



# PORTLAND GLOBAL DIVIDEND FUND



**PORTLAND**  
INVESTMENT COUNSEL<sup>®</sup>

OWNERS. OPERATORS. AND INVESTORS.

(as at March 31, 2018)

	Series Start Date	MER (after absorptions as at September 30, 2017) <sup>4</sup>	Net Asset Value Per Unit (as at March 31, 2018)	PERFORMANCE (as at March 31, 2018)					
				3 Months	6 Months	Calendar Year-to-Date	1 Year	3 Year <sup>4</sup>	Since Inception <sup>4</sup>
Portland Global Dividend Fund - Series F	May 29, 2014	1.69%	\$9.5094	(5.4%)	0.7%	(5.4%)	6.0%	3.5%	4.6%
MSCI World Total Return Index	-	-	-	1.6%	7.6%	1.6%	10.1%	8.6%	12.0%

## FUND FACTS

Fund Net Assets	\$5.5 million
CIFSC* Asset Class	Global Equity
Risk Tolerance	Medium

## HOW THE FUND IS MANAGED

- Focused primarily on a portfolio of global dividend paying equities
- Common shares of large global companies with attractive dividend-paying ratios and a strong pedigree of increasing dividends over the long term; selection includes from the members of the S&P Europe 350 Dividend Aristocrats, the S&P 500<sup>®</sup> Dividend Aristocrats, the S&P Pan Asia Dividend Aristocrats and the S&P /TSX Dividend Aristocrats
- Selective use of options to generate additional returns towards distributions
- Currency hedging of the Fund's non-Canadian Dollar exposure

## KEY REASONS TO INVEST

- Income generation and capital growth
- The power of dividend investing combined with the benefits of global investing and sector diversification for reduced volatility
- Monthly distributions targeting 5.0%\*\* per annum which are intended to be funded and characterized as mostly return of capital
- Tax-efficient structure, currently housing tax losses of approximately \$27 million

## PORTFOLIO MANAGER

**Chris Wain-Lowe**, BA, MBA  
Chief Investment Officer, Executive Vice President  
and Portfolio Manager

## Geographic Mix

United Kingdom	39.7%
Switzerland	18.9%
United States	10.2%
France	9.4%
Australia	8.7%
Germany	5.5%
Netherlands	3.2%
Other Net Assets (Liabilities) <sup>1</sup>	2.3%
Bermuda	2.2%
Canada	0.6%
Jersey	-0.1%
Currency Forwards	-0.6%

## Sector Mix

Consumer Discretionary	20.1%
Financials	16.9%
Energy	16.1%
Materials	13.0%
Consumer Staples	12.2%
Industrials	8.6%
Health Care	5.5%
Utilities	3.6%
Other Net Assets (Liabilities) <sup>1</sup>	2.3%
Real Estate	2.2%
Exchange Traded Funds	0.2%
Short Positions - Derivatives	-0.1%
Currency Forwards	-0.6%



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**Top Holdings<sup>2</sup>**

Royal Dutch Shell PLC	8.0%
Dufry AG	7.9%
BHP Billiton PLC	7.9%
Total SA	5.6%
GEA Group AG	5.5%
Barclays PLC	5.0%
Dignity PLC	4.7%
Prudential PLC	4.2%
Mondelez International Inc.	3.9%
Aryzta AG	3.7%
AusNet Services	3.6%
LVMH Moët Hennessy Louis Vuitton SE	3.6%
Amcor Limited	3.6%
Compass Group PLC	3.3%
NN Group NV	3.2%
Rentokil Initial PLC	3.1%
Novartis AG	2.9%
Roche Holding AG	2.6%
Oaktree Strategic Income Corporation	2.3%
Brookfield Property Partners L.P.	2.2%
JPMorgan Chase & Co.	2.1%
BP PLC	1.9%
Nestlé SA	1.8%
South32 Limited	1.5%
Reckitt Benckiser Group PLC	1.0%

**Option Positions**

WPP PLC, Put 75, 18/05/2018	-0.1%
Total SA, Call 62.5, 18/05/2018	0.0%
Crescent Point Energy Corp., Put 7, 20/04/2018	0.0%
BP PLC, Call 46, 20/04/2018	0.0%
Brookfield Property Partners L.P., Put 17.5, 18/05/2018	0.0%
Walgreens Boots Alliance, Inc., Put 60, 20/04/2018	0.0%
BHP Billiton PLC, Call 50, 15/06/2018	0.0%
The Walt Disney Company, Put 92.5, 20/04/2018	0.0%
The Kraft Heinz Company, Put 62.5, 20/04/2018	0.0%

**FUND COMMENTARY** (as at March 31, 2018)

For the period September 30, 2017 to March 31, 2018, while the Series F units of the Fund had a return of 0.7%, the Fund's benchmark index, the MSCI World Total Return Index rose 7.6%. For the full period since the launch of the Fund on May 29, 2014 to March 31, 2018, the benchmark had an annualized return of 12.0%. For the same period the Fund's Series F units had an annualized return of 4.6%. Unlike the benchmark, the Fund's return is after the deduction of its fees and expenses.

