



Portland Investment Counsel®

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PORTLAND GLOBAL ALTERNATIVE FUND  
**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

MARCH 31, 2021

PORTFOLIO  
MANAGEMENT TEAM

**Christopher Wain-Lowe**  
Chief Investment Officer, Executive Vice  
President and Portfolio Manager

**Kyle Ostrander**  
Portfolio Manager

## Management Discussion of Fund Performance Portland Global 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 March 31, 2021 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 investment objective is to provide positive long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of global equities and debt-like securities. The Fund seeks to provide income and capital growth while moderating the volatility of equities by investing primarily in a globally diversified portfolio of equities, American Depository Receipts, income securities, preferred shares, options and exchange traded funds (ETFs) of, or that provide exposure to, banks 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 as at March 31, 2021 was \$2.0 million. The top five sector holdings as at March 31, 2021 were consumer staples, 23.8%; financials, 19.5%; industrials, 13.8%; consumer discretionary, 12.7%; and communication services, 11.8%. By geography, assets were invested in securities of issuers based in the United States, 68.5%; United Kingdom, 16.3%; Canada, 12.3%; Japan, 7.7%; Switzerland, 4.2%; Denmark, 3.2%; Cayman Islands, 1.8%; France, 1.5%; Germany, 1.5%; Spain, 1.4%; Belgium, 1.2%; and cash and other net assets (liabilities), (19.6%).

The top three contributors to the Fund's performance during the six-month period ended March 31, 2021 were Berkshire Hathaway Inc., Cincinnati Financial Corporation and JP Morgan Chase & Co. The bottom three contributors to the Fund's performance during the six-

month period ended March 31, 2021 were Clorox Co., Fresenius Medical Care AG & Co. KGaA, and American Tower Corporation.

The sectors contributing positively to the Fund's return for during the six-month period ended March 31, 2021 are financials (JP Morgan Chase & Co.), consumer staples (Diageo PLC), utilities (Fortis, Inc.), consumer discretionary (Target Corporation), communication services (Walt Disney Company), real estate (Federal Realty Investment Trust), information technology (Hitachi Ltd.), and industrials (Marubeni Corporation). The sectors contributing negatively to the Fund's return during the six-month period ended March 31, 2021 is health care (Fresenius Medical Care AG & Co. KGaA).

The Fund has deployed capital during the market recovery that has occurred since the first quarter of 2020. We believe there will continue to be opportunities to deploy cash in attractively priced equities throughout 2021. The expected re-opening of the U.S. economy and low short term interest rates set by central banks around the world should continue to help produce economic growth. The Fund began the period with no debt and a positive position in cash and cash equivalents and ended the period with \$2.5 million in assets of which \$2.1 million was funded with unitholder equity and \$0.4 million with debt. This gives the Fund ample capacity to continue to borrow to invest in attractive investment opportunities when they arise.

### RECENT DEVELOPMENTS

A special meeting of unitholders held on March 26, 2020, resulted in unitholders voting in favour of the Portland Global Banks Fund converting into an alternative mutual fund and being renamed Portland Global Alternative Fund, effective April 20, 2020. In addition, effective April 20, 2020, the management fees decreased from 2.00% and 1.00% to 1.75% and 0.75% on Series A and Series F, respectively.

The Fund will seek to hold some of the best ideas across the globe that may include select core holdings from the Portland Global Banks Fund. Primarily, it will seek out what we identify as the best global investment ideas that may have a history of growing dividends and/or share buybacks over the long-term, will focus on principles espoused by Warren Buffett and will target returns that will limit a reasonable amount of volatility. We will tend to have a bias towards low beta securities that are within defensive sectors including the utilities, real estate and consumer staples sectors. Beta is a measure of the volatility, or systematic risk, of an individual stock in comparison to the unsystematic risk of the entire market. In statistical terms, beta represents the slope of the line through a regression of data points from an individual stock's returns against those of the market. We believe these securities have the best opportunity to minimize portfolio volatility and benefit from low interest rates. We will focus on producing a concentrated, diversified portfolio of between 20 to 30 businesses. We believe the market volatility and disruption that is being caused due to the COVID-19 pandemic will present an opportunity for substantial outsized long-term returns for those investors who choose to invest in the Fund. The 5 Laws of Wealth Creation will continue to resonate through the portfolio. We seek to own a few high-quality businesses, that we thoroughly understand, that are domiciled in strong, long-term growth industries; that use other people's money, prudently, and that are bought at attractive valuations and held as long as the company remains high quality and at a reasonable valuation.

## 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 six-month periods ended March 31, 2021, the Manager received \$18,885 in management fees from the Fund, net of applicable taxes (March 31, 2020: \$32,028).

