



**PORTLAND**  
INVESTMENT COUNSEL®

PORTLAND 15 OF 15 FUND  
**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

MARCH 31, 2020

PORTFOLIO  
MANAGEMENT TEAM

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

**Dragos Berbecel**  
Portfolio Manager

## Management Discussion of Fund Performance Portland 15 of 15 Fund

This 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 [info@portlandic.com](mailto:info@portlandic.com) or 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7 or visiting our website at [www.portlandic.com](http://www.portlandic.com) or SEDAR at [www.sedar.com](http://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 Portland Investment Counsel Inc. (the Manager) contained in this report are as of March 31, 2020 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information, please contact us using the above methods. All references to performance relate to Series F units. The performance of other units may be different than that of the Series F units due to differing fees.

### INVESTMENT OBJECTIVE AND STRATEGIES

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

### RISK

As at April 18, 2019, the risk rating of the Fund was changed from a medium level of risk to a low to medium level of risk. Investors should be able to accept a low to medium level of risk and plan to hold for the medium to long term.

### RESULTS OF OPERATIONS

For the six months ended March 31, 2020, the Fund's Series F units had a return of (4.0%). For the same period, the Fund's benchmark, the S&P 500 Total Return Index (the Index), had a return of (6.0%). For the full period since inception of the Fund on April 28, 2017 to March 31, 2020, the Fund's Series F units had an annualized return of (1.5%). For the same period, the Index had an annualized return of 6.3%. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's net asset value at March 31, 2020 was \$0.9 million. Sector mix at March 31, 2020 was health care, 25.9%; financials, 23.4%; cash and other net assets (liabilities), 18.5%; communication services, 13.7%; information technology, 9.6%; consumer staples, 4.8%; industrials, 2.3%; and consumer discretionary, 1.8%. By geography, assets were invested in securities of issuers based in United States, 53.3%; Australia, 13.8%; Canada, 7.9%; Bermuda, 2.3%; Guernsey, 2.2%; British Virgin Islands, 2.0%; and cash and other net assets (liabilities), 18.5%.

The top three contributors to the Fund's performance during the six months ended March 31, 2020 were Whitecap Resources, Inc., Liberty Latin America Ltd. and Carnival Corporation.

At the end of December 2019, concerned with what we believed to be rapidly increasing equity valuations, we made the decision to increase the Fund's cash and other net assets (liabilities) allocation to approximately 46%. In the process, we exited our investments in BlackRock Capital Investment Corporation, Carnival Corporation, Liberty Latin America and Whitecap Resources. As a result, given the severe sell off experienced in the first quarter triggered by the coronavirus crisis, securities exited turned out to be top contributors to fund performance during the period.

By the end of February 2020, the 46% cash and other net assets (liabilities) allocation had not materially changed, and the Fund entered the current novel coronavirus (COVID-19) crisis well positioned to take advantage of opportunities within its universe of targeted investments. Taking advantage of the opportunities provided by the market dislocation during the latter part of the first quarter of 2020, we initiated positions in Ares Management Corporation, Apple Inc., Brookfield Business Partners L.P., D.R. Horton, Inc., Nomad Foods Ltd., Microsoft Corporation, Repligen Corporation, Pershing Square Holdings Ltd. and Stryker Corporation, while exiting our investments in Fortis, Inc., Linamar Corporation and Fortive Corporation.

A brief description of the investment case for each of the newly included holdings is provided below.

Ares Management Corporation is a pre-eminent alternative asset manager, focused on private debt, private equity and infrastructure, providing public access to alternatives through its traded funds. Its founders and employees own 61% of the company, exhibiting a deeply embedded culture of ownership. Ares had approximately \$149 billion under management at the end of 2019, including \$34.6 billion of available capital for investment, allowing it to be opportunistic in this volatile environment.

Brookfield Business Partners L.P. is the publicly listed partnership and is a private equity arm of Brookfield Asset Management, who alongside the partnership's management, owns about 12% of the partnership. Another partnership key shareholder is OMERS, the pension plan of Ontario municipal employees, who owns 14.5% of the business. The partnership owns and operates a number of businesses with what we believe are attractive economics, which it has acquired on opportunistic basis. The partnership closed its fifth private equity fund in November of 2019, at \$9 billion, more than twice its predecessor and has therefore ample liquidity for opportunities.

