



Portland Investment Counsel®

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Portland Special Opportunities Fund  
**Interim Financial Report**

December 31, 2021

# Portland Special Opportunities Fund

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## PORTFOLIO MANAGER

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

## Portland Special Opportunities Fund

DECEMBER 31, 2021

### OVERVIEW

The investment objective of the Portland Special Opportunities Fund (the Fund) is to provide above average risk-adjusted returns over the long term by investing directly or indirectly in strategies managed by EnTrust Global or its affiliates. Portland Investment Counsel Inc. (the Manager) has selected EnTrust Global as a specialty investment manager. EnTrust Global is one of the world's larger hedge fund investors and has cultivated relationships with many active hedge fund managers, investment banks and other institutions providing experience and access to a breadth of alternative investment opportunities. This access enables EnTrust Global to be presented with what are believed to be the 'best idea' investment opportunities, typically in asset classes where market dislocations or other events have created attractive investment opportunities.

The Fund intends to achieve its investment objective by investing in alternative strategies managed by EnTrust Global, commencing with the EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4). Since EPSO4 will seek to invest in the 'best ideas' of EnTrust Global (rather than in a diversified fund), EPSO4's and so the Fund's results can be expected to be more idiosyncratic. EPSO4 can be expected to be more concentrated than a diversified fund and the success or failure of any one investment may have a more material impact on results than a more diversified portfolio. EPSO4 intends to invest in a range of investments, including but not limited to, distressed corporate securities, activist equities, municipal bonds, high yield bonds, leveraged loans, unsecured debt, collateralized debt obligations, mortgage backed securities, direct lending and sovereign debt, real estate, venture capital and private equity-type structures. The approach is to select investments in less efficient and dislocated markets where a catalyst can be held or controlled to unlock substantial value.

EPSO4 is closed to new subscriptions. The Fund may commit to subsequent products and services offered or managed by EnTrust Global on a direct or indirect basis.

### RESULTS OF OPERATIONS

EPSO4 has raised approximately US\$1.1 billion across all its investment vehicles. The Fund has committed US\$8.6 million to EPSO4. As at December 31, 2021, EPSO4 has called US\$8.59 million equating to about 99.9% of the US\$8.6 million committed, which, as at December 31, 2021, was 100% of the Fund.

For the period of January 1, 2021 to December 31, 2021, the Fund's Series F units had a return of 17.2%. For the full period since the launch of the Fund on December 14, 2017, the Fund's annualized return was 1.2% for Series A units and 2.3% for Series F units.

EPSO4 will not invest in any fund or investment vehicle that has an initial lock-up period or term of more than five years and total lock-up period or term, including applicable extensions, of more than eight years. The offering memorandum for EPSO4 provides that the Fund's capital commitments are subject to a commitment period of three years, subject to a one-year extension at the discretion of EnTrust Global, the investment advisor to EPSO4. The initial three-year commitment period of EPSO4 was set to expire as of March 26, 2021. EnTrust Global notified the Fund that it is extending the commitment period of EPSO4 for one year, with a revised expiration date of March 26, 2022.

EPSO4 has invested in 45 opportunities of which twelve have been exited at a gross multiple on the invested capital of 1.25x.

The six realized equity investments have their gross internal rate of return (IRR) for the transaction listed in brackets and were investments in:

- 1). Uber Technologies, Inc. (-7.8%) provides ride hailing services. Uber develops applications for road transportation, navigation, ride sharing, and payment processing solutions. Uber serves customers worldwide.
- 2). Sony Group Corporation (+29.3%) produces televisions, cameras, mobiles, audio and video products, game equipment, and more. Sony also engages in game production, movie production, music production, and other businesses.
- 3). Triumph Group, Inc. (-24.0%) is an aerospace and defense provider with the following three segments: (i) Integrated Systems (i.e., power and control for landing gear), (ii) Product Support (i.e., repair and maintenance), and (iii) Aerostructures (i.e., plane bodies and interiors).
- 4). Medifast, Inc. (+61.0%) is a leading health and wellness company, specializing in weight loss management.
- 5). Cardtronics PLC (+13.2%) operates as a cash machine provider and installs, repairs, maintains, and operates automated teller machines in various stores, service areas, stations, outlets, and other venues in the United Kingdom. It was the subject of competing bids and ultimately acquired by NCR Corporation, the leading U.S. ATM manufacturer.
- 6). The Hain Celestial Group, Inc. (+30.1%) is a natural and organic beverage, snack, specialty food, and personal care products company, with over 25 different food brands including Earth's Best, Inc., Celestial Seasonings, Inc., Terra, Ella's Kitchen Group Ltd, and Blueprint. The investment in Hain Celestial Group was exited in November 2021, after Hain shares reached target valuation levels. The share appreciation was buoyed by positive earnings and business execution trends resulting from EnTrust Global's affiliate facilitating Hain's shedding of multiple business lines.

The six realized credit investments have their gross IRR for the transaction listed in brackets and were investments in: (i) two direct loans to Aston Martin Lagonda Global Holdings PLC (+14.3% and +15.7%), the luxury car manufacturer, which upon a successful initial public offering, fully repaid the first loan and subsequently the second loan; (ii) Thryv Inc. (+11.9%) a dominant provider of lead generation solutions (primarily directories) and local small business management software; (iii) a corporate loan (+3.4%); (iv) a municipal debt market investment (+27.5%); and (v) a basis dislocation portfolio (+9.3%).

