PORTLAND INVESTMENT COUNSEL®

PORTLAND VALUE FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

SEPTEMBER 30, 2017

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

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

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

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

The views of the portfolio management team contained in this report are as of September 30, 2017 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information please contact us using the above methods. All references to performance relate to Series F units. The performance of other units may be different than that of the Series F units due to differing fees.

INVESTMENT OBJECTIVE AND STRATEGIES

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

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

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

RISK

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

RESULTS OF OPERATIONS

For the year ended September 30, 2017, the Fund's benchmark, the MSCI World Total Return Index, had an annualized return of 12.5%. For the same period, the Fund had a return of (7.7%). Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's key relative performance detractors were Crescent Point Energy Corp., Baytex Energy Corp., Hertz Global Holdings, Inc. and Liberty Global PLC LiLAC while relative performance contributors were Restaurant Brands International Inc., Nomad Foods Limited and Linamar Corporation.

As at September 30, 2017, the top 5 sector exposure was constituted by energy 24.1%, financials 21.1%, consumer discretionary 16.3%, industrials 12.3% and consumer staples 11.1%. By using a concentrated investment strategy, the Manager leverages its best investment ideas, which is expected to aid the Fund in meeting its investment objectives. As of September 30, 2017, the Fund's underlying portfolio held 11 investments.

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

Restaurant Brands International (RBI) was a key contributor to performance of the Fund over the past twelve months as measures implemented by the 3G Capital continued to increase profitability. During the period though, the company saw weakening same store sales growth. The number of restaurants continued to grow. RBI's most recent acquisition, that of Popeyes Louisiana Kitchen, is seen by the management as having unique complementary features relative to the existing portfolio of brands. Just before the end of the reporting period we sold our entire holding in RBI on valuation concerns and potential for increased headwinds; in particular a loss of the "wealth effect" with the increase in interest rates, which may affect discretionary spending, a potentially costly international expansion and/or M&A action, as well as a simmering fight with some of its long time franchisees.

Nomad Foods, another major contributor to performance of the Fund reported progressively improved top line results, as a result of the company's refocusing on its core products. The management pointed out that the current top line and operating improvement is expected to continue due to its tighter net revenue management and the extensive use of zero based budgeting. Stefan Descheemaeker, the company's CEO, emphasized how the past couple of years since Iglo's acquisition, the Nomad team was able to use the current business as a learning opportunity. He believes the company is now properly tooled up to seriously explore acquisition of adjacent/complementary businesses, which has been one of the key investment tenets for Nomad as an emerging food manufacturing platform. With the improvement in the share price, an M&A deal is closer to Nomad's grasp and would, we believe, provide the strongest near to mid-term catalyst for further appreciation. Towards the end of the period, Bill Ackman's Pershing Square Holdings, Ltd. exited its nearly 20% position in Nomad Foods, with about 5% of the company's available shares (free float) being re-purchased by the company. Subsequently was announced that Elliott Management Corporation, one of the most successful activist investors in recent years, built a nearly 6% stake in the company.

During the period we added Linamar to the portfolio, a decision driven by its well defined growth prospects combined with an attractive valuation. Linamar is primarily a manufacturer of vehicle parts, in particular transmission and engine parts, as well as assembled modules, transmissions, engines and power transfer units. Linamar also owns Skyjack, a manufacturer of mobile industrial equipment, in particular aerial work platforms (scissors), booms and telehandlers, responsible for about 15% of the company's revenues. The company was founded by Frank Hasenfratz in his garage in 1966 and has grown to over $6 billion in revenue under the stewardship of Frank and his daughter Linda (who is the current CEO). The family still owns close to 30% of the listed company. Subsequent to our initial purchase, the company reported its 23rd consecutive quarter of double digit operating earnings growth. We're pleased to note that Linamar was a key contributor to performance of the Fund for the year despite being invested in for less than six months.

Crescent Point Energy turned out to be the top performance detractor during the past twelve months, seconded by Baytex Energy. Crescent Point increased its capital program for 2017 to $1.55 billion, including $100 million of proceeds from its recent non-core asset sales. On such basis, the company is expected to experience a 10% production growth by the end of 2017, though production per share is more likely to be flat to slightly positive, given the company decided to issue equity in the fall of 2016 to expand its program. In hindsight, the company's decision to issue additional equity may turn out to be the right decision, given the attractive capital efficiency available to the company at its drilling locations. However, the markets reacted negatively to what it was perceived as a poorly communicated strategy. The company admitted its communication shortcomings and is taking measures to improve. Nonetheless, on account of the above, the company has found itself in the penalty box, trading at a significant discount to its peers. We continue to believe that the current depressed valuation level would turn out to be a rare opportunity to buy into great quality assets.

