



PORTLAND VALUE FUND



PORTLAND
INVESTMENT COUNSEL®

OWNERS. OPERATORS. AND INVESTORS.

(as at March 31, 2018)

	Series Start Date	MER (after absorptions as at September 30, 2017) ⁴	Net Asset Value Per Unit (as at March 31, 2018)	PERFORMANCE (as at March 31, 2018)					
				1 Month	3 Months	6 Months	Calendar Year-to- Date	1 Year	Since Inception ⁴
Portland Value Fund - Series A	May 19, 2015	2.84%	\$7.7459	(1.0%)	(4.6%)	(2.9%)	(4.6%)	(5.0%)	(8.3%)
Portland Value Fund - Series F	May 19, 2015	1.68%	\$7.7781	(0.9%)	(4.3%)	(2.4%)	(4.3%)	(3.9%)	(7.3%)
MSCI World Total Return Index	-	-	-	(1.6%)	1.6%	7.6%	1.6%	10.1%	8.9%

FUND FACTS

Fund Net Assets	\$0.6 million
CIFSC* Asset Class	Global Equity
Risk Tolerance	Medium

HOW THE FUND IS MANAGED

- Focused investing in a limited number of globally domiciled quality equity securities with an emphasis towards large capitalization, high liquidity and, what we believe are, undervalued securities.
- Investing in companies which have the potential of increased returns due to activist investor campaigns.

KEY REASONS TO INVEST

- Experienced portfolio manager has practiced focused value investing for more than 25 years.
- Growth potential.
- Co-invest alongside eminent capital allocators.
- Diversification benefits (alternative strategy).

PORTFOLIO COMPOSITION

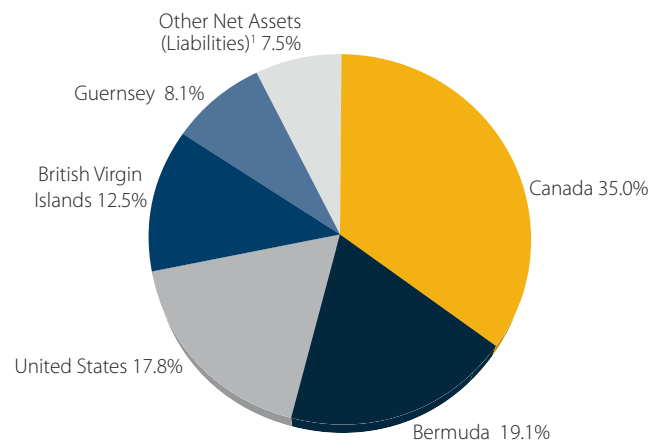
- Businesses led by eminent capital allocators.
- Businesses being transformed by eminent capital allocators (activist investors).
- Opportunities that prevail now.

PORTFOLIO MANAGERS

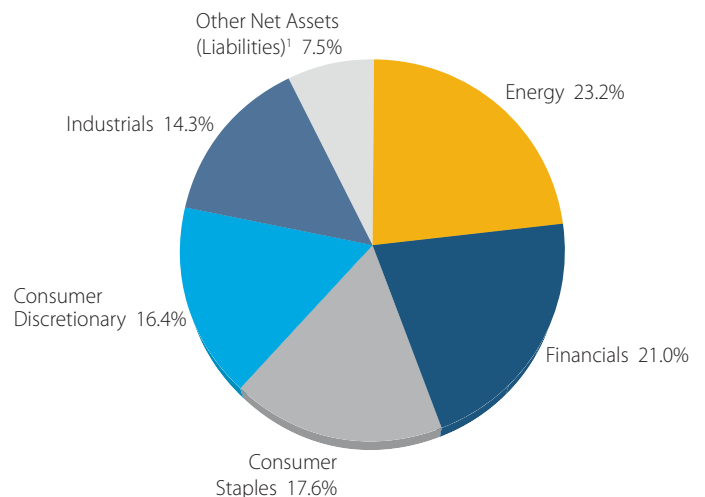
Michael Lee-Chin, B.Eng., LL.D (Honorary)
Executive Chairman, Chief Executive Officer
and Portfolio Manager

Dragos Berbecel, BComm., MBA, CFA
Portfolio Manager

Geographic Mix



Sector Mix





Top Holdings²

Nomad Foods Limited	12.5%
Brookfield Business Partners L.P.	10.0%
Liberty Latin America Ltd.	9.1%
Berkshire Hathaway Inc.	8.4%
Crescent Point Energy Corp.	8.2%
Pershing Square Holdings, Ltd.	8.1%
Whitecap Resources, Inc.	8.0%
Cash	7.9%
Linamar Corporation	7.3%
Baytex Energy Corp.	7.0%
Walgreens Boots Alliance, Inc.	5.1%
Brookfield Asset Management Inc.	4.5%
Hertz Global Holdings, Inc.	4.3%

FUND COMMENTARY (As at March 31, 2018)

For the period of December 31, 2017, to March 31, 2018, the Fund's benchmark, the MSCI World Total Return Index had a return of 1.6%. For the same period, the Fund's Series F units had a return of -4.3%. Unlike the Index, the Fund's return is after the deduction of its fees and expenses. The Fund's key relative performance detractors during the period were Whitecap Resources, Inc., Liberty Latin America Ltd., Pershing Square Holdings, Ltd. and Crescent Point Energy Corp. while the Fund's relative performance contributors were Brookfield Business Partners L.P. and Berkshire Hathaway Inc.

The Fund's net asset value at March 31, 2018, was \$0.6 million.

The Fund aims to provide positive long-term total return by investing in a focused portfolio (generally no more than 15 names) of equities, selected from global companies domiciled in long-term growth industries and which are trading at a discount to their intrinsic value and/or have the potential of increased returns due to activist investor actions, while using leverage to enhance long-term capital appreciation.