### RECENT DEVELOPMENTS AND OUTLOOK

Of the remaining investments through EPSO4, below we have highlighted the investments which are publicly-traded and not bound by confidentiality. These investments were made prior to January 1, 2020 and the onset of the COVID-19 pandemic, when EPSO4 had deployed roughly 75% of its committed capital:

- 1). Deutsche Bank AG: the largest bank in Germany and one of the largest banks in the world, operating in over 60 countries with almost 3,000 retail branch locations and providing commercial banking, investment banking, and asset management services. Deutsche Bank suffered a protracted number of years recovering from the global financial crisis,

but by reducing its leverage and costs and shedding much of its capital intensive businesses, its management now expect to experience better financial performance. Some of the company's restructuring efforts since 2019 have come to fruition, with the recent announcement of fourth quarter results that beat estimates among a backdrop of disappointing results from its financial peers, resulting from strong investment banking division performance. After announcing results, the company said it intends to pay out 700 million euros through dividends and buybacks, part of the bank's commitment to distribute 5 billion euros to shareholders over the coming years. EPSO4 had invested in Deutsche Bank in 2018, prior to the restructuring efforts, and while it was laggard over the past few years, we believe the restructuring efforts will now benefit financial performance and lead to share appreciation, especially with increased shareholder distributions.

- 2). IWG PLC: a global owner and provider of serviced workplaces with over 3,200 locations in 1,090 towns and cities, spanning 110 countries at the time of EnTrust Global's investment. EPSO4 invested in IWG in 2018, and while the stock has been a laggard in 2021, the company has reiterated its 2022 outlook, calling for a strong recovery with improving occupancy, new inquires returning to pre-pandemic levels, and discussions related to large master franchise agreements.
- 3). Thyssenkrupp AG: a diversified German industrial conglomerate, with market-leading positions in a variety of attractive industries around the globe. Thyssenkrupp operates through six segments: (i) material services, (ii) steel europe, (iii) multi tracks, (iv) automotive technology, (v) industrial components, and (vi) marine systems. Thyssenkrupp plans to list its joint venture hydrogen business, Nucera – which it owns two thirds of, in 2022 at a potential valuation of 2 billion euros, according to Lex calculations. The demand for hydrogen should grow markedly in the decades ahead as power and transport sector consumption picks up. EPSO4 had invested in Thyssenkrupp in 2018, and the investment has significantly underperformed since, but there is now potential for appreciation with the Nucera listing and the possible steel price appreciation. Thyssenkrupp has also committed to eventually restoring its dividend.
- 4). Argo Group International Holdings, Inc.: a global underwriter of specialty property and casualty insurance and reinsurance. Argo continues to work towards achieving its goal of a 10% return on equity (ROE) by 2022, along with EnTrust Global's affiliate trying to increase value by encouraging the company to optimize capital allocation and selling its last London syndicate. EPSO4 invested in Argo in 2018, but the stock price has not recovered to pre-pandemic levels. In early February, Argo announced that fourth quarter results will be negatively affected by adverse prior year reserve development and non-operating charges. The stock price declined by 25% on the announcement of this news.
- 5). MGM Resorts International: a leading global integrated resort, gaming, and entertainment company with assets in both the U.S. and China. MGM reporting third quarter earnings that beat both the top and bottom line, resulting from its Las Vegas and regional properties delivering near-record EBITDA (earnings before interest, tax, depreciation and amortization) and margins. MGM China saw sequential improvement versus the previous quarter, but was still negatively impacted by travel and entry restrictions in Macau. MGM is continuing to execute its asset-lite model by monetizing real estate through sales and sale-leasebacks. EPSO4 invested in MGM in 2019, and the investment has performed well resulting from the changes MGM has implemented, along with the general improvement in the economy we witnessed in 2021. We expect further improvement as the effects of COVID-19 lessen. MGM announced the sale of the Mirage operating rights to Hard Rock International for \$1.08 billion in December 2021.

- 6). TEGNA Inc.: a broadcasting, digital media and marketing services company. Tegna owns and operates television stations, delivering news and informative content. Tegna also provides marketing solutions and services to individuals and businesses of all sizes. Tegna is in talks to be acquired by Apollo Global Management, Inc. and EPSO4 affiliate Standard General, which has resulted in the share price recovering after a sustained downtrend in the second and third quarters of 2021. EPSO4 invested in Tegna in 2019.
- 7). Aramark: a provider of food and facilities management services. Aramark offers uniform, refreshments, work apparel, and cleanroom services to healthcare institutions, universities, school districts, stadiums, and businesses. It operates through two segments: (i) food and support services, and (ii) uniforms. EPSO4 invested in Aramark in 2019, and the company's management believes that company should return to its 2019 fiscal year run-rate by 2022, resulting from long-term tailwinds stemming from COVID-19, including increased PPE demand and sanitization of facilities.

Since January 1, 2020, EPSO4 called over 25% of committed capital during a period of high volatility at the onset of COVID-19 and so we the expectation is these investments will be realized over the medium term. Some of the investments that were made since January 1, 2020 are:

