



PORTLAND
INVESTMENT COUNSEL®

PORTLAND VALUE FUND
INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

MARCH 31, 2016

PORTFOLIO
MANAGEMENT TEAM

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

Dragos Berbecel
Portfolio Manager

Management Discussion of Fund Performance Portland Value 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, 2016 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 Value Fund (the "Fund") remains as discussed in the prospectus. The Fund's objective is to generate an above average return by employing a focused investment strategy, primarily in a limited number of long securities positions. The Fund, which was launched on May 19, 2015, invests in a small number of quality equities, ordinarily selected from liquid, large cap stocks, domiciled in long-term growth industries, which the Manager believes are undervalued and/or have the potential of increased returns due to activist investor campaigns.

The Manager then overlays a risk mitigation strategy based on portfolio construction and value discipline. The Manager has long held the view that the key to wealth creation is owning a few high quality businesses. 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.

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. Common strategies include demanding a raise in dividends/share buybacks, the divestment of assets and/or the embracing or rejecting of mergers and acquisitions. Activist investors achieve their goals by cooperating with other institutional investors, acquiring board representation and/or changing the management of the target company.

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 September 30, 2015 to March 31, 2016, the Fund's benchmark, the MSCI World Total Return Index, had an annualized return of 1.8%. In accordance with mutual fund industry regulations, the Fund

may not discuss its return until it has been in existence for one year. The net asset value per unit increased from \$8.28 as at September 30, 2015 to \$8.35 as at March 31, 2016. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

As at March 31, 2016, the top 5 sector exposure was constituted by energy 25.8%, financials 25.1%, utilities 11.8%, consumer discretionary 8.6% and telecommunication services 7.1%. The Fund's underlying portfolio held 14 investments.

The Fund's top performers for the period were Cable & Wireless Communications PLC, Northland Power Inc. and Crescent Point Energy Corp. The Fund's worst performers over the period were Hertz Global Holdings, Inc. and Pershing Square Holdings, Ltd.

At its December Federal Open Market Committee meeting, the US Fed initiated a monetary tightening cycle for the first time in nine years. As the excessive liquidity is, albeit gradually, mopped up, we expect value based strategies to start outperforming the overall market performance.

During the period, John Malone-backed Liberty Global PLC offered to buy Cable & Wireless Communications PLC for £3.6 billion (CAD \$5.5 billion) to extend its reach in the Caribbean, a testament of attractiveness of the core Columbus International Inc. assets, which had only been acquired by Cable & Wireless at the end of the first quarter of 2015. As a result of the transaction, Cable & Wireless assets will eventually be combined with Liberty Global's Latin American business, whose performance is tracked by the NASDAQ listed LILAC shares. The combined business would serve 10 million video, data, voice and mobile subscribers. The Liberty Global offer valued Cable & Wireless at about \$8.2 billion, including debt. Subsequent to the announcement of the transaction, we initiated a position in LILAC shares.

At the end of 2015, Warren Buffett's Berkshire Hathaway Inc. was facing its worst year relative to the rest of the US stock market since 2009, despite an 18% increase in the company's net earnings, to \$18.6 billion and a 3.3% appreciation in its book value over the first nine months of the year. During the period, Berkshire Hathaway raised its stake in Suncor Energy Inc.; increased its position in Wells Fargo & Company to more than 10%; acquired The Free Lance-Star, a Virginia newspaper; and reduced its exposure to re-insurance businesses. During the period, we opportunistically added to our Berkshire Hathaway investment. Since the beginning of the year Berkshire Hathaway has outperformed the broader US market by about 5%.

Pershing Square Holdings, Ltd.'s Bill Ackman took a seat on Valeant Pharmaceuticals International, Inc. board, a second seat for Pershing Square, as the Canadian drugmaker announced the departure of its CEO, Michael Pearson. Valeant said it started a search for a successor to Pearson. Pershing Square holds a 9% stake in Valeant or about 8.7% of its portfolio as per the most recent filing.

