



PORTLAND
INVESTMENT COUNSEL®

PORTLAND 15 OF 15 FUND
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

SEPTEMBER 30, 2017

PORTFOLIO
MANAGEMENT TEAM

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

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Portfolio Manager

Management Discussion of Fund Performance Portland 15 of 15 Fund

This annual 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 September 30, 2017 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 15 of 15 Fund (the Fund) remains as discussed in the prospectus. The Fund aims to provide positive long-term total returns by investing in a focused portfolio of global quality equities, with an emphasis on U.S. and Canadian listed companies. In selecting its investments, the Fund employs a comprehensive set of 15 criteria which are used to drive Portland Investment Counsel Inc.'s (the Manager) investment behavior (the five laws of wealth creation) and the Manager's security selection process (the ten traits of successful private and private-like businesses). To detail, the Manager believes that wealth is being created by owning a few businesses, which are well understood, reside in long-term growth industries, use other people's money prudently and which are held for the long-term. Quality businesses are led by an owner/operator, have concentrated and easily identifiable ownership, exhibit autocratic and entrepreneurial management and board which are focused on growth, allow low turnover in its managerial ranks, have risks and rewards which are symmetrically distributed and focus on long-term goals and business fundamentals.

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 level of risk and plan to hold for the medium to long term.

RESULTS OF OPERATIONS

For the period since inception of the Fund on April 28, 2017 to September 30, 2017, the Fund's benchmark, the MSCI World Total Return Index, had a return of (1.7%). In accordance with mutual fund industry regulations, the Fund may not discuss its return until it has been in existence for one year. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

As at September 30, 2017, the top 5 sector exposure was constituted by financials 12.0%, consumer staples 10.7%, consumer discretionary 10.0%,

utilities 9.0% and information technology 6.1%. By using a concentrated investment strategy, the Manager leverages its best investment ideas, which is expected to aid the Fund in meeting its investment objectives. As of September 30, 2017, the Fund's underlying portfolio held 17 investments.

The Fund's key relative performance contributors since inception were Linamar Corporation, Blackrock, Inc. and Fortive Corporation while its key relative performance detractors were Walgreens Boots Alliance, Inc., The Kraft Heinz Company and Danaher Corporation.

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.

Linamar is primarily a manufacturer of vehicle parts, in particular transmission and engine parts, as well as assembled modules, transmissions, engines and power transfer units. Linamar also owns Skyjack, a manufacturer of mobile industrial equipment, in particular aerial work platforms (scissors), booms and telehandlers, responsible for about 15% of the company's revenues. The company was founded by Frank Hasenfratz in his garage in 1966 and has grown to over \$6 billion in revenue under the stewardship of Frank and his daughter Linda (who is the current CEO). The family still owns close to 30% of the listed company. Subsequent to our initial purchase, the company reported its 23rd consecutive quarter of double digit operating earnings growth. The company is benefiting from an industry trend for outsourcing of powertrain and driveline components by the original equipment manufacturers. Linamar has unique focus and capability in the two areas.

BlackRock, the world's biggest asset manager, continues to report a massive influx of cash into its low-cost funds. Its iShares exchange-traded funds have been growing at a record pace, adding a record \$74 billion during the most recent quarter, up from \$16 billion a year earlier. BlackRock's assets under management rose to roughly \$5.7 trillion, from which the firm derives \$2.97 billion in revenue. Recently, the asset manager has been focusing on adding key competencies in the alternative investments space.

Fortive is a \$20 billion industrial company which was split-off from the storied serial acquirer Danaher and incorporates the former group's traditional industrial businesses (in particular professional instrumentation and industrial technologies). Danaher's founding Rales brothers remained significant investors in the new entity. The company benefits from an executive team with great operational and deal making experience. The market recognized the potential of the new business, rewarding it with a robust valuation. Fortive has recently re-started its acquisition machine, adding Landauer, a provider of radiation safety and outsourced medical devices, as well as ISC (Industrial Scientific Corporation), a gas detection company, both with a high proportion of predictable recurring revenues.

During the period, the performance of Walgreens suffered on account of the uncertainty around its acquisition of Rite Aid Corporation, but also affected by the sector-wide selloff triggered by the announced acquisition of Whole Foods Inc. by Amazon.com, Inc. In the end, Walgreens terminated its Rite Aid merger agreement and instead opted to buy only about half of Rite Aid's stores, roughly 2,000. The deal

should provide Walgreens the added scale and sizable synergies (about US\$400 million) within 3-4 years. Walgreens announced a \$5 billion share repurchase program and raised its dividend by nearly 7%. Operationally, Walgreens reported better-than-expected profit and sales for the third quarter, helped by a rise in prescription volumes in its U.S. pharmacy business. Walgreens raised the lower end of its full-year profit forecast by 8 cents per share to a range of \$4.98 to \$5.08.