- 1). Prudential PLC: an international company which provides a wide assortment of insurance and investment products and services. Insurance products include life, accident and health, and property and casualty, as well as fixed and variable annuities. Prudential's services include personal and group pensions, equity plans, mortgages, and deposit accounts. EPSO4 invested in Prudential just before the COVID-19 crash in February 2020. The company went through the successful demerger with Jackson Financial Inc. in September 2021, the market leading provider of U.S. retirement products across multiple distribution channels. The reasoning behind the demerger was to realize the value of the PruAsia business, which is the leading Pan-Asian insurer. PruAsia has substantial growth potential and is supported by strong secular tailwinds, its value believed by EPSO4's affiliate to have been impaired by virtue of being coupled with Jackson. Going forward, we are awaiting the realization of several positive catalysts for the investment, including the re-opening of the Hong Kong-China border, announcement of a new C E O with experience in Asia, and Hong Kong indexation and improved liquidity.
- 2). SeaWorld Entertainment Inc.: a theme park and entertainment company. SeaWorld delivers personal, interactive, and educational content that blend imagination with nature. The company has four animal parks, three theme parks, and five water parks. During the fourth quarter of 2021, SeaWorld reported another quarter of record profits driven by strong consumer demand, with all key metrics – including attendance, revenue, adjusted EBITDA – now exceeding 2019 levels. However, the company missed analysts' expectations due to factors such as limited international and group-related visitation, an unfavorable calendar shift, a record number of weather-impacted days, and an increase in operating expenses. Encouraging for 2022, season pass sales have been strong and pass pace was at a record level heading into the fourth quarter. SeaWorld has been an exceptional investment for EPSO4, having invested near the bottom of the pandemic crash in June 2020 and subsequently increasing in value since.
- 3). Comcast Corporation: a provider of media and television broadcasting services. Comcast offers video streaming, television programming, high-speed internet, cable communication and communication services. Comcast has been experiencing a slowdown in broadband customer additions in recent quarters, coming off the record growth during the height of the coronavirus lockdowns – when Americans relied heavily on home broadband connections for work and school –

as life slowly returns to normal. The company has announced its plans to spend \$3 billion on content for Peacock – the company's streaming service, which has over nine million paid subscribers. EPSO4 invested in Comcast in September 2020, and while the stock has corrected recently, Comcast's share price is still above the price at which EPSO4 invested in September 2020.

- 4). Countryside Properties UK Ltd.: a leading UK property developer specializing in building and regenerating residential communities. Countryside Properties operates through (i) a traditional "Housebuilding" segment, which typically requires upfront capital outlays and land ownership, and (ii) "Partnerships", which regenerates and densifies communities through joint ventures with local, quasi-governmental entities that directly own and provide the land. Countryside Properties announced disappointing results for the three months ending December 2021, while the rest of its housebuilding peers have been enjoying substantial profits resulting from the UK property boom. The aftermath of this was CEO Iain McPherson's immediate departure from the firm in January 2022, paving the way for new management to execute plans more successfully going forward. EPSO4 invested in Countryside Properties in January 2021 and the company's stock had a major correction in January 2022, being down over 28% on the day of the announcement and 46% since the stock peaked in August 2021.
- 5). Didi Global Inc.: a Chinese vehicle for hire company headquartered in Beijing with over 550 million users and tens of millions of drivers. Didi provides app-based transportation services, including taxi hailing, private car hailing, social ride-sharing, and bike sharing; on-demand delivery services; and automobile services, including sales, leasing, financing, maintenance, fleet operation, electric vehicle charging, and co-development of vehicles with automakers. Since its public debut on the NYSE in June 2021, Didi has faced scrutiny from the Chinese government on cybersecurity concerns. The investigation by the Chinese authorities into the matter has materially harmed the company's financial performance, resulting from the Chinese government's order to remove Didi's applications from local app stores as part of the investigation. Following the recommendation of the Chinese government, Didi is currently in the process of listing in Hong Kong, after which it will begin the delisting process in the U.S. EPSO4 invested in Didi in early June 2021, prior to the initial public offering while the company was still private. Didi's share price has underperformed significantly since, resulting from the investigations, being down over 75%.

A distinguishing feature of the Fund is focused investing, i.e. holding a limited number of investments. The Manager has long held that the key to wealth creation is owning a few high quality businesses. We share EnTrust Global's belief that a pivot towards 'value' rather than 'growth' criteria is likely to predominate as investors seek businesses that are priced reasonably.

Although performance to date has been disappointing, we believe that the Fund has sought to take advantage of the dislocations wrought by the initial lockdowns regarding COVID-19, with divergent outcomes. The Manager is encouraged by the reality that the aggregate performance of all realized investments is significantly better than the total performance since inception, as management continue, actively, to encourage change in the ongoing investments. Seeking changes takes time and can result in sizeable unrealized losses during periods when requested changes are being resisted. Nonetheless, performance in 2021 was a welcome improvement and so we continue to believe the Fund is suitably positioned to meet its investment objective for the medium to long term.

From March 2022 onwards, EnTrust Global will be looking to divest rather than invest or reinvest the funds held in EPSO4. As such, the Manager believes EPSO4's focus will then be entirely upon the company-specific situations it holds, where, in partnership with its managers it will seek to

shape, drive and influence desired outcomes for the benefit of its investors, i.e. the Fund, in much the same way as it has demonstrated with its aggregate performance of realized investment to date.

#### Notes

*Certain statements included in this Commentary 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.*

## Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland Special Opportunities Fund (the Fund) have been prepared by Portland Investment Counsel Inc. (the Manager) in its capacity as manager of the Fund. The Manager of the Fund is responsible for the information and representations contained in these financial statements. The Board of Directors of the Manager, in its capacity as trustee of the Fund, has approved these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund are described in note 3 to these financial statements.

*"Michael Lee-Chin"*

**Michael Lee-Chin**  
**Director**  
**February 14, 2022**

*"Robert Almeida"*

**Robert Almeida**  
**Director**  
**February 14, 2022**

These financial statements have not been reviewed by an independent auditor.