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. Activist investors achieve their goals by cooperating with other institutional investors, acquiring board representation and/or changing the management of the target company.

Largely driven by what it is perceived as reflationary economic policies from the Donald Trump-led U.S. administration, the U.S. Fed has accelerated the pace of its previously tentative

monetary tightening. With four Fed Funds rate raises since last December 2016 and expectations for about three more during 2018, coupled with accelerated sales of U.S. Fed's balance sheet assets, the excessive liquidity available to the capital markets is being removed. 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 nine 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.

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.

For the first time as an independent company, Liberty Latin America (LILA) announced its financial and operating results for the three months and twelve months ended December 31, 2017. LILA reported operating cash flow (OCF) of \$1,367 million in 2017, a 6% decline, impacted by the hurricane related interruptions in Puerto Rico and certain of Cable & Wireless segment markets. LILA reported that the Puerto Rico activity recovery is on track, with 57% of its September, 2017, customers currently billable, including 75% of its business clients. For 2018, the company guides, conservatively, we believe, for \$1.4 billion of OCF. LILA also guided for about 19% to 21% of revenue to be allocated to property and equipment additions in 2018. During the period, LILA bought 80% of Cabletica, the cable business of Televisora de Costa Rica S.A. for US\$250 million in cash. This is the first major acquisition since the formation of LILA and, we believe, just one of the many more to come.

After three years of disappointing returns, Bill Ackman's Pershing Square Holdings is taking steps to be re-focus the founder's efforts on the investment process, to the detriment of marketing activities. Under this new lower profile paradigm, Bill Ackman exited his Herbalife International short position and quietly sold out of Nike, Inc., a passive stake which earned the firm \$100 million in profit in just a few months. A vote is scheduled on April 24 to allow for a planned \$300 million tender offer to proceed, which should help reduce the major discount to Pershing Square's net asset value.

Brookfield Business Partners (BBU) continued to benefit from its earlier investments and reported strong full-year 2017 results, driven by the company's business services and industrials operations, partly offset by results at its construction division. Subsequent to the quarter end, BBU announced its intention to undertake an initial public offering for its GrafTech International Holdings Inc. business, which makes graphite electrodes for steelmaking. BBU bought GrafTech in 2015 for \$855 million during an industry slump. The proposed IPO price would value the business at more than 8 times the acquisition price.

Berkshire Hathaway posted a record \$44.94 billion profit for



2017, driven by a \$29.1 billion benefit from the U.S. tax reform. During the year, book value rose by 23%, despite incurring the first full-year insurance loss since 2002 (because of Harvey, Irma and Maria hurricanes and California fires). Berkshire is currently sitting on \$115 billion of cash and is hunting for a large acquisition. During the period, Berkshire launched a healthcare company in cooperation with JPMorgan Chase & Co. and Amazon.com. Inc. and promoted Gregory Abel and Ajit Jain to vice-chairman positions, likely to succeed Warren Buffett.

The Fund has a material exposure to energy holdings, which we believe have currently depressed valuations and which, as at March 31, 2018, constituted 23.2% of the portfolio's assets. A softening of the prices available to Canadian producers due to transportation capacity availability (driven chiefly by the Keystone pipeline leak and subsequent capacity restrictions as well as Enbridge Inc.'s own capacity limitations and reduced rail availability) led to the performance of our energy holdings being decidedly negative during the quarter, falling short of the West Texas Intermediate's (WTI) rate of improvement. The underperformance was worsened by the relative attractiveness of the U.S. oil and gas operators, which have been benefiting from a significantly more pro-business government stance as well as dramatic tax reductions. As we're writing, some of the marketing restrictions are being addressed with crude by rail ramping up, but also increased local refining and gradual progress on volume through Keystone pipeline. Coupled with a more disciplined approach by the oil sands producers, the recent developments led to an improvement in the level of the Western Canadian Select (WCS) differential to just above US\$17.50/barrel (bbl) from levels as high as US\$31/bbl in late January. As upcoming quarterly reporting may reveal significantly improved profitability in the improved commodity environment, we expect our holdings to re-rate towards more normalized levels.

The Fund's energy holdings reported fourth quarter and full-year 2017 results which largely surprised on the upside on most metrics, including production per share and funds flow from operations. Our energy holdings also reported strong reserve additions with production replacement rates well in excess of 100%. Crescent Point has continued its program of divesting non-core assets, raising \$320 million during 2017. Subsequent to the quarter end, the company announced a major land acquisition at very favourable prices in the light-oil area of Duvernay. Whitecap Resources increased shareholder returns by also initiating a share buy-back program, a testament of the confidence in its prospects. The share buy-back will also support another year of double-digit production per share growth in 2018. Baytex Energy Corp. beat expectations by a wide margin, as some analysts overlooked the fact that its Eagle Ford production is priced off Louisiana Light Sweet (LLS) crude oil benchmark, at a premium to WTI. As egress challenges are dealt with in Western Canada, we expect Baytex's heavy crude operations to also become contributors to the company's profitability. Baytex has long embraced crude-by-rail as an alternative transportation in a bottlenecked market and is likely

to expand the program in the current environment.

As at March 31, 2018, based on total assets, the top 5 sector exposure was constituted by energy 23.2%, financials 21.0%, consumer staples 17.6%, consumer discretionary 16.4% and industrials 14.3%.

POTENTIAL RISKS

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



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(as at March 31, 2018)



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FUNDSERV CODES

Fund Name	SERIES A			SERIES F ³
	Code - Initial Sales Charge	Code - DSC	Code - LL	
Portland Value Fund	PTL270	PTL275	PTL280	PTL011

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* 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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PIC2324-E(04/18)