Kraft Heinz Company, the U.S. food producer controlled by the enterprising 3G Capital and Berkshire Hathaway Inc., was also pressured by the Amazon entry into the space via the Whole Foods acquisition. Kraft Heinz reported adjusted earnings per share of US\$0.84, up 15.1% year over year on significant gains because of cost-savings initiatives. Kraft Heinz remains on track to deliver \$1.7 billion cumulative savings from its integration program by the end of 2017.

RECENT DEVELOPMENTS

Driven in large part by what it is perceived as largely reflationary economic policies from the new U.S. administration, the U.S. Fed has accelerated the pace of its previously tentative monetary tightening. The U.S. Fed Funds rate saw two raises since the beginning of the year and there are expectations for perhaps one more just before the end of the year, combined with the possible reduction in the U.S. Fed's balance sheet via asset sales starting this fall. In July, the Bank of Canada proceeded to normalize its monetary policy by deciding its first rate increase in about seven years and indicating that, data pending, will continue to do so. Therefore, the excessive liquidity available to the capital markets is, albeit gradually, mopped up. Such a development, we believe, is likely to favour value based investment strategies and return focus on fundamentals. With valuations getting ahead of the fundamentals in certain areas of the market, the Manager believes that founder-led companies and companies with a high degree of ownership engagement have the ability to stand out by adapting quicker to market forces and improving their profitability through both operational changes and balance sheet optimization. Such companies are also likely to avoid the mistake of endangering long-term goals for short-term success.

RELATED PARTY TRANSACTIONS

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 daily based on the net asset value of the Fund and paid monthly. During the period ended September 30, 2017, the Manager received \$3,963 in management fees from the Fund (net of applicable taxes).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of comprehensive income. Depending on their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred. During the period ended September 30, 2017, the Manager was reimbursed \$1,239 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes. In addition to the amounts reimbursed, the Manager absorbed \$34,825 of operating expenses during the period ended September 30, 2017 (net of applicable taxes).

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$305 during the period ended September 30, 2017 by the Fund for such services.

The Manager, its affiliates, officers and directors of the Manager (Related Parties) may own units of the Fund. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from

the Independent Review Committee were not required or obtained for such transactions. As at September 30, 2017, Related Parties owned 16.6% of the Fund.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

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 September 30, 2017

Top 25 Investments*

| | % of Net Asset Value |
|---|----------------------|
| Cash | 38.7% |
| Fortis Inc. | 6.0% |
| Berkshire Hathaway Inc. | 5.9% |
| Fortive Corporation | 4.9% |
| Danaher Corporation | 4.9% |
| Walgreens Boots Alliance, Inc. | 4.7% |
| Liberty Global PLC LiLAC | 3.8% |
| Brookfield Property Partners L.P. | 3.4% |
| Whitecap Resources, Inc. | 3.2% |
| Oracle Corporation | 3.2% |
| Brookfield Asset Management Inc. | 3.2% |
| George Weston Limited | 3.1% |
| Carnival Corporation | 3.1% |
| Linamar Corporation | 3.1% |
| Brookfield Infrastructure Partners L.P. | 3.0% |
| Alphabet Inc. | 2.9% |
| The Kraft Heinz Company | 2.9% |
| BlackRock, Inc. | 2.9% |
| Grand Total | 102.9% |

Total net asset value **\$956,779**

* 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 may 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 | |
|--------------------------------|-------|
| Other Net Assets (Liabilities) | 35.8% |
| Financials | 12.0% |
| Consumer Staples | 10.7% |
| Consumer Discretionary | 10.0% |
| Utilities | 9.0% |
| Information Technology | 6.1% |
| Industrials | 4.9% |
| Health Care | 4.9% |
| Real Estate | 3.4% |
| Energy | 3.2% |
| Geographic Region | |
| Other Net Assets (Liabilities) | 35.8% |
| United States | 32.3% |
| Canada | 18.6% |
| Bermuda | 6.4% |
| United Kingdom | 3.8% |
| Panama | 3.1% |