## Statements of Financial Position (Unaudited)

As at	December 31, 2021		June 30, 2021	
<b>Assets</b>				
Cash	\$	41,527	\$	80,459
Subscriptions receivable		-		1,600
Investments (note 5)		13,547,729		12,796,110
		<u>13,589,256</u>		<u>12,878,169</u>
<b>Liabilities</b>				
Management fees payable		183,037		115,220
Expenses payable		98,085		61,364
Organization expenses payable (note 8)		27,285		27,285
		<u>308,407</u>		<u>203,869</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	\$	<u>13,280,849</u>	\$	<u>12,674,300</u>
<b>Net Assets Attributable to Holders of Redeemable Units Per Series</b>				
Series A		962,417		936,487
Series F		<u>12,318,432</u>		<u>11,737,813</u>
	\$	<u>13,280,849</u>	\$	<u>12,674,300</u>
<b>Number of Redeemable Units Outstanding (note 6)</b>				
Series A		18,370		18,669
Series F		225,080		225,282
<b>Net Assets Attributable to Holders of Redeemable Units Per Unit</b>				
Series A	\$	52.39	\$	50.16
Series F	\$	54.73	\$	52.10

Approved by the Board of Directors of Portland Investment Counsel Inc.

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

The accompanying notes are an integral part of these financial statements.

## Statements of Comprehensive Income (Unaudited)

for the periods ended December 31,	2021	2020
<b>Income</b>		
Net gain (loss) on investments		
Interest for distribution purposes	\$ 1,282	\$ 1,308
Change in unrealized appreciation (depreciation) on investments	734,936	88,085
	<u>736,218</u>	<u>89,393</u>
<b>Other income</b>		
Foreign exchange gain (loss) on cash and other net assets	328	(12,368)
<b>Total income (net)</b>	<u>736,546</u>	<u>77,025</u>
<b>Expenses</b>		
Management fees (note 8)	67,813	60,383
Securityholder reporting costs	26,796	21,494
Audit fees	8,144	8,048
Independent review committee fees	1,306	1,752
Legal fees	306	152
Custodial fees	174	367
Total operating expenses	<u>104,539</u>	<u>92,196</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 632,007</u>	<u>\$ (15,171)</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 40,888	\$ (7,300)
Series F	\$ 591,119	\$ (7,871)
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 2.21	\$ (0.29)
Series F	\$ 2.63	\$ (0.04)

The accompanying notes are an integral part of these financial statements.



## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

for the periods ended December 31,	2021	2020
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>		
Series A	\$ 936,487	\$ 1,117,921
Series F	11,737,813	10,046,009
	<u>12,674,300</u>	<u>11,163,930</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>		
Series A	40,888	(7,300)
Series F	591,119	(7,871)
	<u>632,007</u>	<u>(15,171)</u>
<b>Redeemable Unit Transactions</b>		
Proceeds from redeemable units issued		
Series A	-	13,980
Series F	14,958	408,848
	<u>14,958</u>	<u>422,828</u>
Redemptions of redeemable units		
Series A	(14,958)	(146,056)
Series F	(25,458)	(6,811)
	<u>(40,416)</u>	<u>(152,867)</u>
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	<u>(25,458)</u>	<u>269,961</u>
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>		
Series A	962,417	978,545
Series F	12,318,432	10,440,175
	<u>\$ 13,280,849</u>	<u>\$ 11,418,720</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Cash Flows (Unaudited)

for the periods ended December 31,	2021	2020
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 632,007	\$ (15,171)
Adjustments for:		
Change in unrealized (appreciation) depreciation on investments	(734,936)	(88,085)
Unrealized foreign exchange (gain) loss on cash	(1,025)	(2,498)
Increase (decrease) in management fees and expenses payable	104,538	92,197
Purchase of investments	(16,683)	(266,829)
<b>Net Cash Generated (Used) by Operating Activities</b>	<b>(16,099)</b>	<b>(280,386)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from redeemable units issued (note 3)	1,600	462,828
Amount paid on redemption of redeemable units (note 3)	(25,458)	(171,358)
<b>Net Cash Generated (Used) by Financing Activities</b>	<b>(23,858)</b>	<b>291,470</b>
Net increase (decrease) in cash and cash equivalents	(39,957)	11,084
Unrealized foreign exchange gain (loss) on cash	1,025	2,498
Cash and cash equivalents - beginning of period	80,459	187,721
<b>Cash and cash equivalents - end of period</b>	<b>41,527</b>	<b>201,303</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	\$ 41,527	\$ 33,922
Short-term investments	-	167,381
	<b>\$ 41,527</b>	<b>\$ 201,303</b>
<b>From operating activities:</b>		
Interest received, net of withholding tax	\$ 1,282	\$ 1,308

The accompanying notes are an integral part of these financial statements.

## Schedule of Investment Portfolio (Unaudited)

as at December 31, 2021

No. of Shares	Security Name	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
<b>UNDERLYING FUNDS</b>				
<b>Cayman Islands</b>				
8,169	EnTrustPermal Special Opportunities Fund IV Ltd. Class A	\$ 11,336,985	\$ 13,408,477	101.0%
88	EnTrustPermal Special Opportunities Fund IV Ltd. Class D	121,129	139,252	1.0%
		<u>\$ 11,458,114</u>	<u>13,547,729</u>	<u>102.0%</u>
	Other assets less liabilities		(266,880)	(2.0%)
	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<u>\$ 13,280,849</u>	<u>100.0%</u>

## 1. GENERAL INFORMATION

Portland Special Opportunities Fund (the Fund) is an open-end investment fund established under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated as of December 13, 2013, as amended thereafter and as may be amended from time to time. The formation date of the Fund was December 5, 2017 and inception date was December 14, 2017. Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Fund. The head office of the Fund is 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7. These financial statements were authorized for issue by the Board of Directors of the Manager on February 14, 2022.