The Manager is entitled to receive a performance fee, calculated and accrued on each business day paid monthly. During the six-month period ended March 31, 2021, the Manager received \$11,832 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 six-month periods ended March 31, 2021, the Manager was reimbursed \$5,606 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes (March 31, 2020: \$9,289). The Manager absorbed \$75,113 of operating expenses during the six-month periods ended March 31, 2021, net of applicable taxes (March 31, 2020: \$69,405). Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$450 during the six-month periods ended March 31, 2021 by the Fund for such services (March 31, 2020: \$614).

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 March 31, 2021, Related Parties owned 2,132 shares of the Fund (March 31, 2020: 2,126).

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 March 31, 2021

## Top 25 Investments

	% of Net Asset Value
Amazon.com, Inc.	6.0%
iShares MSCI World ETF	5.8%
Microsoft Corporation	5.2%
Berkshire Hathaway Inc.	4.9%
Alphabet Inc.	4.2%
Consolidated Edison, Inc.	3.8%
JPMorgan Chase & Co.	3.7%
Royal Bank of Canada	3.4%
Cincinnati Financial Corporation	3.3%
Canadian National Railway Company	3.3%
Federal Realty Investment Trust	3.3%
Coloplast A/S	3.2%
Vodafone Group PLC	3.2%
Prudential PLC	2.9%
Diageo PLC	2.7%
Mitsubishi Corporation	2.6%
McDonald's Corporation	2.5%
Compass Group PLC	2.5%
The Walt Disney Company	2.4%
Johnson & Johnson	2.4%
Hormel Foods Corporation	2.3%
Costco Wholesale Corporation	2.2%
The Coca-Cola Company	2.2%
The Procter & Gamble Company	2.2%
American Tower Corporation	2.2%
<b>Grand Total</b>	<b>82.4%</b>

## Short Positions

JPMorgan Chase & Co., Call 160, 04/16/21	0.0%
<b>Grand Total</b>	<b>0.0%</b>

Total net asset value \$2,049,390

*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](http://www.portlandic.com) or contacting us at 1-888-710-4242. The prospectus and other information about the underlying exchange traded funds held in the portfolio are available on the internet at [www.sedar.com](http://www.sedar.com) and/or [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml), as applicable.*

## Portfolio Composition

Sector	
Consumer Staples	23.8%
Financials	19.5%
Industrials	13.8%
Consumer Discretionary	12.7%
Communication Services	11.8%
Information Technology	9.4%
Utilities	9.0%
Health Care	8.3%
Exchange Traded Funds	5.8%
Real Estate	5.5%
Cash & Other Net Assets (Liabilities)	(19.6%)
Geographic Region	
United States	68.5%
United Kingdom	16.3%
Canada	12.3%
Japan	7.7%
Switzerland	4.2%
Denmark	3.2%
Cayman Islands	1.8%
France	1.5%
Germany	1.5%
Spain	1.4%
Belgium	1.2%
Cash & Other Net Assets (Liabilities)	(19.6%)

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

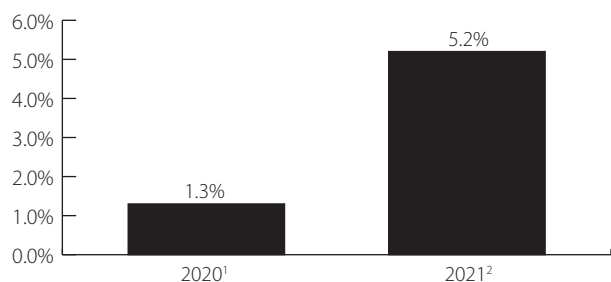
## Past Performance

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 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.

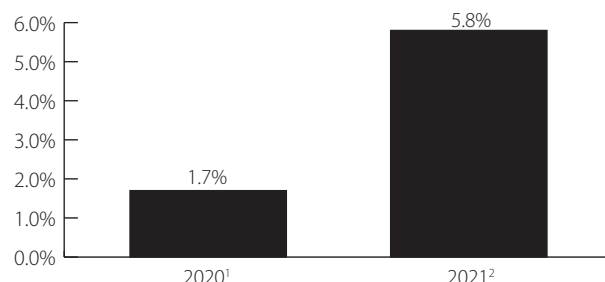
### Year-By-Year Returns

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 20, 2020 to September 30, 2020.

2. Return for 2021 represents a partial year starting October 1, 2020 to March 31, 2021.

## 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.

Series of Units	Management Fee (%)	Expenses Paid Out of the Management Fee (%)		
		Dealer compensation	General administration, investment advice and profit	Absorbed expenses
Series A	1.75%	57%	-	43%
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. Information for 2021 is presented for the six-month period ended March 31, 2021 and for all other periods, information is as at September 30 of the year shown.

