PORTLAND VALUE FUND

PORTLAND INVESTMENT COUNSEL®
OWNERS. OPERATORS. AND INVESTORS.

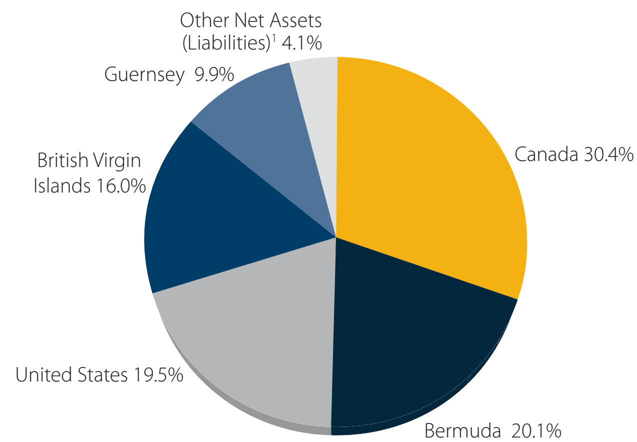
(as at October 31, 2018)

	Series Start Date	MER (after absorptions as at March 31, 2018)[4]	Net Asset Value Per Unit (as at October 31, 2018)	PERFORMANCE (as at October 31, 2018) 3 Months	6 Months	Calendar Year-to-Date	1 Year	3 Year	Since Inception[4]
Portland Value Fund - Series A	May 19, 2015	2.83%	$7.5875	(7.1%)	(9.9%)	(6.5%)	(6.7%)	(4.9%)	(7.5%)
Portland Value Fund - Series F	May 19, 2015	1.69%	$7.6701	(6.9%)	(9.4%)	(5.6%)	(5.7%)	(3.9%)	(6.4%)
MSCI World Total Return Index	-	-	-	(4.6%)	0.4%	2.6%	3.2%	8.1%	7.6%

FUND FACTS

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

Geographic Mix



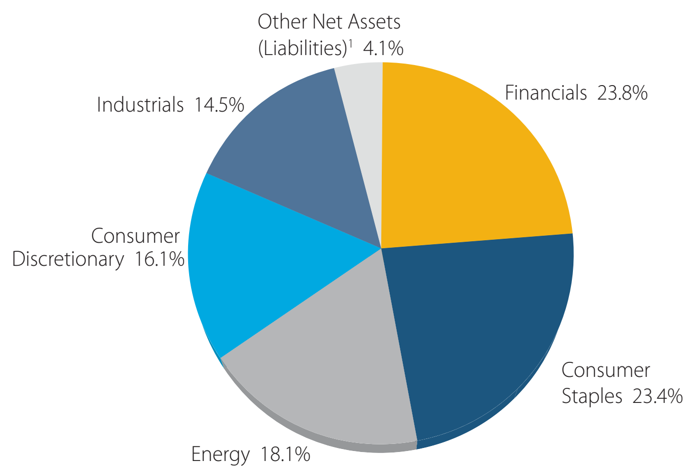
HOW THE FUND IS MANAGED

- 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).

Sector Mix



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., LLD (Honorary)
Executive Chairman, Chief Executive Officer and Portfolio Manager

Dragos Berbecel, BComm., MBA, CFA
Portfolio Manager

Top Holdings[2]

Nomad Foods Limited	16.0%
Brookfield Business Partners L.P.	11.4%
Pershing Square Holdings, Ltd.	9.9%
Berkshire Hathaway Inc.	9.0%
Liberty Latin America Ltd.	8.7%
Linamar Corporation	7.4%
Walgreens Boots Alliance, Inc.	7.4%
Whitecap Resources, Inc.	6.7%
Crescent Point Energy Corp.	5.9%
Baytex Energy Corp.	5.5%
Brookfield Asset Management Inc.	4.9%
Cash	4.4%
Hertz Global Holdings, Inc.	3.1%

FUND COMMENTARY (As at September 30, 2018)

For the period of June 30, 2018, to September 30, 2018, the Fund's benchmark, the MSCI World Total Return Index had a return of 3.3%. For the same period, the Fund's Series F units had a return of 2.4%. 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 Crescent Point Energy Corp., Baytex Energy Corp. and Whitecap Resources, Inc., while the Fund's key relative performance contributors were Brookfield Business Partners L.P., Walgreens Boots Alliance, Inc. and Berkshire Hathaway Inc.

The Fund's net asset value at September 30, 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.

From a macro-economic perspective, even though the exceptionally accommodative conditions are subsiding, bound by an accelerating economy and record tight labour markets, we are still in uncharted territory. The U.S. unemployment rate has dropped to levels not seen since the 1960s and wage growth has finally picked up, more recently to a 2.9% pace. Coupled with a more than 50% price increase in crude oil and its related derivatives, but also an increase in prices of some of the core goods and services, and, possibly, the imposition of tariffs, the ingredients for a more buoyant inflation environment are in place. As the U.S. Fed's feels compelled to continue on its tightening path and as the policy rates are approaching their current or longer-run equilibrium levels, the chance for a miscalculation increases. The fallout from a monetary policy misstep is unlikely to be significant in such a robust economic environment, however, when coupled with other potential policy errors, perhaps around trade tariffs; it could trigger more serious economic consequences. Improving economic prospects and a pick-up in the inflation pace has boosted our outlook for U.S. equity returns in nominal terms, though the risk factors mentioned earlier, in particular trade related developments and the pace of monetary tightening, could materially affect the ultimate outcome.