The Fund offers units to the public on a private placement basis under an offering memorandum. The investment objective of the Fund is to provide above average risk-adjusted returns over the long term by investing directly or indirectly, in strategies managed by EnTrust Global or its affiliates.

The statements of financial position of the Fund are as at December 31, 2021 and June 30, 2020. The statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows of the Fund are for the six-month periods ended December 31, 2021 and December 31, 2020. The schedule of investment portfolio of the Fund is as at December 31, 2021.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial instruments

#### (a) Classification

The Fund classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Fund may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at fair value. Purchases and sales of financial assets are recognized as at their trade date. The Fund classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. The investment in EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4) or other investment funds (collectively referred to as Underlying Funds) held by the Fund do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Fund's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Fund has elected to classify its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

The Fund's accounting policies for measuring the fair value of its investments are similar to those used in measuring net asset value (NAV) for unitholder transactions; except for items attributable to a difference in the valuation methodology applied under IFRS for trading purposes and the treatment of organization expenses. Refer to Fair Value Measurement for a description of the methodology applied under IFRS. There is a comparison of the NAV per unit and net assets attributable to holders of redeemable units per unit within note 11.

Financial assets and liabilities may be offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

#### (b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statements of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income within 'Change in unrealized appreciation (depreciation) on investments' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost, less any impairment losses. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' in the statements of comprehensive income.

#### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

EPSO4 does not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of EPSO4 as reported by Citco Fund Services (Curacao) B.V. (Citco), its administrator. Adjustments may be made, if necessary, based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of EPSO4 if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The Manager will monitor these estimates regularly and update them as necessary if macro or individual fund changes warrant any adjustments.

The manager of the underlying funds held within EPSO4 itself uses valuation techniques to determine the fair value of investments in the underlying fund for which market prices are not readily available. Citco relies on financial data furnished to it by the advisor and/or manager of the underlying fund including but not limited to, valuation of such investments. EPSO4 is audited annually by an independent auditor. There is no guarantee that the value ascribed to EPSO4 or any investment held by EPSO4 will represent the value to be realized in the eventual disposition of such investment or that could be realized upon an immediate disposition of such investment. All security valuation techniques are periodically reviewed and approved by the Manager. The Manager provides administration and oversight of the Fund's valuation policies and procedures. These procedures allow the Fund to utilize the latest net asset value pricing available, estimated total returns and other relevant market sources to determine fair value.

Net changes in fair value of securities at FVTPL are included in the statements of comprehensive income in 'Change in unrealized appreciation (depreciation) on investments'.

#### **Revenue recognition**

'Interest for distribution purposes' shown on the statements of comprehensive income represents the stated rate of interest earned by the Fund on fixed income securities accounted for on an accrual basis, as applicable. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities other than zero coupon debt securities which are amortized on a straight line basis. Interest receivable is shown separately in the statements of financial position based on the debt instruments' stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

#### **Foreign currency translation**

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income. Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income within 'Net realized gain (loss) on investments', as applicable.

Unrealized exchange gains or losses on investments are included in 'Change in unrealized appreciation (depreciation) of investments' in the statements of comprehensive income.

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

#### **Cash and cash equivalents**

The Fund considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

#### **Cost of investments**

The cost of investments represents the cost for each security excluding transaction costs. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments, which includes transaction costs.

#### **Redeemable units**

The Fund issues multiple series of redeemable units which are redeemable quarterly upon 60 calendar days' notice. Thereafter, units are redeemable at the holder's option but do not have identical rights. Redeemable units can be put back to the Fund at any redemption date for cash equal to a proportionate share of the Fund's NAV attributable to the unit series.

The redeemable units are carried at the redemption amount that is payable at the statements of financial position date if the holder exercises the right to put the units back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The Fund's NAV per unit is calculated by dividing the net assets attributable to the holders of each series of redeemable units by the total number of outstanding redeemable units of each respective series.

The Fund's units do not meet the criteria in IAS 32 for classification as equity as the units are redeemable on demand for cash and therefore, have been classified as financial liabilities.

#### Expenses

Expenses of the Fund including management fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income.

#### Organization expenses

Organization expenses including legal fees, time spent by the Manager to create the Fund, and registration fees associated with the formation of the Fund are recoverable from the Fund by the Manager and expensed for NAV purposes in equal installments over 60 months commencing March 31, 2018. For financial reporting purposes, these fees were expensed in their entirety in the first fiscal year of the Fund.

#### Increase (decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the weighted average units outstanding of that series during the reporting period.

#### Distributions to unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. The Fund will distribute sufficient net income and net realized capital gains to unitholders annually to ensure that the Fund is not liable for ordinary income taxes. All distributions by the Fund will be automatically reinvested in additional units of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

#### Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to a series are charged to that series. The Fund's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each series based upon the relative NAV of each series.

#### Allocation of non-cash items on the statement of cash flows

The Fund includes only the net cash flow impact and does not include non-cash switches between series of the Fund that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. For the six-month period ended December 31, 2021, \$14,958 of non-cash switches have been excluded from the Fund's operation and financing activities on the statements of cash flows (December 31, 2020: \$nil).

#### Future accounting changes

There are no new accounting standards effective after January 1, 2021 which affect the accounting policies of the Fund.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Fund has made in preparing these financial statements.

#### Fair Value of Underlying Funds

The fair value of Underlying Funds that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Fund may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value.

