PORTLAND INVESTMENT COUNSEL®

PORTLAND ENERGY OPPORTUNITIES ALTERNATIVE FUND
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

SEPTEMBER 30, 2020

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

Management Discussion of Fund Performance
Portland Energy Opportunities Alternative Fund

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

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

The views of Portland Investment Counsel Inc. (the Manager) contained in this report are as of September 30, 2020 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information, please contact us using the above methods.

INVESTMENT OBJECTIVE AND STRATEGIES

The Fund's objective is to provide positive long-term total returns by investing primarily in a portfolio of global energy focused securities. The Fund seeks to provide capital growth by primarily investing in a portfolio of equities/ADRs and which may include exchange traded funds (ETFs) with a focus on energy companies located anywhere in the world.

The Fund is considered an "alternative mutual fund" according to National Instrument 81-102, meaning it is permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest up to 20% of its net asset value in securities of a single issuer (rather than 10% for conventional mutual funds); the ability to invest up to 100% or more of its net asset value in physical commodities either directly or through the use of specified derivatives; borrow, up to 50% of its net asset value, cash to use for investment purposes; sell, up to 50% of its net asset value, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and aggregate exposure up to 300% of its net asset value.

RISK

Investors should be able to accept a medium to high level of risk and plan to hold for the medium to long term.

RESULTS OF OPERATIONS

The Fund's net asset value at September 30, 2020 was $0.14 million. Asset mix at September 30, 2020 was energy, at 49.4%, cash and other net assets (liabilities), 46.9%, and utilities, at 3.7%. By geography, assets were invested in securities of issuers based in the United States, 41.1%, Canada, 12.0% and cash and other net assets (liabilities), 46.9%. For the period of April 17, 2020 (inception date of the Fund) to September 30, 2020, there was no borrowing in the Fund.

The top three relative performance contributors to the Fund's performance during the period since inception to September 30, 2020, were Parsley Energy, Inc., Pioneer Natural Resources Company and Northland Power Inc., while the top three relative performance detractors were Occidental Petroleum Corporation, Valero Energy Corporation and EOG Resources, Inc. More broadly, the Fund benefited from the selection effect in the oil and gas exploration and production sub-industry and from being underweight in the integrated oil and gas sub-industry, as well as from its allocation to cash.

We have chosen to maintain a significant allocation to cash during the period, as significant uncertainty surrounded the real economy under the impact of the greatest pandemic the world has seen in over a hundred years. Our views have not meaningfully changed since and we will be seeking to deploy the available purchasing power selectively in the coming quarters.

The mandate of the Fund allows it to take advantage of the continued growth in demand for energy, driven in particular by the growth in demand in emerging nations, such as India. The Fund aims to participate in energy opportunities across the energy source spectrum, such as oil, gas, nuclear, hydro and renewables, and across the value chain, including in exploration and production activities, energy infrastructure, refining, electricity production and marketing activities. The Manager aims to apply a value discipline to its investment selection and position sizing process.

RECENT DEVELOPMENTS

Shortly after the inception of the Fund, we initiated our investments in a select number of companies that met our selection criteria. By then the strong market recovery since the March lows had run much of its course and, therefore, we undertook an opportunistic and gradual approach to deploying cash.

We expect the Fund to benefit, over the long run, from a pronounced difference between perception and reality. Oil and gas will be indispensable for satisfying the energy needs of a growing global economy and will continue to represent, alongside coal, the overwhelming majority of the primary energy sources through 2040. Nonetheless, an increasing number of investors have chosen to divest their related investments, we believe, in a misguided attempt to control the rate of fossil fuel use. We believe that the focus should be on stimulating the development of alternative energy sources, rather than on divestment of fossil resource based businesses. Without an acceleration in the supply of the former, growth in the latter is unavoidable. This is further compounded by the fact that a higher proportion of renewable energy sources leads to a more inflexible and less reliable energy grid; whereas conventional electricity sources (natural gas, in particular) can be brought onto the grid with great speed and reliability, most renewable energy sources are less grid-friendly (i.e. they are a function of the availability of the solar irradiance and wind resource, for instance). California's rolling blackouts through the summer were a stark illustration of the need to transform the generation system, showing how quickly grids could be overwhelmed without judicious energy policies.

This is likely to create, in the medium term, investment opportunities in both renewable and fossil fuel sectors, but likely, more pronounced in the latter.

