



PORTLAND
INVESTMENT COUNSEL™

PORTLAND ADVANTAGE FUND
INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

MARCH 31, 2014

PORTFOLIO
MANAGEMENT TEAM

Michael Lee-Chin
Executive Chairman, Chief Executive
Officer, Chief Investment Officer and
Portfolio Manager

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Senior Vice President and Portfolio Manager

Management Discussion of Fund Performance Portland Advantage Fund

This interim 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 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 the portfolio management team contained in this report are as of March 31, 2014 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. All references to performance relate to Series F units. The performance of other units may be different than that of the Series F units due to differing fees.

INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Portland Advantage Fund (the "Fund") remains as discussed in the prospectus. The Fund's objective is to provide positive long-term total returns by investing primarily in a portfolio of Canadian equities. The Fund seeks to provide capital growth and income while moderating the volatility of equities by investing in a portfolio of equities/ADRs, and which may include exchange traded funds. A current strategy of the Fund is to invest in the financial services sector including insurance, securities brokering, banking and wealth management. The Fund may invest up to 49% in foreign securities in a manner consistent with its investment objective.

RISK

The overall risk level has not changed for the Fund and remains as discussed in the Prospectus. 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

For the six month period from October 1, 2013 to March 31, 2014, the Fund's benchmark, the S&P/TSX Composite Total Return Index, had a return of 13.8%. Over the same period, the Fund's F class units had a return of 8.9%. The net asset value per unit increased from \$11.41 at September 30, 2013 to \$12.43 at March 31, 2014. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's net asset value as at March 31, 2014 was \$1,980,498. On a cumulative basis since its inception, the Fund has experienced both positive net sales and positive investment performance.

The 5 holdings that contributed most to Fund performance were:

- Invesco Limited, Franklin Resources Inc., and IGM Financial Inc., all of which are wealth management businesses;

- Brookfield Infrastructure Partners Limited Partnership, an owner of infrastructure properties globally; and
- Toronto Dominion Bank, a leading Canadian headquartered, North American bank.

There was only one material detractor from Fund performance and that was Dundee Corporation.

On a per unit basis during the period, the Fund's F class units generated \$0.12 of revenue, \$0.04 of realized gains (losses) and \$1.06 of unrealized gains (losses).

During the 6 month period ending March 31, 2014, the following holdings were added to the Fund:

- Brookfield Property Partners Limited Partnership, a global commercial property company that owns, operates and invests in best-in-class office, retail, multifamily and industrial assets;
- BCE Inc., a leading telecommunications company in Canada; and
- Northland Power Inc., a developer, owner and operator of clean and green power generation projects, mainly in the provinces of Ontario, Quebec and Saskatchewan.

We believe that these holdings add to the diversification of the Fund and will contribute positively to the risk-adjusted return performance of the Fund.

While Brookfield Property Partners was added to the Fund, DREAM Corp. was eliminated. Both are real estate investments but Brookfield Property Partners is more global and we believe provides better value.

The Fund's holdings of cash and cash equivalents declined marginally in the period but, at March 31, 2014, remained above 20%. While these cash holdings detract from short term performance, we believe that the position is consistent with our perspective on market valuations and provides the Fund with downside protection and the opportunity to buy into market corrections. The Fund's foreign currency denominated holdings increased marginally in the period.

At March 31, 2014, by asset class the Fund's net asset value was invested 74% in 23 equity securities, with an emphasis on holdings of wealth management businesses and 26% in cash and other assets. By geography, the Fund's net assets were invested 63% in cash and securities of issuers based in Canada. We believe that the Fund is well-positioned to continue to meet its investment objectives as outlined above.

RECENT DEVELOPMENTS

Other than the investments in the Fund as discussed above, there have been no recent developments regarding the Fund.

RELATED PARTY TRANSACTIONS

The Fund's manager is Portland Investment Counsel Inc. (the "Manager"). 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 based on the net asset value of the respective series of the Fund.

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type on the statement of operations. Depending upon their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred.

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$1,296 (2013: nil) by the Fund for operating costs incurred in providing such services.

As at March 31, 2014, the manager did not own any units of the Fund (12,500 series A units and 2,500 series F units as at September 30, 2013).