Another major performance detractor during the past year was Liberty Global PLC Latin America and Caribbean (LiLAC), though performance improved later in the period as material direct purchases by John Malone, the founder and Chairman of Liberty Global PLC, were revealed. LiLAC had suffered significant selling pressure in the aftermath of the de-merger via stock dividend by Liberty Global in Q3 of 2016. The company re-iterated its intention to pursue a full legal separation from Liberty Global this year, a positive catalyst, we believe, since it would allow for certain investors, otherwise precluded from holding tracking share, to consider LiLAC shares. The company also announced a $300 million share buy-back program, an action used frequently by John Malone throughout his storied career. Driven by the region's favourable demographics, relatively low technological penetration and industry readiness for consolidation, we believe LiLAC, through its asset base and capabilities transferred from John Malone's Liberty entities, is uniquely positioned to outperform. We find the value proposition very compelling and apparently we're not alone, given that, during the period, it has been revealed that prominent value investors have taken an interest in the company. Warren Buffett's Berkshire Hathaway Inc. is the company's third largest holder of "A" shares, with other notable investors including Jeremy Grantham's Grantham, Mayo, Van Otterloo & Co. LLC, Bill Gates and his foundation, as well as long-time John Malone supporter, Mario Gabelli.

The Fund has a material exposure to energy holdings, which we believe have currently depressed valuations and which, as at September 30, 2017, constituted 24.1% of the portfolio's assets. The performance of our energy holdings was negative during the period and significantly affected the performance of the Fund.

RECENT DEVELOPMENTS

During the period and in large part driven by what it is perceived as largely reflationary economic policies from the new Donald Trump-led U.S. administration, the U.S. Fed has accelerated the pace of its previously tentative monetary tightening. With three Fed Funds rate raises since last September and expectations for one more before the end of the year, the excessive liquidity available to the capital markets is, albeit gradually, mopped up. Such a development, we believe, is likely to favour value based investment strategies, which have otherwise underperformed growth strategies since the beginning of the current market cycle, some eight years earlier. With valuations getting ahead of the fundamentals in certain areas of the market, the Manager believes that companies influenced by eminent capital allocators and activist investors have the ability to stand out by adapting quicker to market forces and improving their profitability through both operational changes and balance sheet optimization.

Over the course of the past year, the energy markets, to which the Fund has a material exposure, have continued their journey towards recovery, meandering around news related to OPEC (Organization of Petroleum Exporting Countries)/Russia agreed production caps, production related developments in the U.S. shale (in the particular the Permian basin) and weekly crude oil and refined product U.S. inventory levels. During the reporting period, the West Texas Intermediate (WTI), the North American crude oil price benchmark, advanced from $48.24/barrel (bbl) to $51.67/bbl, a roughly 7% improvement over the period. Considerable uncertainty still hangs over the levels of supply, notably having to do with production projections for Nigeria, Libya, and Venezuela.

We continue to believe that the current oil prices are unsustainable, as evidenced by the more than 20% back-to-back drops in global oil industry capex in 2015 and 2016 adding up to some $1 trillion in overall spending cuts towards finding and developing reserves by 2020. Capex cuts of such magnitude are unprecedented and are sowing the seeds of future supply shortfall as demand continues to grow. In other words, the longer lower oil prices stay low, the higher the eventual rebound.

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

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

Effective April 20, 2017, the Fund no longer offered Series G units and U.S. denominated Series A and Series F units.

RELATED PARTY TRANSACTIONS

The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During the period ended September 30, 2017, the Manager received $9,714 in management fees from the Fund compared to $6,315 for the period ended September 30, 2016 (net of applicable taxes).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of comprehensive income. Depending on their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred. During the period ended

September 30, 2017, the Manager was reimbursed $2,918 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes. This compares to $1,953 for the period ended September 30, 2016. In addition to the amounts reimbursed, the Manager absorbed $96,035 of operating expenses during the period ended September 30, 2017 compared to $86,385 during the period ended September 30, 2016 (net of applicable taxes).

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed $2,204 during the period ended September 30, 2017 by the Fund for such services, compared to $2,581 during the period ended September 30, 2016.

The Manager, its affiliates, officers and directors of the Manager (Related Parties) may own units of the Fund. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from the Independent Review Committee were not required or obtained for such transactions. As at September 30, 2017, Related Parties owned 29.7% (September 30, 2016: 20.8%) of the Fund.

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

Notes

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

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

Summary of Investment Portfolio as at September 30, 2017

Top 25 Investments*

	% of Net Asset Value
Nomad Foods Limited	11.1%
Liberty Global PLC LiLAC	10.5%
Whitecap Resources, Inc.	9.5%
Cash	9.1%
Brookfield Business Partners L.P.	7.8%
Pershing Square Holdings, Ltd.	7.6%
Crescent Point Energy Corp.	7.4%
Berkshire Hathaway Inc.	7.3%
Baytex Energy Corp.	7.2%
Brookfield Asset Management Inc.	6.2%
Linamar Corporation	5.8%
Hertz Global Holdings, Inc.	4.5%
Grand Total	94.0%
Total net asset value	$594,671

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

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

Portfolio Composition

Sector	
Energy	24.1%
Financials	21.1%
Consumer Discretionary	16.3%
Other Net Assets (Liabilities)	15.1%
Industrials	12.3%
Consumer Staples	11.1%

Geographic Region	
Canada	36.1%
Other Net Assets (Liabilities)	15.1%
United States	11.8%
British Virgin Islands	11.1%
United Kingdom	10.5%
Bermuda	7.8%
Guernsey	7.6%