The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

#### Classification of financial assets and liabilities

Financial assets may be classified as financial assets at amortized cost, financial assets at FVTPL or financial assets at fair value through other comprehensive income. Financial liabilities may be classified as financial liabilities at amortized cost or financial liabilities at FVTPL. In order to classify its financial assets and liabilities in accordance with IFRS 9, the Manager uses judgment to assess the business model of the Fund and the cash flows of its financial assets and liabilities. The classification of financial assets and liabilities of the Fund are outlined in note 3.

## COVID-19

While the precise impact of the recent COVID-19 outbreak remains unknown, it has introduced uncertainty and volatility in global markets and economies. This is a continuing situation and might impact the Fund's ability to generate income and charge related parties for reimbursement of expenses. Currently, it is unknown as to the impact on the Fund's receivables and investments if COVID-19 persists for an extended period. The Fund may incur reductions in revenue relating to such events outside of their control, which could have a material adverse impact on the Fund's business, operating results, revenues and financial condition. The Manager continues to assess the impact of COVID-19 on its investment in EPSO4 and its underlying investments. No adjustments have been reflected in the financial statements at this time. See the Fund Commentary for specific details on COVID-19.

## 5. FINANCIAL INSTRUMENTS

### (a) Risk management

The Fund's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), concentration risk, liquidity risk and credit risk. The Fund has indirect exposure to various financial risks through its investment in the Underlying Funds. The Manager makes investment decisions after due diligence of an Underlying Fund, its strategy and the overall quality of the Underlying Fund's manager. All of the underlying investments in the Underlying Funds are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets may not exist for these holdings, and therefore may be considered illiquid. The Fund is therefore indirectly exposed to each financial risk of the respective underlying investment in proportion to its investments in such Underlying Fund. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's investment objectives and risk tolerance per the Fund's offering memorandum. All investments result in a risk of loss of capital.

The Fund invests in EPSO4. EPSO4 seeks to achieve above-average rates of return and long-term capital growth by investing in highly attractive, select investment opportunities through private investment entities and/or separately managed accounts. EPSO4 expects to invest in a broad range of investments and the Fund is indirectly exposed to risks of these investments. EPSO4 makes investment decisions after an extensive assessment of underlying funds, its strategies and the overall quality of underlying fund managers. EPSO4 is presented with "best idea" investment opportunities typically in asset classes where market dislocations or other events have created attractive investment opportunities. Since EPSO4 will seek to invest in the "best ideas" that are presented to it (rather than a diversified portfolio), its results can be expected to be more idiosyncratic. The Manager of the Fund reviews EPSO4 and other EnTrust Global funds' investment decisions, comments, news and performance typically on a monthly basis.

### Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If the price of investments held by the Fund on December 31, 2021 had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by \$1,354,773 (June 30, 2021: \$1,279,611). Actual results may differ from the above sensitivity analysis and the difference could be material.

The Fund has indirect exposure to price risk through its investment in EPSO4. EPSO4 is susceptible to market price risk caused by increases or decreases in the fair value of its investments arising from uncertainties about future values and events. Previous prices realized on past "best ideas" opportunities may not be indicative of prices realized on current "best ideas" opportunities. As at December 31, 2021, approximately 97% of the committed capital of the portfolio of EPSO4 Class A units and 75% in Class D units is held in an equity strategy (June 30, 2021: Class A units 88%, Class D units 68%).

### Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type or industry sector. As at December 31, 2021, the Fund has invested 100.0% of the net assets attributable to holders of redeemable units into EPSO4 (June 30, 2021: 100.0%).

The Fund has indirect exposure to concentration risk through its investment in EPSO4. EPSO4 is not restricted in the investment strategies that it may employ and is agnostic in terms of sector, geography, strategy, asset class, theme, etc. No formalized or pre-existing allocation framework with respect to such categories lends itself to diversified exposure. Based on this flexible mandate which is aimed for nimble deployment of capital across a broad range of ideas, EPSO4's asset allocations change over time based on the market environment and the opportunities they believe provide the best risk/reward in each environment. EPSO4 generally targets 3% to 7% for any single idea, and a majority of co-investments are in marketable and/or listed equities and credits. When EPSO4 has exposure to certain pre-IPO/private positions, such opportunities have tended to be sized at or below the low end of the foregoing range at around 2%, upon inception. As December 30, 2021, unrealized investments and committed capital in Class A units and Class D units of EPSO4 comprised 30 investments and 21 investments, respectively, and approximately 97% was held in an equity strategy and 12% in a credit strategy in various sectors and geographic regions for Class A units and approximately 74% was held in an equity strategy and 7% in a credit strategy for Class D units (June 30, 2021: Class A units 30 investments, 88% equity strategy, 13% credit strategy, Class D units 20 investments, 68% equity strategy, 8% credit strategy).

### Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Fund, such as bonds. The fair value and future cash flows of such instruments held by the Fund will fluctuate due to changes in market interest rates.

As at December 31, 2021 and June 30, 2021, the Fund did not have significant exposure to interest rate risk.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

The tables below indicate the foreign currencies to which the Fund had significant exposure as at December 31, 2021 and June 30, 2021, in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2021	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
United States Dollar	11,477	13,547,729	13,559,206	1,148	1,354,773	1,355,921
<b>Total</b>	<b>11,477</b>	<b>13,547,729</b>	<b>13,559,206</b>	<b>1,148</b>	<b>1,354,773</b>	<b>1,355,921</b>
% of net assets attributable to holders of redeemable units	0.1%	102.0%	102.1%	-	10.2%	10.2%

June 30, 2021	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
United States Dollar	27,832	12,796,110	12,823,942	2,783	1,279,611	1,282,394
<b>Total</b>	<b>27,832</b>	<b>12,796,110</b>	<b>12,823,942</b>	<b>2,783</b>	<b>1,279,611</b>	<b>1,282,394</b>
% of net assets attributable to holders of redeemable units	0.2%	101.0%	101.2%	-	10.1%	10.1%

