Portland Investment Counsel®
Buy. Hold. And Prosper.®

PORTLAND GLOBAL ALTERNATIVE FUND

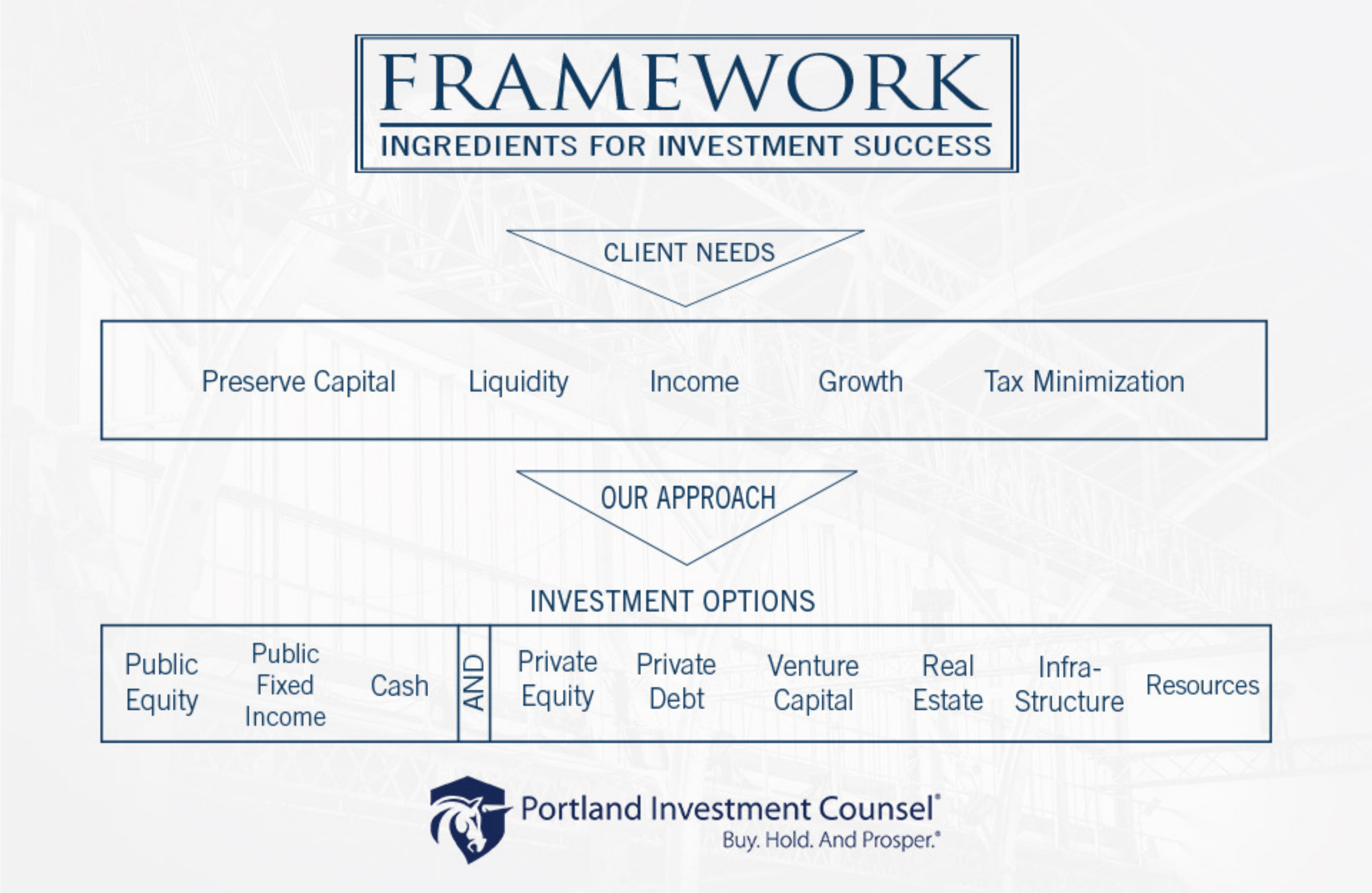
ALTERNATIVE MUTUAL FUND

POWERFUL INVESTING IN VALUABLE OPPORTUNITIES

DECEMBER 2023

THE PORTLAND DIFFERENCE

- "I'm a better investor because I'm a businessman, and a better businessman because I'm an investor." –Warren Buffett
- For more than 25 years, Portland has been a steward of investor's assets, as a mutual fund company and a high net worth platform.
- Portland is democratizing access to alternative and private investment opportunities for its clients.