Restaurant Brands International Inc. continues to report both solid sales growth at Tim Hortons and Burger King helped by new menu items and, not that surprising given 3G's involvement, lower costs. The company increased its dividend during the period. Similarly, Zoetis Inc. delivered an 8% increase in operational growth in revenue and 24% operational growth in adjusted net income, excluding foreign exchange effects. The

company announced the successful integration of Abbott Animal Health business, as well as addition of Pharmaq, the global leader in vaccines for farmed fish. Hertz Global Holdings Inc., meanwhile, has continued its restructuring process by assembling an impressive executive team and announced a partnership with Lyft, the ride-hailing company, though its share price has continued to struggle during the period. Carl Icahn increased its stake in the company, while JANA Partners reduced theirs. We expect the next few quarters to be critical for both the industry and Hertz as it remains to be seen if Hertz's decision to shrink its fleet is followed by the other players (most importantly Avis and Enterprise) and what the impact of such decision will have on pricing; as well as what profitability improvements will be delivered by the management's initiatives on cost cutting, IT improvements and initiatives around ancillaries and ride sharing fleet management pilots.

Northland Power Inc's Gemini Dutch offshore wind project has de-risked significantly during the 2015 and early 2016 construction season, staying on budget and ahead of schedule, delivering its first power to the grid and earning its first pre-completion revenue. Once fully operational, Gemini will generate clean and renewable energy for 1.5 million people in the Netherlands. The company's NordSee I German offshore wind project is also advancing at a good pace. Brookfield Infrastructure Partners Limited Partnership has continued to pursue the acquisition of the Australia rail freight business of Asciano Limited, weighing a joint A\$9 billion bid with the previous rival, Australian cargo handler Qube Holdings Ltd. Brookfield Property Partners LP has strengthened its portfolio of top quality downtown core office and commercial property with the addition of Potsdamer Platz, a mixed-used estate comprising 17 buildings, 10 streets, and two squares covering a gross area of more than 2,900,000 square feet in the center of Berlin. The company also acquired the US real estate investment trust Rouse Properties Inc in a sweetened deal valued at about \$2.8 billion, including debt. Brookfield already owned 33% of Rouse, which, in turn, owns 35 malls and retail centers in 21 US states.

The Fund has a material exposure to energy holdings, which, we believe, continue to have depressed valuations and constituted 25.9% of the portfolio's net assets as at March 31, 2016.

The energy market sell-off, initiated in the third quarter of 2014, has continued over the reporting period, with the price of crude oil as measured by the North American benchmark, the WTI (West Texas Intermediate), reaching a 13 year low of \$26.21/bbl on February 11, which, not coincidentally, matched the date of the broader equity market recent low. As noted in our previous writings, we had expected uncertainty and volatility to continue and amplify over the last quarter of 2015 and first quarter of 2016 as headlines around buildup of crude and product inventories in the US would take primacy, with little to offset these news before the start of the US driving season and refinery ramp-up. Indeed, the oil market mood and record levels of speculation have also dragged equities lower, with 20 days correlation at times exceeding 95%. Gloomy news out of China, a warmer winter in North America and an early return to the energy markets by Iran (albeit likely priced-in months before) have done little to calm the markets.

On December 4, 2015, OPEC decided to effectively renounce any pretense of a coordinated production target for the first time in organization's 55 year existence. While not entirely a surprise, given that the group had already been producing well in excess of its previous stated output target of 30 million barrels per day (bpd), the markets reacted negatively to the news. More recently, spurred by efforts by Venezuela, finding itself on the brink of financial collapse, Russia and a number of OPEC members, including Qatar, Saudi Arabia and, more recently, Kuwait,

have agreed to meet with the stated objective of reaching a standstill production agreement, which may or may not be dependent on Iran's participation. Meanwhile, however, the parties have continued to pump crude at close to record levels, with OPEC production reaching 32.47 million bpd in average for the month of March.

From the period of September 30, 2015, to March 31, 2016, the WTI crude oil benchmark retreated from \$45.09/bbl to \$38.34/bbl, after reaching a \$26.21/bbl low in February.

Over the same period, Whitecap Resources Inc. trimmed its dividend payout by 40% and Crescent Point Energy Corp. announced a further 70% reduction in its dividend in an effort to preserve their financial flexibility and operational momentum. We continue to believe that the fundamental operations of our energy holdings remain robust, even in this challenging environment.

