

# PORTLAND ADVANTAGE FUND



(as at February 29, 2020)

	Series Start Date	MER (after absorptions as at September 30, 2019) <sup>4</sup>	Net Asset Value Per Unit (as at February 29, 2020)	PERFORMANCE (as at February 29, 2020)					
				3 Months	6 Months	1 Year	3 Year <sup>4</sup>	5 Year <sup>4</sup>	Since Inception <sup>4</sup>
Portland Advantage Fund - Series A	Oct. 31, 2012	2.84%	\$8.0004	(7.2%)	(2.0%)	(4.4%)	(4.1%)	(2.9%)	1.3%
Portland Advantage Fund - Series F	Oct. 31, 2012	1.71%	\$8.3714	(7.0%)	(1.5%)	(3.3%)	(3.0%)	(1.8%)	2.4%
S&P/TSX Composite Total Return Index	-	-	-	(3.8%)	0.4%	4.9%	5.0%	4.4%	6.9%

## FUND FACTS

Fund Net Assets	\$2.0 million
CIFSC* Asset Class	Canadian Focused Equity
Risk Tolerance	Medium

## HOW THE FUND IS MANAGED

- A Fund objective is to provide above-average long-term total returns by investing primarily in a portfolio of Canadian equities.
- A Fund objective is to provide capital growth and income while moderating the volatility of equities by investing in a portfolio of equities/ADRs and which may include ETFs.
- The Fund may invest up to 49% in foreign securities in a manner consistent with its investment objective.

## KEY REASONS TO INVEST

- Concentrated portfolio that invests primarily in Canadian equity securities.
- Provide capital growth and income while moderating the volatility of equities.
- Portfolio Management team with experience dating back to 1986.

## PORTFOLIO COMPOSITION

- Focus on long term growth wealth management business with inherent low business risks.
- Augment with what the Portfolio Manager believes are deeply discounted holdings in highly predictable cash-flow generating businesses.
- Balanced with what the Portfolio Manager believes are high growth resilient businesses that provide a countercyclical offset to dampen the Funds' volatility without sacrificing upside potential.

## Geographic Mix

Canada	56.4%
Bermuda	20.0%
United States	14.1%
Australia	8.9%
Other Net Assets (Liabilities) <sup>1</sup>	0.6%

## Sector Mix

Asset Management & Custody Banks	21.5%
Multi-Sector Holdings	16.8%
Cable & Satellite	14.3%
Diversified Banks	11.3%
Biotechnology	8.9%
Specialized Finance	7.6%
Pharmaceuticals	4.8%
Oil & Gas Exploration & Production	4.4%
Interactive Media & Services	4.0%
Oil & Gas Refining & Marketing	3.5%
Integrated Telecommunication Services	2.3%
Other Net Assets (Liabilities) <sup>1</sup>	0.6%

## PORTFOLIO MANAGERS

**Michael Lee-Chin**, B.Eng., LL.D (Honorary)  
Executive Chairman, Chief Executive Officer  
and Portfolio Manager

**Robert Almeida**, B.Comm., CPA, CA  
Senior Vice President and Portfolio Manager

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## Top Holdings<sup>2</sup>

Brookfield Asset Management Inc.	15.8%
Liberty Latin America Ltd.	14.3%
Berkshire Hathaway Inc.	10.1%
Telix Pharmaceuticals Limited	8.9%
ECN Capital Corp.	7.6%
Onex Corporation	6.7%
The Bank of Nova Scotia	5.8%
Invesco Ltd.	5.7%
The Toronto-Dominion Bank	5.5%
Parkland Fuel Corporation	3.5%
Alphabet Inc.	2.7%
Whitecap Resources, Inc.	2.5%
BCE Inc.	2.3%
Canopy Growth Corporation	2.3%
Curaleaf Holdings, Inc.	2.0%
Baytex Energy Corporation	1.9%
Facebook, Inc.	1.3%
Cash	0.7%
HEXO Corp.	0.5%

## FUND COMMENTARY (as at December 31, 2019)

Over the last year, we have made some execution adjustments to our strategy for seeking to generate above-average longer term returns by focusing on investments in the following 4 segments:

1. “Growth Platform” businesses, including asset managers and insurance businesses with a focus on investing in private equity, infrastructure and real estate.
2. “Undervalued” businesses where we believe the gap between the market value and the intrinsic value of the business is attractive.
3. “Younger, Higher Growth” businesses which we believe to be leaders in high growth sectors.
4. “Liquidity Holdings” of cash and businesses that pay dividends and have relatively higher liquidity and lower volatility.

For the period of October 1, 2019 to December 31, 2019, the F Series units of the Fund experienced a positive return, net of fees and expenses, of 2.7%. This return underperformed the pre-fees and expenses return of 3.2% experienced by the S&P/TSX Composite Total Return Index (the Index). For the calendar year to date, the F Series units of the Fund experienced a return, net of

fees and expenses, of 20.5% versus the pre-fees and expenses return of 22.9% experienced by the Index.