INVESTMENT OBJECTIVE

- The Portland Global Alternative Fund's objective is to provide positive long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of global equities and debt-like securities

- The Portland Global Alternative Fund may also borrow for investment purposes

KEYS REASONS TO INVEST

Close Adherence to Framework

Five Laws of Wealth Creation

- Own a few high quality businesses
- Thoroughly understand these businesses
- Ensure these businesses are domiciled in strong, long-term growth industries
- Use other people’s money prudently
- Hold these businesses for the long run

KEYS REASONS TO INVEST

Investing in Undervalued Companies

- Adopting Warren Buffett's disciplines to invest in what we believe are undervalued businesses that exhibit long-term growth prospects
  - "Price is what you pay. Value is what you get."
  - "Widespread fear is your friend as an investor because it serves up bargain purchases."

KEYS REASONS TO INVEST

The Power of Investing through 'Aristocratic' Dividend Paying Companies

- Securities that have consistently increased the amount of dividends paid year over year for a long period of time
- Any year with no dividend growth or with a dividend cut would immediately exclude the equity from being an aristocrat
- On a global basis, we would only consider equities that have increased dividends every year through two economic cycles; and so generally the equities in the portfolio have been tested for a much longer period of time than 10 years

KEYS REASONS TO INVEST

Time in the Market

Maximize Future Value by Investing Longer

- The Future Value Formula is central to investing (see Appendix)

The Power of Compounding by Investing in 'Aristocratic' Dividend Payers

- The dividend discount model applied to aristocratic dividend paying companies, notably 'Dividend Kings' is compelling (see Appendix)

Investing in a Globally Diversified Portfolio

- The power of dividend investing combined with the benefits of global investing and asset class diversification for the potential to reduce volatility

KEYS REASONS TO INVEST

Timing the Market

Prudent Use of Leverage

- Accessing low-cost borrowing
- Use of leverage opportunistically to enhance the power of dividends and provide for potential capital appreciation
- Embedded product leverage is non-recourse to individual investors

KEY REASONS TO INVEST

- Professional use of a variable amount of leverage with the potential to outperform the benchmark
- Management fee from 0.75% per annum for Series F units
- Tax-efficient structure, currently housing tax losses of approximately $160 million

HOW THE FUND IS MANAGED

- Common shares of large global companies that the Manager identifies as the best global ideas that may include securities with a history of rising dividends and/or share buybacks over the long term
- Preference towards defensive sectors (Utilities and Consumer Staples) and low beta securities in order to minimize volatility and to increase the realized Sharpe Ratio*
- Utilizing low cost borrowing to purchase securities on margin and facilitate opportunistic investments during market volatility and irrational market valuations
- Selective use of options to generate additional returns

*Sharpe Ratio: is a measure for calculating risk-adjusted returns. It is calculated by subtracting the risk-free rate from the return of the portfolio and dividing that result by the standard deviation of the portfolio's excess return.

DEFENSIVE INVESTING

- **"Defensive and Dominating"**
  - Earnings remain stable through economic downturns
  - Often produce goods/services whose demand are unaffected by economic conditions
    - Utilities
    - Consumer Staples
    - Healthcare

FUND FEATURES

- The Portland Global Alternative Fund is eligible to be purchased in registered accounts
- The Portland Global Alternative Fund has been risk assessed as Medium to High risk
- The Portland Global Alternative Fund has been categorized in the Alternative Equity Focused category of the Canadian Investment Funds Standards Committee (CIFSC)
  - Funds in the Alternative Equity Focused category employ alternative strategies such as short selling or other forms of leverage. Alternative mutual funds that meet the requirements of National Instrument 81-102 and traditional hedge funds offered by offering memorandum are categorized using the same guidelines. The underlying securities should be primarily equities such that at least 50% of the portfolio is invested in equities. Funds in this category may use speculative and/or hedging strategies.

FEES AND FUND CODES

Fund Name	Series	Fund Code - ISC	Fund Code - DSC	Fund Code - LL	Management Fee	Performance Fee*
Portland Global Alternative Fund	A	PTL514	PTL512	PTL513	1.75%	10%*
Portland Global Alternative Fund	F	PTL008	n/a	n/a	0.75%	10%*

*Performance fee is 10% of the amount above the highest ever net asset value per unit of the Series (“High Water Mark”)[1].

POTENTIAL RISKS

The Manager believes the following risks may impact the performance of the Fund: concentration risk, currency risk, equity risk, leverage risk and debt securities risk. Please read the "What are the risks of investing in the Fund?" section in the Simplified Prospectus for a more detailed description of all the relevant risks.