Canada affords a somewhat different perspective. At more than 170% of disposable income, Canadian household credit continues to be stubbornly high, with the recently announced normative measures just about managing to put a dent into Canadian's propensity for accessing credit. The household credit growth slowed down at the end of 2017 and into 2018. On this background, recent retail sales growth has slowed down in Canada, and it is unlikely to recover, unless the diminished "wealth effect" from housing cooling down is replaced by either recovery in the resources space and/or acceleration of activity in manufacturing and services outside of the white-hot residential investment (housing) sector. Canada has seen significant losses in relative competitiveness as the U.S. administration implemented drastic pro-business measures, not the least of which being massive tax cuts and deregulation. During the period U.S., Canada and Mexico have negotiated a new trade agreement, the U.S.-Mexico-Canada Agreement (USMCA), which still needs to be ratified by the legislatures. The new agreement's provisions do not seem to be a significant departure from NAFTA. Canada is significantly more dependent on favourable trade terms with the U.S. and Mexico due to foreign trade's larger contribution in the creation of GDP, but also because of its reduced relative competitiveness, slower economic growth and self-inflicted infrastructure shortcomings (chiefly lack of pipeline capacity). The country's abundant natural resources are presently severely restricted from reaching the fast growing Asian markets. Subsequent to the quarter-end, a consortium led by Royal Dutch Shell PLC announced a final investment decision for LNG Canada, a major liquefied natural gas export project which will help debottleneck the prolific Montney gas basin. Though not fully functional until about 2025, it is a ray of hope. The pick-up in inflation has marginally increased our outlook for nominal returns in Canadian equities, assuming the key risk factors, including further trade negotiations, buildout of key infrastructure projects, the state of the housing market and the pace of monetary tightening, remain balanced.

Nonetheless, the excessive liquidity available to the capital markets is being removed, albeit gradually. 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.

Brookfield Business Partners L.P. (BBU) had a busy quarter, announcing a number of transactions. It acquired the extra 2% of Teekay Offshore Partners L.P. to obtain control (51% of the outstanding shares) of the offshore operator. It entered an agreement to acquire a 55% controlling interest in Ouro Verde Locacao E Sevicos SA, a leading Brazilian heavy equipment and light vehicle fleet management company. Together with its institutional partners, BBU agreed to sell Quadrant Energy to Santos Ltd. for USD $2.15 billion. BBU reported earnings attributable to unitholders of USD $119-million on revenue of USD $8.77 billion in fiscal Q2 2018. The company reported funds from operations (FFO) of USD $177 million in the quarter. Company FFO in the quarter benefited from significantly improved results in the industrials segment and a gain, net of taxes, of $46 million realized in the business services segment. Net income attributable to unitholders for the quarter was $119 million compared with a net loss of $6 million in 2017. Net income per unit was $0.60. BBU appointed Jaspreet Dehl as CFO, who has been a senior member of the company's finance team since she joined Brookfield in 2011 and is well known to many of its investors.

Walgreens enjoyed a strong recovery in the quarter after markets overreacted, we believe, to the announcement of Amazon.com Inc. seeking to enter the drug distribution business. Over the past three months investors seem to have realized the likely impact Amazon may have on the industry is not expected to affect Walgreens as much as previously believed, as the company is still likely to be the go to place for an elderly population used to buy their medicine from their favourite corner store. During the period, Walgreens announced a pilot program with The Kroger Co., partnering in a new store format which would combine Kroger's expertise in grocery with Walgreens' health and beauty focus.

Berkshire Hathaway bought back its own stock for the first time since 2012 and added to its already huge stake in Apple Inc. during the quarter. Absent any major acquisitions recently, the buy-back program offers, we believe, a sensible way of deploying a part of the over $110 billion of cash sitting on the company's balance sheet.

Over the course of the past three months, the energy markets have continued their journey towards recovery, meandering around news related to the Organization of Petroleum Exporting Countries (OPEC)/ Russia agreed production caps, production related developments in the U.S. shale (in particular the Permian basin) and weekly crude oil and refined product U.S. inventory levels. Unfortunately, the performance of our energy holdings has lagged during the period, as has the Canadian oil and gas producing sector as a whole. The Western Canadian producers continue to grapple with serious market access issues (lack of transportation infrastructure, in particular pipelines) which have caused crude oil price differential between the WTI and Western Canadian Select, for heavy crude, and Edmonton Par, for light crude, to expand dramatically. To this point, as we write this, a Canadian Heavy producer is only receiving about 40% of the WTI price for its crude. The causes for such a discrepancy are numerous, with some more transitory, but substantially related to the lack of regulatory and governmental support for new pipelines. During the period, the Trans Mountain expansion project, which the Canadian federal government acquired for roughly CAD $5 billion from Kinder Morgan Canada Ltd., was stopped in its tracks by a court ruling. Other factors impacting the differential were an increase in the heavy oil production from some of Suncor Energy Inc.'s properties, a key refinery temporary shut-down, maintenance work at refineries and lower than expected shipments of crude by rail.

During the period, Baytex finalized its acquisition of Raging River Exploration Inc., which changed its production profile to the point to which heavy crude is a considerable lower proportion of its revenues. Crescent Point appointed a new CEO in the person of Craig Bryksa, an internal candidate with a long track record of overseeing the company's operations, and presented a revamped strategy for addressing investor concerns around capital discipline and production per share growth. Whitecap Resources, Inc. continued to deliver strong operational performance and cash flow, which has been supporting its very rational buy-back program.

As at September 30, 2018, based on total assets, the top 5 sector exposure was constituted by financials 22.7%, energy 21.5%, consumer staples 21.2%, consumer discretionary 16.3% and industrials 15.1%.

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 October 31, 2018)

FUNDSERV CODES

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

Portland Investment Counsel Inc. portlandinvestmentcounsel Portland Investment Counsel Inc. @PortlandCounsel

* 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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