D.R.Horton, Inc. is America's largest homebuilder. It was founded in 1978 in Fort Worth, Texas, by Donald Ryan Horton, still the Executive Chairman of the Board. We believe they are well positioned to continue to benefit from the secular growth trend in U.S. household formation, which drives the need for shelter, but also from the tight inventory of new homes and near historical affordability. We believe the company is well capitalized and, given its high proportion of variable costs, has been proven to have good flexibility during times of upheaval.

Nomad Foods Ltd., the brainchild of successful businessman, Martin Franklin and his partner, famed investor Noam Gottesman, quickly became one of the largest frozen food businesses in Europe, by a wide margin, through what we believe was judicious capital allocation. The business also benefits from the leadership of its CEO, Stefan Descheemaeker, who oversaw the merger of Interbrew with 3G Capital's Ambev and took inspiration from 3G Group's approach to operations and mergers and acquisitions. Besides its intrinsically defensive business model (i.e. frozen food is in high demand even in recessionary times), we believe its cash generation capabilities and growing cash pile positions is well to take advantage of further opportunities in the current environment.

Microsoft Corporation. For about 15 years after Bill Gates stepped down from the CEO position at Microsoft, it looked like hope was lost for this software giant. But the 2014 appointment of Satya Nadella as a replacement for Steve Ballmer, ignited a new chapter for the "old damme" of the technology sector. Nadella correctly identified the cloud as the next transformational change that all businesses, big and small, will have to undertake in the next decade. The creation of the Azure cloud platform, and the execution around that have restored the morale and the innovation spirit in the company. The massive global installed base of Office and Windows users is a cash flow machine which allows Microsoft to reinvest and increase its leadership position in this very exciting sector.

Repligen Corporation. As a bioprocessing company, Repligen is ideally suited to take advantage of the increased need for the development, production and commercialization of products used to improve the interconnected phases of the biological drug manufacturing process (i.e. a key cog in the fast growing biotechnology sector). Its clients are biopharma companies and the company derives the bulk of its revenues from recurring business, such as consumables.

Pershing Square Holdings Ltd. The famous activist investor Bill Ackman's investment vehicle is a collection of blue-chip companies, only some of which are activism targets. His investments currently include Agilent, Berkshire Hathaway, Chipotle Mexican Grill, Hilton Worldwide, Restaurant Brands International, Lowe's and Howard Hughes. We find the roughly 35% discount to the fund's net asset value to be a very compelling investment proposition, in addition to Bill Ackman's investment prowess. The fund very recently revealed a \$2.6 billion gain from a market hedge position, which was set-up under the belief that the market would suffer as the COVID-19 crisis unfolds.

Stryker Corporation. The Kalamazoo, Michigan based company is one of the leading medical technology companies, offering innovative products and services through orthopaedics, medical and surgical as well as neurotechnology and spine divisions. Its strong cash generation capabilities allows it to face the current crisis with over \$10 billion of surplus cash, a valuable war chest.

## RECENT DEVELOPMENTS

A special meeting of unitholders held on March 26, 2020, resulted in Unitholders voting in favour of the Fund merging into Portland Global Dividend Fund, and Portland Global Dividend Fund then converting into an alternative mutual fund and being renamed Portland 15 of 15

Alternative Fund, effective on the close of business day on April 17, 2020.

The Portland 15 of 15 Alternative Fund's objective is to provide positive long-term total returns by investing primarily in a portfolio of global equities and debt-like securities. In selecting its investment, the Fund considers 15 principles/attributes which the Manager believes will result in successful wealth creation. The Fund may also engage in borrowing for investment purposes. The Fund seeks to provide capital growth and income by primarily investing in a portfolio of equities/ADRs and which may include ETFs with a focus on North American listed companies.

Alternative mutual funds are permitted to use strategies generally prohibited for conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer; the ability to invest up to 100% or more of its net asset value in physical commodities either directly or through the use of specified derivatives; borrow cash, up to 50% of its net asset value, to use for investment purposes; sell, up to 50% of its net asset value, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and aggregate exposure up to 300% of its net asset value; among other things.

The Manager expects that the investable universe of the Portland 15 of 15 Alternative Fund would be primarily, though not exclusively, consisting of U.S. listed equity securities, screened for adherence to the 15 investment criteria. The 15 criteria are used to drive the Manager's investment behaviour (the five laws of wealth creation) and the Manager's security selection process (the ten traits of successful private and private-like businesses). To detail, the Manager believes that wealth is being created by owning a few businesses, which are well understood, reside in long-term growth industries, use other people's money prudently and which are held for the long term. Quality businesses are led by an owner/operator, have concentrated and easily identifiable ownership, exhibit autocratic and entrepreneurial management and board which are focused on growth, allow low turnover in its managerial ranks, have risks and rewards which are symmetrically distributed and focus on long-term goals and business fundamentals. Investment decisions incorporate fundamental analysis and adhere to a value discipline. Investments are managed with a long term focus, which result in a low turnover, concentrated portfolio. The Fund's investments are expected to be concentrated in, but not limited to the financial services, healthcare and technology sectors.