Energy companies held in the Fund have responded to the protracted low price environment and uncertain near-term outlook by further curtailing capital expenditures, extending financing facilities, raising capital to strengthen balance sheets and continuing their broad hedging programs, while maintaining robust production levels. For the remainder of 2016, our energy holdings have adopted conservative drilling programs, which are likely to result in flat to mildly declining production profiles and are focusing on maintaining adequate levels of liquidity, in order to weather the protracted crude low price environment. All three oil and gas exploration and production companies have been and are likely to continue to benefit from significant cost reductions and improvements in production efficiency amounting to roughly 30% of their cost base compared to 2014.

RECENT DEVELOPMENTS

With valuations getting ahead of the fundamentals in certain areas of the market, we believe 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.

Reports showing both a reversal of the US crude oil production and faster than expected global demand growth have come to the fore, though short term outlook is still uncertain, partly due to the difficulty in obtaining accurate reads on both supply and demand. Active oil drilling rigs in the US are down to 354, the lowest since November of 2009, from an October 2014 high of 1,609 drilling rigs. The Energy Information Administration (EIA), in its most recent forecast, expects the US crude production to drop to 8.7 million bpd in 2016 and further, the 8.2 million in 2017, from 9.4 million bpd in 2015. US independent producer budgets have decreased by 54% in 2016 compared to 2015. Globally, upstream capex curtailments are expected to be around 14% this year, led by cuts in North and Latin America, as well as Europe. Demand side indicators, meanwhile, point to record levels, driven by accelerating demand in US, on track for record summer gasoline demand, UK, where road traffic has reached a new record, as well as India, where gasoline consumption grew 14% in 2015 and at a compound annual growth rate of 11% over the last five years. Not surprisingly, as we're writing this, hedge funds and other money managers have amassed a near record number of bullish bets on increasing oil prices, at 579 million barrels.

We continue to believe that the current oil prices are unsustainable, as evidenced by the 20% drop in global oil industry capex in 2015, which is estimated to be followed by a similar drop in 2016. Back to back capex cuts of such magnitude are unprecedented and, as emphasized by recent industry leaders' statements, are sowing the seeds of future

supply shortfall as demand continues to grow, albeit short of the breakneck pace of 1.7 million bpd in 2015. In other words, the longer lower oil prices stay low, the higher the eventual rebound.

We continue to believe that the fundamental operations of our energy holdings remain robust, even in this challenging environment. We continue to believe the three energy companies held in the Fund are essentially well-run businesses with superior field economics and which will benefit substantially from an eventual recovery in crude prices; we intend to maintain and opportunistically add to this exposure.

We believe that the Fund is well-positioned to continue to meet its investment objectives as outlined above.

On October 19, 2015, the Fund changed custodians from Citibank Canada to CIBC Mellon Trust Company.

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 daily based on the net asset value of the Fund and paid monthly. During the period ended March 31, 2016, the Manager received \$1,745 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 operations. 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 March 31, 2016, the Manager was reimbursed \$587 for operating expenses incurred on behalf of the Fund, net of applicable taxes. In addition to the amounts reimbursed, the Manager absorbed \$43,390 of operating expenses during the period ended March 31, 2016 (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 \$1,450 during the period ended March 31, 2016 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 March 31, 2016, Related Parties owned 40.1% (September 30, 2015: 78.9%) 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 March 31, 2016

Top 25 Investments*

	% of Net Asset Value
Cash	11.0%
Baytex Energy Corporation	8.9%
Crescent Point Energy Corp.	8.9%
Whitecap Resources, Inc.	8.0%
Cable & Wireless Communications PLC	7.1%
Brookfield Asset Management Inc.	6.6%
Restaurant Brands International Inc.	6.4%
Berkshire Hathaway Inc.	6.4%
Zoetis Inc.	6.4%
Brookfield Infrastructure Partners LP	6.4%
Brookfield Property Partners LP	6.3%
Pershing Square Holdings, Ltd.	5.8%
Northland Power Inc.	5.4%
Hertz Global Holdings, Inc.	3.5%
Liberty Global PLC LILAC	2.2%
Grand Total	99.3%
Total net asset value	\$316,613