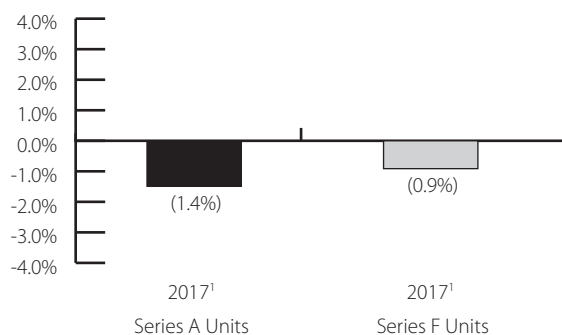
Other Net Assets (Liabilities) refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

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 graphs show the annual historical returns of the applicable series of units, which change each year. Annual return is the percentage change in the value of an investment from October 1 to September 30 (unless otherwise stated).



1. From April 28, 2017 to September 30, 2017.

Annual Compound Returns

The table below shows the historical compound returns of the applicable series of units and the MSCI World Total Return Index (the Index). The Index is designed to measure the equity market performance of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Performance will vary by series largely due to the extent that fees and expenses may differ between series.

| Series of Units | Inception Date | Since Inception | One Year | Three Year | Five Year | Ten Year |
|-----------------|----------------|-----------------|----------|------------|-----------|----------|
| Series A | April 28, 2017 | (1.4%) | - | - | - | - |
| Index | | (1.7%) | - | - | - | - |
| Series F | April 28, 2017 | (0.9%) | - | - | - | - |
| Index | | (1.7%) | - | - | - | - |

Comparison to the Index: Since the Fund does not necessarily invest in the same securities as the Index or in the same proportion, the performance of the Fund is not expected to equal that of its benchmark. Please refer to Management Discussion of Fund Performance - Results of Operations for additional discussion of the Fund’s performance compared to the Index.

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% |

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. 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 | 2017 |
|--|-----------------------|
| Net assets, beginning of the period | \$10.00 ^{†b} |
| Increase (decrease) from operations: | |
| Total revenue | 0.05 |
| Total expenses | (0.12) |
| Realized gains (losses) | - |
| Unrealized gains (losses) | 0.02 |
| Total increase (decrease) from operations ² | (0.05) |
| Distributions to unitholders: | |
| From income | - |
| From dividends | - |
| From capital gains | - |
| Return of capital | - |
| Total annual distributions ³ | - |
| Net assets, end of period ⁴ | \$9.86 |

Series A Units - Ratios/Supplemental Data

| For the periods ended | 2017 |
|---|-----------|
| Total net asset value | \$583,373 |
| Number of units outstanding | 59,160 |
| Management expense ratio ⁵ | 2.84% * |
| Management expense ratio before waivers or absorptions ⁵ | 18.74% * |
| Trading expense ratio ⁶ | 0.08% * |
| Portfolio turnover rate ⁷ | 5.16% |
| Net asset value per unit | \$9.86 |

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

| For the periods ended | 2017 |
|--|-----------------------|
| Net assets, beginning of the period | \$10.00 ^{†b} |
| Increase (decrease) from operations: | |
| Total revenue | 0.05 |
| Total expenses | (0.08) |
| Realized gains (losses) | (0.01) |
| Unrealized gains (losses) | 0.01 |
| Total increase (decrease) from operations ² | (0.03) |
| Distributions to unitholders: | |
| From income | - |
| From dividends | - |
| From capital gains | - |
| Return of capital | - |
| Total annual distributions ³ | - |
| Net assets, end of period ⁴ | \$9.91 |

Series F Units - Ratios/Supplemental Data

| For the periods ended | 2017 |
|---|-----------|
| Total net asset value | \$373,406 |
| Number of units outstanding | 37,693 |
| Management expense ratio ⁵ | 1.70% * |
| Management expense ratio before waivers or absorptions ⁵ | 17.60% * |
| Trading expense ratio ⁶ | 0.08% * |
| Portfolio turnover rate ⁷ | 5.16% |
| Net asset value per unit | \$9.91 |

[†] Initial offering price

* Annualized

Explanatory Notes

1. a) This information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards.

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 April 28, 2017

Series F Units April 28, 2017

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 units 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 is based on total expenses (excluding foreign withholding taxes, commissions and other portfolio transaction costs but including management fee distributions paid to certain unitholders in the form of additional units) 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 of the Fund.

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 a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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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Historical annual compounded total returns as at September 30, 2017 include changes in unit value and distributions reinvested and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Commissions, service fees, management fees and expenses may be associated with investment funds. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. PORTLAND, PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc. Used under licence by Portland Investment Counsel Inc.

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