## RELATED PARTY TRANSACTIONS

The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During the period ended March 31, 2020, the Manager received \$11,903 in management fees from the Fund, net of applicable taxes (March 31, 2019: \$11,813).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of comprehensive income. Depending on their nature, some expenditures are allocated to the Fund based on a variety of methods including net asset value or actual costs incurred. During the period ended March 31, 2020, the Manager was reimbursed \$3,963 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes (March 31, 2019: \$3,382). The Manager absorbed \$50,920 of operating expenses during the period ended March 31, 2020, net of applicable taxes (March 31, 2019: \$44,060). Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager

were reimbursed \$537 during the period ended March 31, 2020 by the Fund for such services (March 31, 2019: \$246).

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. 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, 2020, Related Parties owned 1,042 shares of the Fund (March 31, 2019: 15,000).

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, 2020

## Top 25 Investments\*

	% of Net Asset Value
Cash	18.7%
Telix Pharmaceuticals Limited	13.8%
Berkshire Hathaway Inc.	11.4%
Danaher Corporation	8.6%
Brookfield Asset Management Inc.	7.9%
Alphabet Inc.	7.2%
Facebook, Inc.	6.5%
Oracle Corporation	5.9%
Walgreens Boots Alliance, Inc.	2.8%
Brookfield Business Partners L.P.	2.3%
Pershing Square Holdings Ltd.	2.2%
Nomad Foods Ltd.	2.0%
Stryker Corporation	2.0%
Apple Inc.	1.9%
Ares Management Corporation	1.9%
Microsoft Corporation	1.8%
D.R. Horton, Inc.	1.8%
Repligen Corporation	1.5%
<b>Grand Total</b>	<b>100.2%</b>

**Total net asset value** **\$925,905**

\* Where the Fund holds less than 25 holdings, all investments have been disclosed. There may be other assets and liabilities which are not included, and therefore the summary may not add up to 100%.

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end by visiting [www.portlandic.com](http://www.portlandic.com) or contacting us at 1-888-710-4242.

## Portfolio Composition

Sector	
Health Care	25.9%
Financials	23.4%
Cash and Other Net Assets (Liabilities)	18.5%
Communication Services	13.7%
Information Technology	9.6%
Consumer Staples	4.8%
Industrials	2.3%
Consumer Discretionary	1.8%

Geographic Region	
United States	53.3%
Cash and Other Net Assets (Liabilities)	18.5%
Australia	13.8%
Canada	7.9%
Bermuda	2.3%
Guernsey	2.2%
British Virgin Islands	2.0%

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

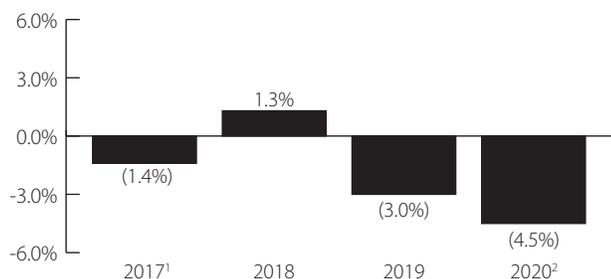
## Past Performance

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 Fund in the periods shown were reinvested in additional securities of the 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.

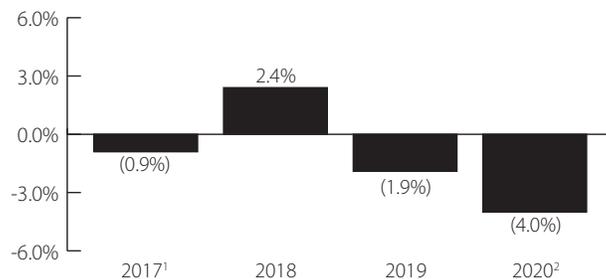
## Year-By-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown and illustrates how the investment fund's performance has changed from year to year. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

Series A Units



Series F Units



1. Return for 2017 represents a partial year starting April 28, 2017 to September 30, 2017.

2. Return for 2020 represents a partial year starting October 1, 2019 to March 31, 2020.

## 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 portfolio 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%	37%	-	63%
Series F	1.00%	-	-	100%

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception. Information for 2020 is presented for the six-month period ended March 31, 2020 and for all other periods, information is as at September 30 of the year shown.