During the period, the Fund's exposure to financials, energy and materials were the top contributing sectors (notably BHP Billiton PLC, Royal Dutch Shell PLC., Barclays PLC and JPMorgan Chase & Co.) whereas being underweight in information technology and exposure to consumer discretionary detracted (notably Dufry AG, Dignity PLC and Aryzta AG). Currently, the Fund hedges approximately 45% of its non-Canadian dollar exposure, predominantly reflecting its exposure to the Australian dollar, Swiss franc, Euro, British pound, and U.S. dollar.

The Fund has a target of approximately 5% distribution per annum per unit which it has met since inception. The Fund's earnings from dividends, derivatives and net realized gains exceed the paid distributions. An indicator that the Fund may continue to meet its 5% distribution target includes the dividend yield (a financial ratio that shows how much a company pays out in dividends relative to its share price) of the equities of the Fund. Sourced from Thomson Reuters, the equity component's trailing weighted average dividend yield as at March 31, 2018 was 3.5%, compared to the benchmark's 2.4%.

The Fund's current investment themes place emphasis on:

- Food and Agriculture: Aryzta, Compass Group PLC, GEA Group AG, Nestlé SA, Wal-Mart Inc.;
- Hard Assets and Resources: BHP Billiton PLC, Royal Dutch Shell PLC, South32 Limited, Total SA;
- Rise of emerging markets' consumers: Amcor Limited, Diageo PLC, Dufry, Mondelez International Inc., The Walt Disney Company;
- Industrial Efficiency and Business Services: Rentokil Initial PLC;
- Infrastructure: AusNet Services; and
- Healthcare: Novartis AG and Roche Holding AG.

The Fund's net assets increased from \$6.1 million to \$6.2 million during the period.

**RECENT DEVELOPMENTS**

As the west's Central Bankers begin to withdraw the liquidity measures which eased their economies through the global financial crisis, we appear, at a glacial pace, to be returning to more normalized economies where rising interest rates are applied to slow gently the pace of growth but seek to maintain modest levels of inflation mostly targeted at around 2%. We have been in a low but increasing inflationary environment and



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inflation expectations are rising, particularly re oil and food. However, wage inflation in the U.S. has now returned and this, together with tax reductions, could spur growth in consumer spending.

We believe the U.S. has engaged in a long-term recovery plan and its economic prospects for the medium-term remain bright. For the U.K. and Eurozone, we are hopeful that the U.K. decision to exit the E.U. will be the catalyst that starts the E.U. on a path of implementing the structural reforms that are so vital if it is to break out of the cycle of consistently poor economic performance that stretches back many years. However, divorces generally tend to be expensive and as such we continue to believe the impact of 'Brexit' will create uncertainties, and quite possibly a period of recession as the U.K. adjusts to amended trading relationships and banks domiciled in the U.K. determine how best to do business in the rest of the E.U. Globally, we hope mature companies adopt bolder agendas to assimilate and integrate workforces around large-scale investment and infrastructure and initiate dramatic reforms of education and training. Energy prices and geopolitical events may engender elevated levels of volatility.

This period since the Great Recession is one of the longest ever stretches of rising markets. Cyclically and inflationary adjusted earnings over the last ten years compared to prices suggests in our view that the current market is fully valued. Therefore, while we do not see a near-term catalyst to initiate a market correction, such as recession or weakening confidence, such a correction is, at least statistically, due in our view and vulnerable to geopolitical events. At such times, we believe a pivot towards 'value' rather than 'growth' criteria is likely to predominate as investors seek businesses that are attractively or reasonably priced particularly in a reflationary environment.

The Fund's focus is on value and stable growing companies – those firms able to deliver more consistent and visible (albeit slower) earnings and cash flows. While this theme has recently lagged the overall market, we believe it should reassert leadership and that overall, the Fund is currently well positioned to meet its investment objective for the medium to long term. We will continue to evaluate opportunities that we believe may generate income, enhance returns and/ or reduce risk wherever possible.

## 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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Fund Name	CANADIAN DOLLAR			SERIES F <sup>3</sup>
	SERIES A	SERIES A2	Initial Sales Charge	
Portland Global Dividend Fund	DSC PTL522	LL PTL523	PTL521	PTL009

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\* Canadian Investment Funds Standards Committee

\*\*The portfolio is expected to generate income from dividends, interest and option writing income, which after deduction of expenses, will be distributed by the Fund to unitholders. The targeted monthly distribution amount is reset at the beginning of each calendar year to provide an approximate yield of 5% per annum based on the NAV per Series A Unit as at December 31 of the prior year. Assuming the expected level of income is received, the portfolio would not be required to appreciate. If the level of income is less than the amount necessary to meet the target distribution, the Manager may either pay out a lower distribution or supplement the amount needed through net realized capital gains from the portfolio or may return a portion of the capital of the Fund to unitholders in which case the distribution would not have been fully funded as the net asset value would be reduced. Distributions are reinvested automatically in additional units of the Fund. No commissions are payable upon automatic reinvestment of distributions.

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 long and short 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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Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel: 1-888-710-4242 • Fax: 1-866-722-4242 • www.portlandic.com • info@portlandic.com