The lockdown restrictions caused by the COVID-19 pandemic globally have placed the world economy, including the U.S., where most of the Fund's investments reside, in a severe recession, which now appears likely to be a more protracted affair than originally anticipated, under the threat of a return to lockdowns triggered by the looming 'second wave' of coronavirus infections. We factor in a larger than 5% GDP contraction in the U.S. for 2020 and a relatively modest recovery in 2021 with economic activities only gradually reopening through the next few quarters. Having said that, we believe that there is a relatively low likelihood of an accelerated process towards the identification and production scale-up of effective vaccines. Even so, the U.S. stock market was quick to draw a V-shaped recovery, spurred largely, we believe, by the largesse of the U.S. government, and even more so on the side of the U.S. Fed.

In March 2020, key industry players Saudi Arabia (the de facto leader of the Organization of the Petroleum Exporting Countries (OPEC)) and Russia, entered a standoff and a volume war, which led to a rapid slump of crude oil prices globally. This happened on a background of demand destruction, caused by the COVID-19 lockdown measures and which was estimated by some observers to be nearly 30 million barrels per day at its worst. With a gradual return to some level of normality, much of the earlier demand destruction was reversed. However, it is the last few (likely more than 5 million barrels per day) of demand that, we believe, would take a long time to return as it is heavily reliant on travel return (in particular air travel). Whereas towards mid-April, Russia, its allies and OPEC (the so-called OPEC+ group) reached an agreement to restrict their production by 9.7 million barrels per day, providing much needed support for oil prices, an agreement which was further extended in early June and, more recently, the same group agreed to reduce the size of the cuts (i.e. increase production).

Whereas earlier in the period starting from May, expectations were for a more rapid oil demand recovery (not necessarily our expectations), the economic environment is on a slower path to recovery instead. The pace of recovery in air travel and manufacturing activities are particularly relevant for the energy complex. A glut in jet fuel production triggered a domino effect which led to an overall exaggerated level of inventory for the oil distillates overall (which also include diesel fuel and gasoil, among others). The bulging distillate inventories caused the refining activity to slow down and refining margins to shrink in the process. Through judicious capacity allocations and adjustments to their processes to maximize the production of gasoline over distillates, refiners managed, towards the end of the period, to put a dent in the inventory of distillates. This also happened at the expense of an overall lower refining activity level and build-up of crude oil stocks, in the process. Towards the end of the period, both levels have started decreasing and there is a hope for the inventory levels to normalize towards early 2021, assuming the economic does not worsen overall. However, air travel and jet fuel consumption, in particular, are not likely to see a quick rebound and a more normal level of activity and consumption is not likely within the next year.

In the light of its behavior so far this year and given the uncertainty surrounding demand, we perceive the industry as being hostage to OPEC+'s often opaque priorities for the foreseeable future and we expect an oil price environment less sanguine. However, the exploration and production companies we invest in are some of the more robust in the world, benefiting from a low cost base, most advanced technology and, generally, prudent capitalization, therefore able to withstand future bouts of commodity volatility. It is in this type of environment that we expect to deploy the Fund's cash on an opportunistic basis.

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, 2020, the Manager received $663 in management fees from the Fund, net of applicable taxes. During the same period, the Manager received $1,516 in performance fees from the Fund, 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 on a variety of methods including net asset value or actual costs incurred. During the period ended September 30, 2020, the Manager was reimbursed $363 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable. The Manager absorbed $46,663 of operating expenses during the period ended September 30, 2020, 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 nil during the period ended September 30, 2020 by the Fund for such services.

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course of business. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from the independent review committee were not required or obtained for such transactions. As at September 30, 2020, Related Parties owned 15,000 shares 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, 2020

Top 25 Investments*

	% of Net Asset Value
Cash & Cash Equivalents	46.9%
Parsley Energy, Inc.	8.5%
Pioneer Natural Resources Company	7.9%
Diamondback Energy Inc.	6.9%
EOG Resources, Inc.	6.6%
Occidental Petroleum Corporation	4.8%
Valero Energy Corporation	4.4%
Canadian Natural Resources Ltd.	3.8%
TransAlta Renewables Inc.	2.3%
Enterprise Products Partners, L.P.	2.0%
Parkland Corporation	1.7%
Northland Power Inc.	1.4%
CES Energy Solutions Corp.	1.1%
Enbridge Inc.	0.9%
Pembina Pipeline Corporation	0.9%
Grand Total	100.1%
Total net asset value	$144,987