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, 2014

Top 25 Investments*

	% of Net Asset Value
Cash and Cash Equivalents	22.5%
Invesco Limited	6.7%
IGM Financial Inc.	6.6%
Franklin Resources Inc.	5.3%
Brookfield Infrastructure Partners Limited Partnership	5.0%
The Bank of Nova Scotia	4.9%
The Toronto-Dominion Bank	4.7%
CI Financial Corporation	3.7%
Brookfield Asset Management Inc. 'A'	3.3%
Pacific Rubiales Energy Corporation	3.3%
Affiliated Managers Group Inc.	3.3%
Suncor Energy Inc.	3.0%
Element Financial Corporation	2.8%
Northland Power Inc.	2.7%
BCE Inc.	2.6%
Copa Holdings SA 'A'	2.6%
Cheung Kong Holdings Limited - ADR	2.6%
Berkshire Hathaway Inc. 'B'	2.4%
Brookfield Property Partners Limited Partnership	2.3%
Dundee Corporation 'A'	2.2%
iShares India 50 ETF	1.7%
Bancolumbia SA ADR	1.0%
Grupo Aval Acciones y Valores S.A.	0.6%
Grupo de Inversiones Suramericana	0.6%
	96.4%

Total net asset value **\$2,001,483**

* 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%.

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 or contacting us at 1-888-710-4242.

Portfolio Composition

Sector

Asset Management and Custody Banks	27.8%
Cash and Cash Equivalents	22.5%
Diversified Banks	11.2%
Real Estate Development	7.6%
Other Net Assets (Liabilities)	3.6%
Diversified Real Estate Activity	3.3%
Oil and Gas Exploration and Production	3.3%
Integrated Oil and Gas	3.0%
Consumer Finance	2.8%
Regulated Power Generation	2.7%
Telecom Carriers	2.6%
Air Freight Transportation	2.6%
Property and Casual Insurance	2.4%
Electric Utilities	2.3%
Exchange Traded Fund	1.7%
Multi-Sector Holdings	0.6%

Geographic Region

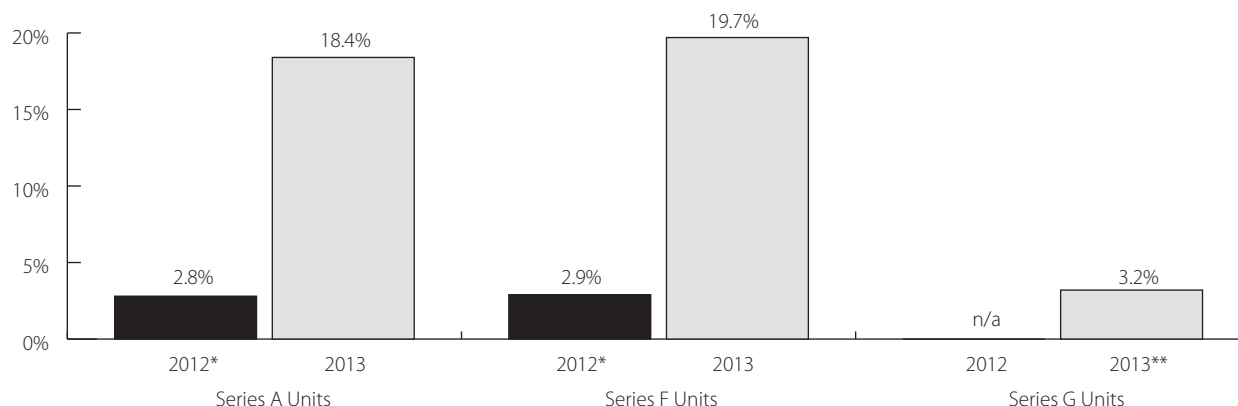
Canada	39.8%
Cash and Cash Equivalents	22.5%
Bermuda	14.0%
United States	12.7%
Other Net Assets (Liabilities)	3.6%
Panama	2.6%
Hong Kong	2.6%
Colombia	2.2%

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 investment fund in the periods shown were reinvested in additional securities of the investment 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 graph shows the annual historical returns of the Fund, which change each year. Annual return is the percentage change in the value of an investment from January 1 to December 31 (unless otherwise stated).