### Series A Units - Net Assets per unit<sup>(a)</sup>

For the periods ended	2020	2019	2018	2017
Net assets, beginning of the period	\$9.31	\$9.98	\$9.86	\$10.00 <sup>(b)</sup>
Increase (decrease) from operations:				
Total revenue	0.06	0.15	0.15	0.05
Total expenses	(0.14)	(0.27)	(0.29)	(0.12)
Realized gains (losses)	(0.76)	(0.05)	-	-
Unrealized gains (losses)	0.41	(0.20)	0.25	0.02
Total increase (decrease) from operations <sup>2</sup>	(0.44)	(0.37)	0.11	(0.05)
Distributions to unitholders:				
From income	-	(0.30)	-	-
From dividends	-	(0.05)	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total annual distributions <sup>3</sup>	-	(0.35)	-	-
Net assets, end of period <sup>4</sup>	\$8.89	\$9.31	\$9.98	\$9.86

### Series A Units - Ratios/Supplemental Data

For the periods ended	2020	2019	2018	2017
Total net asset value	\$837,681	\$902,234	\$1,103,679	\$583,373
Number of units outstanding	94,268	96,942	110,538	59,160
Management expense ratio <sup>2</sup>	2.60%	2.83%	2.83%	2.84% *
Management expense ratio before waivers or absorptions <sup>5</sup>	10.26%	9.26%	9.77%	18.74% *
Trading expense ratio <sup>6</sup>	0.08%	0.03%	0.02%	0.08% *
Portfolio turnover rate <sup>7</sup>	25.61%	27.49%	4.37%	5.16%
Net asset value per unit	\$8.89	\$9.31	\$9.98	\$9.86

### Series F Units - Net Assets per unit<sup>(a)</sup>

For the periods ended	2020	2019	2018	2017
Net assets, beginning of the period	\$9.49	\$10.14	\$9.91	\$10.00 <sup>(b)</sup>
Increase (decrease) from operations:				
Total revenue	0.06	0.16	0.15	0.05
Total expenses	(0.08)	(0.16)	(0.18)	(0.08)
Realized gains (losses)	(0.77)	0.02	-	(0.01)
Unrealized gains (losses)	0.29	(0.15)	0.27	0.01
Total increase (decrease) from operations <sup>2</sup>	(0.51)	(0.13)	0.24	(0.03)
Distributions to unitholders:				
From income	-	(0.36)	-	-
From dividends	-	(0.06)	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total annual distributions <sup>3</sup>	-	(0.42)	-	-
Net assets, end of period <sup>4</sup>	\$9.11	\$9.49	\$10.14	\$9.91

### Series F Units - Ratios/Supplemental Data

For the periods ended	2020	2019	2018	2017
Total net asset value	\$88,225	\$724,420	\$376,639	\$373,406
Number of units outstanding	9,682	76,327	37,126	37,693
Management expense ratio <sup>2</sup>	2.21%	1.70%	1.70%	1.70% *
Management expense ratio before waivers or absorptions <sup>5</sup>	9.87%	8.13%	8.64%	17.60% *
Trading expense ratio <sup>6</sup>	0.08%	0.03%	0.02%	0.08% *
Portfolio turnover rate <sup>7</sup>	25.61%	27.49%	4.37%	5.16%
Net asset value per unit	\$9.11	\$9.49	\$10.14	\$9.91

† Initial offering price

\* Annualized

## Explanatory Notes

1. a) The information for March 31, 2020 is derived from the Fund's unaudited interim financial statements. For the remaining periods, the information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards.
- b) The following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first purchased by investors.

Series A Units	April 28, 2017
Series F Units	April 28, 2017
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted daily average number of units outstanding over the financial period.
3. Distributions are paid out in cash/reinvested in additional units of the Fund, or both.
4. This is not a reconciliation of the beginning and ending net assets per unit.
5. The management expense ratio is based on total expenses (excluding foreign withholding taxes, commissions and other portfolio transaction costs but including management fee distributions paid to certain unitholders in the form of additional units) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager may absorb certain expenses otherwise payable by the Fund. The amount of expenses absorbed is determined annually at the discretion of the Manager.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value of the Fund during the period.
7. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Portfolio turnover rate is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

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