* 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	
Energy	25.8%
Financials	25.1%
Utilities	11.8%
Other Net Assets (Liabilities)	11.7%
Consumer Discretionary	8.6%
Telecommunication Services	7.1%
Health Care	6.4%
Industrials	3.5%
Geographic Region	
Canada	44.3%
United States	16.2%
Bermuda	12.7%
Other Net Assets (Liabilities)	11.7%
United Kingdom	9.3%
Guernsey	5.8%

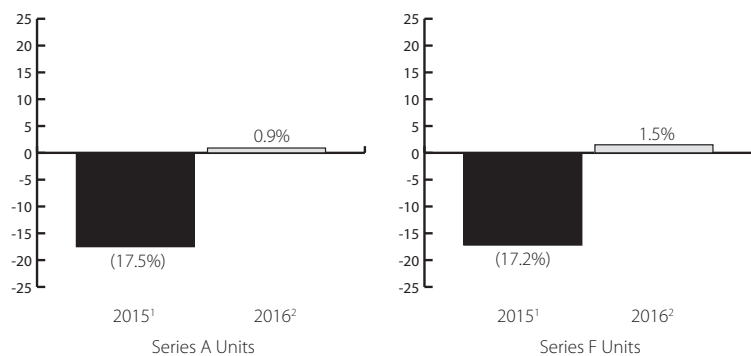
Other Net Assets (Liabilities) refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

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 May 19, 2015 to September 30, 2015.

2. Return for 2016 represents a partial year starting October 1, 2015 to March 31, 2016.

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%	-	-	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. For the current year, information in the table below is for the period from October 1, 2015 to March 31, 2016. 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	2016	2015
Net assets, beginning of the period	\$8.25	\$10.00 ^{†b}
Increase (decrease) from operations:		
Total revenue	0.09	0.14
Total expenses	(0.12)	(0.11)
Realized gains (losses)	(0.02)	(0.09)
Unrealized gains (losses)	0.01	(1.55)
Total increase (decrease) from operations ²	(0.04)	(1.61)
Distributions to unitholders:		
From income	-	-
From dividends	(0.01)	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ³	(0.01)	-
Net assets, end of period ⁴	\$8.32	\$8.25

Series A Units - Ratios/Supplemental Data

For the periods ended	2016	2015
Total net asset value	\$157,759	\$46,143
Number of units outstanding	18,968	5,594
Management expense ratio ⁵	2.82% *	2.85% *
Management expense ratio before waivers or absorptions	44.47% *	85.28% *
Trading expense ratio ⁶	0.12% *	0.36% *
Portfolio turnover rate ⁷	0.11%	0.00%
Net asset value per unit	\$8.32	\$8.25

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

For the periods ended	2016	2015
Net assets, beginning of the period	\$8.28	\$10.00 ^{†b}
Increase (decrease) from operations:		
Total revenue	0.08	0.14
Total expenses	(0.08)	(0.08)
Realized gains (losses)	(0.02)	(0.08)
Unrealized gains (losses)	0.20	(1.71)
Total increase (decrease) from operations ²	0.18	(1.73)
Distributions to unitholders:		
From income	-	-
From dividends	(0.06)	-
From capital gains	-	-
Return of capital	-	-
Total annual distributions ³	(0.06)	-
Net assets, end of period ⁴	\$8.35	\$8.28

Series F Units - Ratios/Supplemental Data

For the periods ended	2016	2015
Total net asset value	\$158,854	\$111,150
Number of units outstanding	19,033	13,417
Management expense ratio ⁵	1.68% *	1.74% *
Management expense ratio before waivers or absorptions	43.34% *	84.29% *
Trading expense ratio ⁶	0.12% *	0.36% *
Portfolio turnover rate ⁷	0.11%	0.00%
Net asset value per unit	\$8.35	\$8.28

[†] Initial offering price

* Annualized

Explanatory Notes

1. a) This information for March 31, 2016 is derived from the Fund's unaudited semi-annual financial statements and for September 30, 2015, the information is derived from audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
- 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	May 19, 2015
Series F Units	May 19, 2015
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 ("MER") is based on total expenses (excluding foreign withholding taxes, commissions 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 ("TER") 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 the 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.

This page is left blank intentionally

This page is left blank intentionally

This page is left blank intentionally



PORTLAND
INVESTMENT COUNSEL®

Historical annual compounded total returns as at March 31, 2016 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.

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
