangements with executing brokers. The ascertainable value of the third party soft dollar arrangements in connection with portfolio transactions for the six-month period ended June 30, 2022 was $765 (December 31, 2021: $959).

11. RELATED PARTY TRANSACTIONS

The following table outlines the operating expense reimbursements that were paid to the Manager by the Partnership during the six-month period ended June 30, 2022 and June 30, 2021. The table includes the amount of operating expense reimbursement that was made to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST and/or HST.

As at	Operating Expense Reimbursement ($)	Organization Expense Reimbursement ($)
June 30, 2022	76,341	744
June 30, 2021	64,392	452

As at June 30, 2022, the Partnership owed $13,236 of operating expenses excluding applicable GST and/or HST to the Manager (December 31, 2021: $12,094).

All of the issued and outstanding Class B units of the Partnership are owned by the Fund, which has the same manager as the Partnership. The Class A unit of the Partnership is owned by the General Partner which is related to the Partnership and the Manager. The Partnership invests in Portland GEEREF LP and Portland Global Aristocrats Plus Fund which have the same manager as the Partnership.

On December 13, 2017, an affiliate of the Manager acquired indirect controlling interest in the Bank. The Partnership has Facility with the Bank as described under note 9. The Partnership paid loan origination fees of a total of US$132,683 to the Bank. Interest and loan origination fees with the Facility are subject to an additional withholding tax as a result of the indirect controlling interest in the Bank and is included under 'Arrangement fee-Clarien Bank' on the statements of comprehensive income when paid.

12. COMMITMENTS

Unfunded capital commitments to the Underlying Funds are not presented in the statement of financial position as a liability, as the unfunded capital represents a loan commitment that is not within the scope of IFRS 9.

Crown Capital Partner Funding, LP

On September 23, 2015, the Partnership committed to invest $10,000,000 in Crown Partner Funding. Effective July 15, 2016, the amount of this commitment was increased by $6,400,000, effective January 9, 2017, the amount of this commitment was increased by $9,850,000, effective July 13, 2017, the amount of this commitment was increased by $7,500,000 and effective July 13, 2018, the amount of this commitment was increased by $18,750,000. On December 31, 2020, Crown provided the Fund a notice of waiver of $10,500,000 of capital commitment and as a result of the waiver, remaining uncalled capital commitment was reduced by this amount for a total commitment of $42,000,000. As at June 30, 2022, the cumulative amount paid toward this commitment was $23,678,104 and the remaining uncalled capital commitment was $18,321,986 (December 31, 2021: $18,321,986).

Christopher Wain-Lowe is a non-voting observer member of Crown Partner Funding.

Blue Ocean Fund

On June 1, 2017, the Partnership committed to invest US$5,000,000 to Blue Ocean Class I Units. As at June 30, 2022, US$4,989,071 was paid toward this commitment, resulting in a remaining uncalled commitment of US$10,929 (December 31, 2021: US$10,929).

On September 10, 2018, the Partnership committed to invest US$7,000,000 to Blue Ocean Class I-B Units. As at June 30, 2022, this commitment was paid in full but subject to a recallable distribution US$4,721,570 (December 31, 2021: US$2,091,165).

Brookfield Super-Core Infrastructure Partners (NUS) L.P.

On December 21, 2018, the Partnership committed to invest US$5,000,000 to Brookfield Super-Core Infrastructure Partners (NUS) L.P. (BSIP). Effective October 12, 2021, the amount of the commitment was increased by US$800,000. As at June 30, 2022, the this commitment was paid in full.

Crown Capital Power Limited Partnership

On February 28, 2019, the Partnership committed to invest $10,000,000 to Crown Capital Power Limited Partnership (Crown Power). On June 23, 2022, Crown Power provided the Fund a notice of waiver of $1,367,700 of capital commitment and as a result of the waiver, remaining uncalled capital commitment was reduced by this amount for a total commitment of $8,632,300. As at June 30, 2022, $5,921,945 was paid toward this commitment, resulting in a remaining uncalled commitment of $2,710,355 (December 31, 2021:$4,078,055).

Christopher Wain- Lowe is a member of the fund advisory board of Crown Power.

Brookfield Infrastructure Fund IV-A, L.P.

On March 4, 2019, the Partnership committed to invest US$15,000,000 to BIF IV. As at June 30, 2022, US$10,972,016 was paid toward this commitment, resulting in a remaining uncalled commitment of US$4,027,984 (December 31, 2021: US$5,427,451).

Bridge Debt Strategies Fund IV International LP

On July 20, 2021, the Partnership committed to invest US$5,000,000 to Bridge Debt IV and an additional US$1,500,000 on September 24, 2021 and an additional US$4,500,000 on March 2, 2022 and US$4,000,000 on May 23, 2022 for a total commitment of US$15,000,000. As at June 30, 2022, US$10,004,902 was paid toward this commitment, resulting in a remaining uncalled commitment of US$4,995,098 (December 31, 2021: US$2,073,352).

Blue MC (Cayman) LLC

On September 20, 2021, the Partnership committed to invest US$6,000,000 to Blue MC. As at June 30, 2022, this commitment was paid in full.

NSPC-L Investor Trust

On December 13, 2021, the Partnership committed to invest US$5,000,000 to Northleaf Senior Private Credit-L through Northleaf and an additional US$2,000,000 on March 31, 2022 for a total additional commitment of US$7,000,000. As at June 30, 2022, US$1,550,000 was paid toward this commitment, resulting in a remaining uncalled commitment of US$5,450,000.

Brookfield Infrastructure Fund V-A, L.P.

On June 21, 2022, the Partnership committed to invest US$4,000,000 to Brookfield Infrastructure Fund-V-A, LP (BIF V). No capital has been called to date.

13. SUBSEQUENT EVENTS

In June 2022, the Partnership has committed to invest $2,500,000 to Incus Capital European Credit Fund IV Feeder LP. $142,700 was called on July 14, 2022.

In August 2022, the Partnership has committed to invest US$10,000,000 to Sagard Senior Lending Partners LP.

14. EXEMPTION FROM FILING

The Partnership is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

Portland Investment Counsel®
Buy. Hold. And Prosper.®

Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel:1-888-710-4242 • Fax: 905-319-4939 • www.portlandic.com • info@portlandic.com

PIC0079-E(08/22)