For the quarter ended December 31, 2019, top contributors to Fund performance were:

- Liberty Latin America Ltd. (“LLA”), part of the Undervalued businesses segment of the portfolio.
- Whitecap Resources Inc. (“WCP”), also a member of the Undervalued businesses segment. WCP is an oil and gas company and, during the quarter, we added it to the portfolio to replace Crescent Point Energy Corp., which detracted from Fund performance prior to being sold.
- Growth Platform businesses, Brookfield Asset Management Inc. (“BAM”) and Berkshire Hathaway Inc. (“BRK”).

Leading detractors from Fund performance in the quarter were:

- HEXO Corporation (“HEXO”) and Canopy Growth Corporation (“WEED”), cannabis companies held in the Younger, Higher Growth businesses segment of the portfolio. The cannabis sector is struggling with actual business performance falling substantially short of expectations. As a result, share prices in the sector have fallen dramatically and it is difficult for companies in the sector to access capital necessary to fund startup losses and growth. We believe that the industry will continue to grow but that there will be big winners and big losers and, accordingly, have diversified the portfolio’s exposure to this sector across 3 holdings. It is noteworthy that the third cannabis sector holding, Curaleaf Holdings Inc. (“CURA”), experienced one of the highest returns in the portfolio during the quarter.
- Baytex Energy Corp. (“BTE”), in the Undervalued business segment.
- The Toronto Dominion Bank (“TD”), a Liquidity Holding.

During the quarter, Parkland Fuel Corporation (“PKI”), Alphabet Inc. (“GOOGL”) and Facebook Inc. (“FB”) were added to the Growth Platform businesses segment of the portfolio. PKI is executing a roll-up strategy in the fuel distribution business in North America and the Caribbean. GOOGL and FB are amongst the established leaders in the digital space and we took advantage of some share price weakness to initiate positions.

For the full year ended December 31, 2019, the top contributors were:

- Growth Platform businesses, BAM and ECN Capital Corp (“ECN”).
- Undervalued business, LLA.

Leading detractors from Fund performance in the year were:

- Younger, Higher Growth businesses in the cannabis sector.
- BTE, an oil and gas company in the Undervalued business sector.

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Brookfield Property Partners L.P., CI Financial Corp, IGM Financial Inc., Brookfield Infrastructure Partners L.P. and Copa Holdings S.A. were sold out of the portfolio during the year. PKI, GOOGL, FB, WCP, CURA, Onex Corporation (“Onex”) and Telix Pharmaceuticals Ltd. (“TLX”) were added to the portfolio.

As at December 31, 2019, by asset class, the Fund’s net asset value was invested 99% in equity securities of 18 issuers. By geography, the Fund’s net assets were invested 55% in cash and securities of issuers based in Canada. The key holdings of the Fund at the end of the period were:

- Approximately 43% in leading Growth Platform businesses including asset managers with a focus on private equity, infrastructure and real estate (BAM, ECN, ONEX and BRK). We also include PKI, GOOGL and FB in this segment.
- Approximately 29% in Undervalued businesses which we believe to be trading at attractive discounts to their intrinsic value, including LLA, BTE, WCP and Invesco Ltd.
- Approximately 15% in Younger, Higher Growth businesses in the cannabis (CURA, HEXO and WEED) and precision oncology (TLX) sectors; and
- Approximately 13% in Liquidity Holdings, including TD, The Bank of Nova Scotia, BCE Inc., cash and working capital.

We believe the quality of the individual business holdings, combined with the asset allocation strategy, which diversifies the source of expected excess returns, positions the Fund well to continue to meet its investment objectives with sufficient liquidity to capitalize on any market weakness.

## POTENTIAL RISKS

The Manager believes the following risks may impact the performance of the Fund: active management risk, concentration risk, currency risk and credit risk. Please read the “Risk Factors” section in the Simplified Prospectus for a more detailed description of all the relevant risks.

Fund Name	CANADIAN DOLLAR			
	SERIES A			SERIES F <sup>3</sup>
	Code - Initial Sales Charge	Code - DSC	Code - LL	
Portland Advantage Fund	PTL200	PTL205	PTL210	PTL001



\* Canadian Investment Funds Standards Committee

1. Other Net Assets (Liabilities) refers to all other assets and liabilities in the Fund excluding portfolio investments.
2. Where the Fund holds less than 25 holdings, all investments have been disclosed. There may be other assets and liabilities which are not included, and therefore the summary does not add up to 100%.
3. Generally available through dealers who have entered into a Portland Series F Dealer Agreement.
4. Annualized.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions [dividends] and does not take into account sales, redemptions, distributions or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their Financial Advisor before making a decision as to whether this Fund is a suitable investment for them.

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