### Liquidity risk

Liquidity risk is the risk that the Fund, or the Underlying Fund, will encounter difficulty in meeting their obligations associated with financial liabilities. The Fund is exposed to quarterly cash redemptions and may borrow on margin to make investments. The Fund has the option to pay redemptions through the issuance of promissory notes (Redemption Notes). Redemption Notes will have an interest rate that is equal to the Bank of Canada overnight rate, reset each year as at January 1, simple interest per annum, calculated from the day the Redemption Note is issued and such other commercially reasonable terms as the Manager may prescribe, subject to a maximum term of five (5) years from the date of issue. Redemption Notes may be prepaid in part or full at any time at the option of the issuer prior to maturity, without notice, bonus or penalty, as determined in the sole discretion of the Manager, provided that the applicable interest shall be paid at the end of the term of the Redemption Note. The Manager monitors the Fund's liquidity positions on an ongoing basis.

The Fund is committed and invested in an unlisted Underlying Fund, which does not permit redemptions during the three years following its initial commitment, plus a potential one-year extension. Following this period, the Fund may redeem shares of EPSO4 quarterly upon 95 days' notice. As a result, the Fund may not be able to quickly liquidate its investment in EPSO4 at amounts, which approximate fair value, or be able to respond to specific events such as deterioration of creditworthiness of the issuer. The Fund's capital commitment to EPSO4 can be called within a notice period as outlined in the subscription agreement between the Fund and EPSO4. The Manager manages the capital calls through cash flow management. As at December 31, 2021, the Fund's total commitment to EPSO4 was US\$8,500,000 for Class A units and US\$100,000 for Class D units. For Class A units, US\$8,500,000 has been called and for Class D units, US\$90,931 has been called and US\$9,069 remains uncalled. The Fund has indirect exposure to liquidity risk through its investment in EPSO4. EPSO4 may invest in Portfolios that may be subject to a lock-up and redemption policies, and may not be able to sell investments quickly or at fair value.

Organization expenses payable is due and payable over a 60-month period. Other obligations of the Fund are due within three months from the financial reporting date.

### Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet its obligation.

As at December 31, 2021 and June 30, 2021, the Fund did not have significant exposure to credit risk. The Fund has indirect exposure to credit risk through its investment in EPSO4 through its direct investments with counterparties or those investments through a portfolio with other counterparties that may not be able to fulfill contractual obligations. As at December 31, 2021, approximately 12% and 7% of the committed capital of EPSO4 Class A and Class D units, respectively, are held in a credit strategy (June 30, 2021: Class A units 13%, Class D units 8%).



**(b) Fair value of financial instruments**

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The following tables illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2021 and June 30, 2021.

December 31, 2021	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Underlying Funds	-	13,547,729	-	13,547,729
<b>Total</b>	-	<b>13,547,729</b>	-	<b>13,547,729</b>

June 30, 2021	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Underlying Funds	-	12,796,110	-	12,796,110
<b>Total</b>	-	<b>12,796,110</b>	-	<b>12,796,110</b>

**(c) Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- i) restricted activities;
- ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and
- iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investment in EPSO4 to be an investment in an unconsolidated structured entity. EPSO4 is valued as per above section on Fair Value Measurement. The change in fair value of the structured entity is included in the statements of comprehensive income in 'Change in unrealized appreciation (depreciation) on investments'. The Fund's investment in EPSO4 is subject to the terms and conditions of its offering documents and are susceptible to market price risk arising from uncertainties about future values. The Manager makes investment decisions after extensive due diligence on the strategy and overall quality of the Underlying Fund's manager.

The exposure to investment in EPSO4 at fair value as at December 31, 2021 and June 30, 2021 are presented in the following tables. This investment is included at fair value in financial assets at FVTPL in the statements of financial position. The Manager's best estimate of the maximum exposure to loss from the Fund's investment in EPSO4 (in Canadian dollars) is the fair value below.

December 31, 2021	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
EnTrustPermal Special Opportunities Fund IV Ltd. Class A	13,408,477	977,786,386	1.4%
EnTrustPermal Special Opportunities Fund IV Ltd. Class D	139,252	31,979,912	0.4%

  

June 30, 2021	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
EnTrustPermal Special Opportunities Fund IV Ltd. Class A	12,680,264	958,153,363	1.3%
EnTrustPermal Special Opportunities Fund IV Ltd. Class D	115,846	31,337,786	0.4%

## 6. REDEEMABLE UNITS

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series F and Series O, having such terms and conditions as the Manager may determine. Additional series may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a series represents an undivided ownership interest in the net assets of the Fund attributable to that series of units.

The Fund's NAV per unit is determined on the last business day of each quarter at the close of regular trading on the Toronto Stock Exchange or on such other date as determined by the Manager (each, a Valuation Date). Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise, the redemption will be processed as at the next Valuation Date. If a unitholder redeems his or her units within the first 60 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 5% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund.

The Fund endeavors to invest capital in appropriate investments in conjunction with its investment objectives. The Fund maintains sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

The principal difference between the series of units relates to the management fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. All units are entitled to participate in the Fund's liquidation of assets on a series basis. Units are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units being redeemed, determined at the close of business on the redemption date, as outlined in the offering memorandum.

Series A Units are available to investors who meet eligibility requirements and who invest a minimum of \$10,000.

Series F Units are available to investors who meet eligibility requirements and who invest a minimum of \$10,000, who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with the Manager, investors for whom the Fund does not incur distribution costs, or individual investors approved by the Manager.