APPENDIX

ALTERNATIVE VS. CONVENTIONAL MUTUAL FUNDS

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Investment Restriction*	Alternative Mutual Funds	Conventional Mutual Funds
Concentration Restriction	20% of NAV at time of investment	10% of NAV at time of investment
Illiquid Assets	10% of NAV at time of investment (hard cap at 15%, passively)	10% of NAV at time of investment (hard cap at 15%, passively)
Borrowing	Limited to 50% of NAV	Limited to 5% of NAV + cash cover
Short-selling	Up to 50% of NAV, with a single issuer limited to 10% of NAV with no cash cover requirements	Up to 20% of NAV, with a single issuer limited to 5% of NAV and 150% cash cover required in all cases
Leverage: Total Borrowing, Short-Selling and Derivatives Limits	Limited to 300% of NAV; sum of cash borrowing, short-selling, derivatives (excluding those used for hedging) divided by NAV	Leverage generally prohibited

*As per National Instrument 81-102 *Investment Funds*

THE FUTURE VALUE FORMULA

$$FV=PV(1+r_{at})^n$$

$$r_{at}=r_{pt}(1-t)$$

r_{at} makes a big difference[2]:

- $100,000 invested at 4% for 10 years leads to $148,024
- $100,000 invested at 8% for 10 years leads to $215,892
- $100,000 invested at 12% for 10 years leads to $310,585

But n makes a bigger difference AND is within your control[2]:

- $100,000 invested at 4% for 40 years leads to $480,102
- $100,000 invested at 8% for 40 years leads to $2,172,452
- $100,000 invested at 12% for 40 years leads to $9,305,097

DIVIDEND KINGS IN OUR PORTFOLIO

Dividend Kings have increased dividends every year for at least 50 years		
The Coca-Cola Company	Cincinnati Financial Corporation	Hormel Foods Corporation
The Colgate-Palmolive Company	Johnson & Johnson	The Procter & Gamble Company

DIVIDEND DISCOUNT MODEL

- Valuation theory based on the premise that a stock's value is only worth the present value of all future dividends that will be collected from the stock.
- A stock that pays a $1 dividend every year forever at a 5% discount rate is worth $20*.
  - The value of the first 5 years of the $1 dividend at a 5% discount rate is $4.33
  - The value of the first 15 years of the $1 dividend at a 5% discount rate is $10.38
  - The value of the first 50 years of the $1 dividend at a 5% discount rate is $18.26
- Dividend Kings have not only paid dividends every year for 50 years but have increased dividends every year for at least 50 years straight

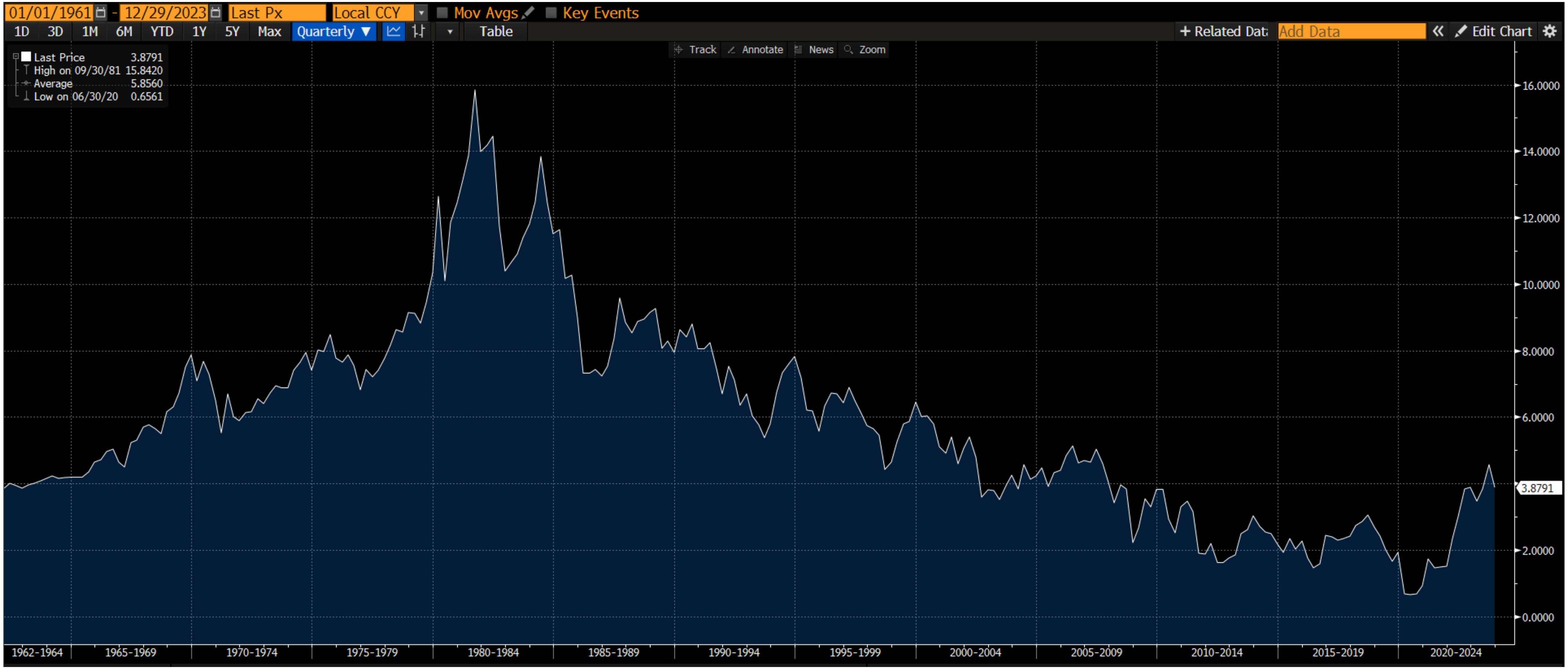
*See formula on page 22.