### Series A Units - Net Assets per unit<sup>1</sup>

For the periods ended	2021	2020	2019	2018	2017	2016
Net assets, beginning of the period	\$7.75	\$9.49	\$10.75	\$11.37	\$8.84	\$10.78
Increase (decrease) from operations:						
Total revenue	0.08	0.10	0.38	0.27	0.22	0.20
Total expenses	(0.16)	(0.22)	(0.31)	(0.33)	(0.35)	(0.28)
Realized gains (losses)	0.00	(0.42)	(1.24)	1.79	1.34	0.15
Unrealized gains (losses)	0.46	0.48	0.27	(1.75)	1.62	(1.72)
Total increase (decrease) from operations <sup>2</sup>	0.38	(0.06)	(0.90)	(0.02)	2.83	(1.65)
Distributions to unitholders:						
From income	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.30)	(0.56)	(0.59)	(0.54)	(0.53)
Total annual distributions <sup>3</sup>	-	(0.30)	(0.56)	(0.59)	(0.54)	(0.53)
Net assets, end of period <sup>4</sup>	\$8.15	\$7.75	\$9.49	\$10.75	\$11.37	\$8.84

### Series A Units - Ratios/Supplemental Data

For the periods ended	2021	2020	2019	2018	2017	2016
Total net asset value	\$1,980,038	\$2,335,368	\$252,589	\$428,314	\$504,601	\$316,018
Number of units outstanding	242,951	301,470	26,623	39,834	44,370	35,744
Management expense ratio <sup>5</sup>	3.74%	2.66%	2.83%	2.83%	2.83%	2.83%
Management expense ratio excluding performance fees <sup>5</sup>	2.58%	2.36% *	-	-	-	-
Management expense ratio before waivers or absorptions <sup>5</sup>	11.07%	5.98%	6.04%	4.90%	4.66%	5.22%
Trading expense ratio <sup>6</sup>	0.11%	0.16%	0.09%	0.04%	0.07%	0.11%
Portfolio turnover rate <sup>7</sup>	18.33%	68.03%	3.75%	5.00%	10.83%	16.83%
Net asset value per unit	\$8.15	\$7.75	\$9.49	\$10.75	\$11.37	\$8.84

### Series F Units - Net Assets per unit<sup>1</sup>

For the periods ended	2021	2020	2019	2018	2017	2016
Net assets, beginning of the period	\$8.44	\$10.21	\$11.40	\$11.89	\$9.12	\$10.98
Increase (decrease) from operations:						
Total revenue	0.08	0.15	0.42	0.29	0.23	0.20
Total expenses	(0.13)	(0.19)	(0.21)	(0.21)	(0.23)	(0.19)
Realized gains (losses)	(0.04)	(1.13)	(1.09)	1.99	1.31	0.19
Unrealized gains (losses)	0.52	(0.26)	0.28	(2.33)	2.13	(1.56)
Total increase (decrease) from operations <sup>2</sup>	0.43	(1.43)	(0.60)	(0.26)	3.44	(1.36)
Distributions to unitholders:						
From income	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.30)	(0.56)	(0.59)	(0.54)	(0.53)
Total annual distributions <sup>3</sup>	-	(0.30)	(0.56)	(0.59)	(0.54)	(0.53)
Net assets, end of period <sup>4</sup>	\$8.93	\$8.44	\$10.21	\$11.40	\$11.89	\$9.12

### Series F Units - Ratios/Supplemental Data

For the periods ended	2021	2020	2019	2018	2017	2016
Total net asset value	\$69,352	\$121,250	\$195,549	\$244,470	\$174,414	\$196,398
Number of units outstanding	7,762	14,363	19,155	21,452	14,672	21,532
Management expense ratio <sup>5</sup>	2.60%	1.71%	1.70%	1.69%	1.70%	1.69%
Management expense ratio excluding performance fees <sup>5</sup>	1.57%	1.55% *	-	-	-	-
Management expense ratio before waivers or absorptions <sup>5</sup>	9.93%	5.03%	4.90%	3.77%	3.53%	4.08%
Trading expense ratio <sup>6</sup>	0.11%	0.16%	0.09%	0.04%	0.07%	0.11%
Portfolio turnover rate <sup>7</sup>	18.33%	68.03%	3.75%	5.00%	10.83%	16.83%
Net asset value per unit	\$8.93	\$8.44	\$10.21	\$11.40	\$11.89	\$9.12

\* Annualized

## Explanatory Notes

1. a) The information for March 31, 2021 is derived from the Fund's unaudited interim financial statements. For the remaining periods, the information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards.
- b) Effective April 20, 2020, Portland Global Banks Fund converted into an alternative mutual fund and was renamed Portland Global Alternative Fund. On the same date, Series A2 Units were merged into Series A Units. For reporting periods prior to April 20, 2020, the comparative figures included in the financial highlights tables represent the financial performance of Portland Global Banks Fund.
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 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 ETFs divided by the average daily net asset value of the series of the Fund during the period.

Effective April 20, 2020, the management fees decreased from 2.00% and 1.00% to 1.75% and 0.75% on Series A and Series F, respectively. For the year ended September 30, 2020, if the change in management fees had been effective since the start of the financial year, the MER after waivers or absorptions would have been 2.63% and 1.53% on Series A and Series F, respectively.

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 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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