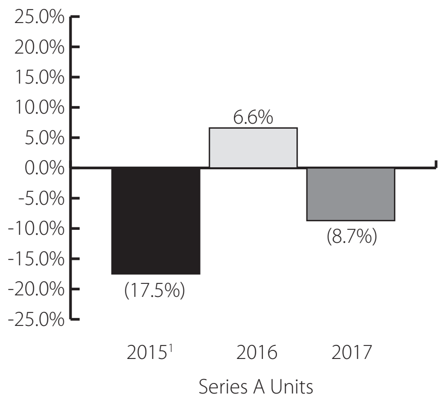
Other Net Assets (Liabilities) refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

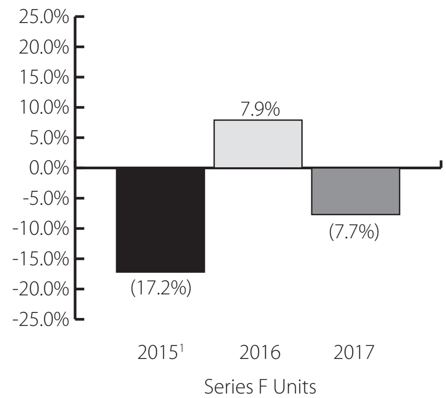
Past Performance

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

Year-By-Year Returns

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





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

Annual Compound Returns

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

Series of Units	Inception Date	Since Inception	One Year	Three Year	Five Year	Ten Year
Series A	May 19, 2015	(8.8%)	(8.7%)	-	-	-
Index		7.5%	12.5%	-	-	-
Series F	May 19, 2015	(7.8%)	(7.7%)	-	-	-
Index		7.5%	12.5%	-	-	-

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

Management Fees

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

		Expenses Paid Out of the Management Fee (%)		
Series of Units	Management Fee (%)	Dealer compensation	General administration, investment advice and profit	Absorbed expenses
Series A	2.00%	46%	-	54%
Series F	1.00%	-	-	100%

Financial Highlights

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

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

For the periods ended	2017	2016	2015
Net assets, beginning of the period	$8.79	$8.25	$10.00 †1b
Increase (decrease) from operations:			
Total revenue	0.08	0.17	0.14
Total expenses	(0.24)	(0.26)	(0.11)
Realized gains (losses)	0.25	0.33	(0.09)
Unrealized gains (losses)	(0.86)	(0.22)	(1.55)
Total increase (decrease) from operations[2]	(0.77)	0.02	(1.61)
Distributions to unitholders:			
From income	-	-	-
From dividends	-	(0.01)	-
From capital gains	(0.05)	-	-
Return of capital	-	-	-
Total annual distributions[3]	(0.05)	(0.01)	-
Net assets, end of period[4]	$7.98	$8.79	$8.25

Series A Units - Ratios/Supplemental Data

For the periods ended	2017	2016	2015
Total net asset value	$383,479	$470,433	$46,143
Number of units outstanding	48,059	53,522	5,594
Management expense ratio[5]	2.84%	2.83%	2.85% *
Management expense ratio before waivers or absorptions[5]	21.45%	27.83%	85.28% *
Trading expense ratio[6]	0.02%	0.16%	0.36% *
Portfolio turnover rate[7]	18.94%	43.57%	0.00%
Net asset value per unit	$7.98	$8.79	$8.25

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

For the periods ended	2017	2016	2015
Net assets, beginning of the period	$8.87	$8.28	$10.00 †1b
Increase (decrease) from operations:			
Total revenue	0.04	0.10	0.14
Total expenses	(0.15)	(0.16)	(0.08)
Realized gains (losses)	0.41	0.44	(0.08)
Unrealized gains (losses)	(0.85)	0.38	(1.71)
Total increase (decrease) from operations[2]	(0.55)	0.76	(1.73)
Distributions to unitholders:			
From income	-	-	-
From dividends	-	(0.06)	-
From capital gains	(0.11)	-	-
Return of capital	-	-	-
Total annual distributions[3]	(0.11)	(0.06)	-
Net assets, end of period[4]	$8.09	$8.87	$8.28

Series F Units - Ratios/Supplemental Data

For the periods ended	2017	2016	2015
Total net asset value	$211,192	$171,350	$111,150
Number of units outstanding	26,102	19,316	13,417
Management expense ratio[5]	1.68%	1.70%	1.74% *
Management expense ratio before waivers or absorptions[5]	20.29%	26.70%	84.29% *
Trading expense ratio[6]	0.02%	0.16%	0.36% *
Portfolio turnover rate[7]	18.94%	43.57%	0.00%
Net asset value per unit	$8.09	$8.87	$8.28

† Initial offering price

** Annualized*

Explanatory Notes

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

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

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

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

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

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

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

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

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

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

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Historical annual compounded total returns as at September 30, 2017 include changes in unit value and distributions reinvested and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Commissions, service fees, management fees and expenses may be associated with investment funds. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. PORTLAND, PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc. Used under licence by Portland Investment Counsel Inc.

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