* *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	49.4%
Cash & Other Net Assets (Liabilities)	46.9%
Utilities	3.7%

Geographic Region	
Cash & Other Net Assets (Liabilities)	46.9%
United States	41.1%
Canada	12.0%

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

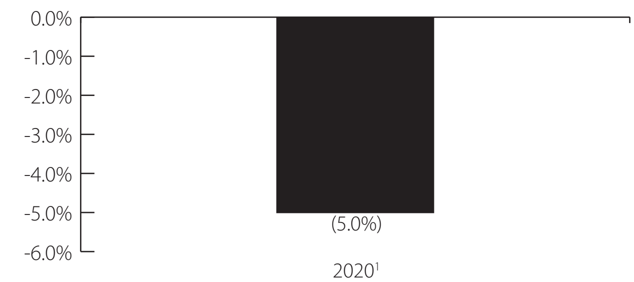
Past Performance

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

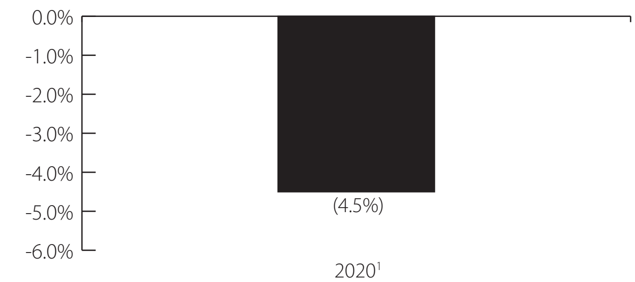
Year-By-Year Returns

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

Series A Units



Series F Units



1. Return for 2020 represents a partial year starting April 17, 2020 to September 30, 2020.

Annual Compound Returns

The table below shows the historical compound returns of the applicable series of units and MSCI World Energy Sector Index (the Index). The Index is designed to capture the large and mid cap segments across 23 developed market countries. 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	April 17, 2020	(5.0%)	-	-	-	-
Index		(13.0%)	-	-	-	-
Series F	April 17, 2020	(4.5%)	-	-	-	-
Index		(13.0%)	-	-	-	-

Comparison to the Index: Since the Fund does not necessarily invest in the same securities as the Index or in the same proportion, the performance of the Fund is not expected to equal that of the Index. 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 portfolio 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 average 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	1.75%	58%	-	42%
Series F	0.75%	-	-	100%

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or shorter, since inception of the Fund. The information is provided as at September 30 of the year shown.

Series A Units - Net Assets per unit[1]

For the periods ended	2020
Net assets, beginning of the period	$10.00 †
Increase (decrease) from operations:	
Total revenue	0.11
Total expenses	(0.25)
Realized gains (losses)	-
Unrealized gains (losses)	(0.36)
Total increase (decrease) from operations[2]	(0.50)
Distributions to unitholders:	
From income	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions[3]	-
Net assets, end of period[4]	$9.50

Series A Units - Ratios/Supplemental Data

For the periods ended	2020
Total net asset value	$23,760
Number of units outstanding	2,500
Management expense ratio[5]	2.20% *
Management expense ratio before waivers or absorptions[5]	34.99% *
Trading expense ratio[6]	0.05% *
Portfolio turnover rate[7]	-
Net asset value per unit	$9.50

Series F Units - Net Assets per unit[1]

For the periods ended	2020
Net assets, beginning of the period	$10.00 †
Increase (decrease) from operations:	
Total revenue	0.11
Total expenses	(0.20)
Realized gains (losses)	-
Unrealized gains (losses)	(0.37)
Total increase (decrease) from operations[2]	(0.46)
Distributions to unitholders:	
From income	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions[3]	-
Net assets, end of period[4]	$9.55

Series F Units - Ratios/Supplemental Data

For the periods ended	2020
Total net asset value	$121,227
Number of units outstanding	12,693
Management expense ratio[5]	1.70% *
Management expense ratio before waivers or absorptions[5]	34.49% *
Trading expense ratio[6]	0.05% *
Portfolio turnover rate[7]	-
Net asset value per unit	$9.55

† *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. The net assets per series presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

   b) The inception date of Series A and Series F units of the Fund was April 17, 2020.

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

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

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

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

   The Fund may hold investments in other investment funds and ETFs and the MER is calculated taking into consideration the expenses of the Fund allocated to the series including expenses indirectly attributable to its investment in other investments funds and ETFs divided by the average daily net asset value of the series of the Fund during the period.

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

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

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

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

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