*Return for 2012 represents a partial year starting October 31, 2012.
 **Return for 2013 represents a partial year starting March 14, 2013.

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 investment 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 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	2.00%	100%	-	-
Series F	1.00%	-	-	100%
Series G	2.00%	50%	-	50%

Financial Highlights

The following tables show selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past 5 years or, if shorter, the periods since inception of the Fund. For the current year, information in the table below is for the period from October 1, 2013 to March 31, 2014. For all other years, the information in the table below is for the period from October 1 to September 30, or inception date to September 30 in the inception period.

Series A Units - Net Assets per unit^(a)

For the periods ended	2014	2013
Net assets, beginning of the period	\$11.29	\$10.00 ^(b)
Increase (decrease) from operations:		
Total revenue	0.12	0.24
Total expenses	(0.17)	(0.28)
Realized gains (losses)	0.04	(0.02)
Unrealized gains (losses)	0.94	1.10
Total increase (decrease) from operations ²	0.93	1.04
Distributions to unitholders:		
From income	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ³	-	-
Net assets, end of period ⁴	\$12.23	\$11.29

Series A Units - Ratios/Supplemental Data

For the periods ended	2014	2013
Total net asset value	\$1,569,590	\$948,044
Number of units outstanding	128,287	83,890
Management expense ratio ⁵	2.83% *	2.79% *
Management expense ratio before waivers or absorptions	9.31% *	26.73% *
Trading expense ratio ⁶	0.02% *	0.05% *
Portfolio turnover rate ⁷	1.86%	3.61%
Net asset value per unit	\$12.23	\$11.30

Series F Units - Net Assets per unit^(a)

For the periods ended	2014	2013
Net assets, beginning of the period	\$11.40	\$10.00 ^(b)
Increase (decrease) from operations:		
Total revenue	0.12	0.26
Total expenses	(0.10)	(0.21)
Realized gains (losses)	0.04	(0.02)
Unrealized gains (losses)	1.06	1.12
Total increase (decrease) from operations ²	1.12	1.15
Distributions to unitholders:		
From income	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ³	-	-
Net assets, end of period ⁴	\$12.42	\$11.40

Series F Units - Ratios/Supplemental Data

For the periods ended	2014	2013
Total net asset value	\$425,113	\$151,658
Number of units outstanding	34,213	13,288
Management expense ratio ⁵	1.70% *	1.65% *
Management expense ratio before waivers or absorptions	8.11% *	49.36% *
Trading expense ratio ⁶	0.02% *	0.05% *
Portfolio turnover rate ⁷	1.86%	3.61%
Net asset value per unit	\$12.43	\$11.41

Series G Units - Net Assets per unit^{1(a)}

For the periods ended	2014	2013
Net assets, beginning of the period	\$10.42	\$10.00 ^{†(b)}
Increase (decrease) from operations:		
Total revenue	0.11	0.14
Total expenses	(0.14)	(0.14)
Realized gains (losses)	0.04	(0.02)
Unrealized gains (losses)	0.86	0.44
Total increase (decrease) from operations ²	0.87	0.42
Distributions to unitholders:		
From income	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ³	-	-
Net assets, end of period ⁴	\$11.29	\$10.42

Series G Units - Ratios/Supplemental Data

For the periods ended	2014	2013
Total net asset value	\$6,780	\$6,257
Number of units outstanding	600	600
Management expense ratio ⁵	2.63% *	2.59% *
Management expense ratio before waivers or absorptions	8.78% *	23.29% *
Trading expense ratio ⁶	0.02% *	0.05% *
Portfolio turnover rate ⁷	1.86%	3.61%
Net asset value per unit	\$11.30	\$10.43

[†] Initial offering price

* Annualized

Explanatory Notes

- 1 a) This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements and is provided as at March 31, 2014 and September 30, 2013. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.
- b) The following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first purchased by investors.
- | | |
|----------------|------------------|
| Series A Units | October 31, 2012 |
| Series F Units | October 31, 2012 |
| Series G Units | March 14, 2013 |
- 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 shares 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 commission and other portfolio transaction costs) 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.
- 6 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the period.
- 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 the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. 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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