Series O Units are available to certain institutional investors making a minimum investment of \$500,000. The Fund has not yet issued any Series O Units.

The number of units issued and outstanding for the six-months ended December 31, 2021 and December 31, 2020 was as follows:

December 31, 2021	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series A Units	18,669	-	-	299	18,370	18,519
Series F Units	225,282	287	-	489	225,080	225,181

  

December 31, 2020	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series A Units	24,583	315	-	3,228	21,670	24,845
Series F Units	215,121	8,893	-	149	223,865	219,769

## 7. TAXATION

The Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada) (the Tax Act).

The Fund calculates taxable and net capital gains/(losses) in accordance with the Tax Act and intends to distribute sufficient net income and net realized capital gains, if any, to ensure it does not pay ordinary income tax. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the statements of financial position as a deferred income tax asset.

The taxation year end of the Fund is December 31.

The Fund has \$53,492 of unused capital losses which can be carried forward indefinitely by the Fund. The following chart presents the amount of non-capital loss carry forward available to the Fund by year of expiry:

	2037 (\$)	2038 (\$)	2039 (\$)	2040 (\$)	2041 (\$)	Total (\$)
Non-Capital Loss	45	23,674	90,074	12,044	50,740	176,577

## 8. FEES AND EXPENSES

Pursuant to the Fund's offering memorandum, the Fund agrees to pay management fees to the Manager, calculated and accrued on each Valuation Date. The annual management fee rate of the respective series of units are 1.85% for Series A Units and 0.85% for Series F Units.

Management fees on Series O Units are negotiated with the Manager. Such fees are paid directly to the Manager and are not deducted from the NAV of Series O.

The Manager is reimbursed for any operating expenses it incurs on behalf of the Fund, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the independent review committee, bank charges, the cost of financial reporting, expenses related to conducting unitholder meetings, costs associated with providing Fundserv access for registered dealers and all related sales taxes. The Manager also provides key management personnel to the Fund. The Manager may charge the Fund for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Fund. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a mark-up or administration fee. The Manager may waive or absorb management fees and operating expenses at its discretion but is under no obligation to do so.

The Fund is also responsible for all costs associated with its creation and organization of the Fund including but not limited to legal and audit costs, registration and regulatory filing fees, costs associated with due diligence by registered dealers, printing costs, postage and courier costs and time spent by personnel of the Manager at fully allocated costs. The Manager has paid the costs associated with the formation and creation of the Fund and the offering of units and is entitled to reimbursement from the Fund for such costs.

All management fees, operating expenses and organization expenses payable by the Fund to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

## 9. SOFT DOLLARS

Allocation of business to brokers of the Fund is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to execute portfolio transactions with dealers who provide research, statistical and other similar services to the Fund or to the Manager at prices which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

The Manager may use third party proprietary research, which is generally also available on a subscription basis, the value of which will be used to approximate the value of research and other similar services received from third parties through commission sharing arrangements with executing brokers. The Fund has not participated in any third party soft dollar arrangements to date.

## 10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, operating expenses and organization expenses that were paid to the Manager by the Fund during the six-month periods ended December 31, 2021 and December 31, 2020. The table includes the amount of operating expense reimbursement that was paid to affiliates of the Manager. All of the dollar amounts in the tables below exclude applicable GST or HST.

	Management Fees (\$)	Operating Expense Reimbursement (\$)	Operating Expense Reimbursed to Affiliates of the Manager (\$)	Organizational Expenses (\$)
December 31, 2021	60,131	32,564	936	4,674
December 31, 2020	53,561	28,219	447	4,674

The Fund owed the following amounts to the Manager excluding the applicable GST or HST.

As at	Management Fees (\$)	Operating Expense Reimbursement (\$)	Organizational Expenses (\$)
December 31, 2021	162,304	86,991	24,146
June 30, 2021	102,173	54,427	24,146

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course of business. As at December 31, 2021, Related Parties held 11,014 units of the Fund (December 31, 2020: 11,014).

## 11. RECONCILIATION OF NAV PER UNIT AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The following tables provide a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Fund as at December 31, 2021 and June 30, 2021.

December 31, 2021	NAV per Unit (\$)	Net assets attributable to holders of redeemable units per Unit (\$)		
		Adjustment for organization expenses	Adjustment for fair value of Underlying Fund	Total
Series A Units	52.44	(0.05)	-	52.39
Series F Units	54.78	(0.05)	-	54.73

June 30, 2021	NAV per Unit (\$)	Net assets attributable to holders of redeemable units per Unit (\$)		
		Adjustment for organization expenses	Adjustment for fair value of Underlying Fund	Total
Series A Units	50.87	(0.07)	(0.64)	50.16
Series F Units	52.84	(0.07)	(0.67)	52.10

## 12. COMMITMENTS

On March 16, 2018, the Fund committed to invest US\$8,300,000 in EPSO4 Class A units. Following the close of business on July 31, 2020, Portland Value Plus Fund merged into the Fund and the Fund acquired a US\$200,000 commitment of EPSO4 as a result of the merger. As at December 31, 2021, the Fund's total commitment to the EPSO4 Class A units was paid in full.

On May 22, 2019, the Fund committed to invest an additional US\$100,000 in EPSO4 Class D units. As at December 31, 2021, US\$90,931 has been called and US\$9,069 remains uncalled.

Unfunded capital commitments to an Underlying Fund are not presented in the statement of financial position as a liability, as the unfunded capital represents a loan commitment that is not within the scope of IFRS 9.

## 13. EXEMPTION FROM FILING

The Fund is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

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