DIVIDEND DISCOUNT MODEL

- As an example, after purchasing a stock for $20 from the previous slide, assume two things happen in 1 year.
  - 1). You collect the $1 dividend and…
  - 2). The risk-free interest rate decreases by 0.5%
- Now, a stock that pays a $1 dividend every year forever at a 4.5% discount rate is worth $22.22*.
- In this example, in 1 year from now you have collected $1 in dividends and own a stock worth $22.22 amounting to a 1 year return of 16%[3].
- Discount Rates have tended to decrease over time…

*See formula on page 22.

10-YEAR US TREASURY YIELD SINCE 1962*



*Source: Bloomberg

DIVIDEND DISCOUNT MODEL

- $S = (D*(1+g))/(r-g)$ where:
  - S = share price
  - D = the current year's dividend
  - g = the expected growth rate for next year's dividend
  - r = cost of equity = $R_f + B*(R_M - R_f)$ where:
  - R_f = Risk-free rate of return
  - B = beta
  - R_M = Market Rate of Return

A CASE STUDY: PEPSICO, INC.

- PepsiCo, Inc. has raised its dividend every year for over 50 consecutive years → $g > 0\%$
- S as at December 31st, 2023 = US$169.84
- D for trailing 12 months as of December 31st, 2023 = US$4.945
- R_f = US 10 Year Treasury = 3.879%
- $(R_M - R_f) = 5\%$
- B = 2 Year Weekly Beta with the MSCI ACWI Index® as at December 31st, 2023 = 0.467
- r = cost of equity = 3.879% + 0.467*5% = 6.214%
- Implied g = 3.209%
- Therefore, US$169.84 = (US$4.945*(1+ 3.209%))/(6.214%- 3.209%)

- Downside risk is with a dividend growth rate less than 3.209%
  - As long as the dividend does not increase year over year at a rate less than 3.209% per annum forever or decrease then there is an opportunity to achieve capital gains on the stock

GLOSSARY

- Beta: is a measure of the volatility, or systematic risk, of an individual stock in comparison to the unsystematic risk of the entire market. In statistical terms, beta represents the slope of the line through a regression of data points from an individual stock's returns against those of the market.
- Implied Growth: within the dividend discount model, this is the increase in the dividend year over year such that it equates the current market price of the security with the value derived from the model using other observable market inputs
- Risk-free Rate of Return: the rate of return attributed to a hypothetical investment with no risk of loss

Disclosures:

1. The highest net asset value (NAV) on the last business day of the month for each Series of Units establishes a High Water Mark for each Series of Units which must be exceeded subsequently for the performance fee applicable to each Series of Units to be payable. At the inception of each Series of a Fund to which a performance fee may be applicable, the High Water Mark will be the initial NAV of the Series of Units.

2. Future value (FV) - is the amount of present value (PV) invested over a certain period of time (n), which is assumed to compound annually at an after-tax interest rate (r). FV=100,000*(1+0.04)40=480,102, where PV is the present value equal to 100,000, r equal to 4% (or 0.04) represents the after-tax interest rate that is invested within a 40-year time frame; FV=100,000*(1+0.08)40=2,172,452; FV=100,000*(1+0.12)40=9,305,097. V=100,000*(1+0.04)10=480,102, where PV is the present value equal to 100,000, r equal to 4% (or 0.04) represents the after-tax interest rate that is invested within a 10-year time frame; FV=100,000*(1+0.04)10=148,024; FV=100,000*(1+0.08)10=215,892; FV=100,000*(1+0.12)10=310,585

3. The 1 year return is calculated as (22.22+1-20)/20 = 16%.

Certain statements 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 a security. The forward-looking statements are not historical facts, but reflect the portfolio manager's current expectations regarding future results or events. 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 manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions [dividends] and does not take into account sales, redemptions, distributions or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their Financial Advisor before making a decision as to whether this Fund is a suitable investment for them.

Portland Investment Counsel Inc. has not independently verified all the information and opinions given in this material. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this material. The following is a partial list of resources used for this publication:. MSCI dividend masters indexes – MSCI

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