



PORTLAND
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PORTLAND ADVANTAGE FUND
INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

MARCH 31, 2018

PORTFOLIO
MANAGEMENT TEAM

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

Robert Almeida
Senior Vice President and Portfolio Manager

Management Discussion of Fund Performance Portland Advantage Fund

This interim management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-888-710-4242, by writing to us at 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7 or visiting our website at www.portlandic.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

The views of the portfolio management team contained in this report are as of March 31, 2018 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 Advantage Fund (the Fund) remains as discussed in the prospectus. The Fund's objective is to provide positive long-term total returns by investing primarily in a portfolio of Canadian equities. The Fund seeks to provide capital growth and income while moderating the volatility of equities by investing in a portfolio of equities/ADRs, and which may include exchange traded funds. The Fund may invest up to 49% in foreign securities in a manner consistent with its investment objective.

RISK

For the six months ended March 31, 2018, the return of market volatility was the main story as the S&P/TSX Composite Total Return Index hit record highs in January, only to subsequently fall by over 5% by March 31, 2018. Consistent with its investment objectives, the Fund was substantially fully invested in equity securities, and experienced the related volatility, in the period.

Similarly, but to a lesser degree, the Canadian dollar depreciated relative the U.S. dollar in October to mid-December, then appreciated by about 4% between mid-December and the beginning of February and finally depreciated again to end the six month period with a depreciation of about 3%. The Fund began and ended the period with approximately 40% of the Fund's assets invested in securities denominated in foreign currencies, which exposes the Fund's net asset value to the risk of Canadian dollar appreciation. We are of the opinion that any Canadian dollar appreciation would be underpinned by a strong U.S. economy, which would be reflected in better returns from the holdings of U.S. securities. Accordingly, the foreign currency exposure in the Fund continues to be unhedged.

The intensity of focus within the Fund increased slightly with the total number of equity securities ending the period at 18 (from 17 issuers), when adjusted to combine substantially similar securities, and the focus on the top five holdings increased from 39.6% to 44.3%. This intensity of focus creates the potential for more volatility but in our opinion,

improves the quality profile of the Fund and enhances the return potential.

RESULTS OF OPERATIONS

For the six month period ended March 31, 2018, the Fund's benchmark, the S&P/TSX Composite Total Return Index, had a return of (0.3%). Over the same period, the Fund had a return of (4.1%). Unlike the Index, the Fund's return is after the deduction of its fees and expenses. The net asset value per unit decreased from \$12.26 at September 30, 2017 to \$11.64 at March 31, 2018. It should be noted that the Fund paid a distribution of \$0.14 per unit in Series F during the period.

The Fund's net asset value as at March 31, 2018 was \$3.8 million. On a cumulative basis since its inception, the Fund has experienced both positive net sales and positive investment performance; however, the Fund did experience net redemptions during the period.

The five holdings that contributed most to Fund performance were Berkshire Hathaway Inc. (BRK), Millicom International Cellular SA, The Toronto-Dominion Bank (TD), Copa Holdings SA and CI Financial Corp. With the exception of CI, these holdings all benefitted from the depreciation of the Canadian dollar relative to the U.S. dollar. BRK and TD were also beneficiaries of U.S. tax reform.

The main detractors from Fund performance were Liberty Latin America Ltd. (formerly Liberty Global PLC LiLAC) (LILA) and to a lesser extent, Crescent Point Energy Corp. (CPG) and ECN Capital Corp. (ECN).

LILA was adversely impacted by the hurricanes that hit Puerto Rico as Puerto Rico accounted for about 10% of its operating cash flow. It will likely take LILA's Puerto Rico operations most of 2018 to recover from the effects of the hurricanes. The other parts of LILA's operations have performed in line with expectations. During the period, LILA was split off from Liberty Global PLC with a new Board of Directors (including John Malone and Mike Fries of Liberty Global PLC) and CEO being appointed. We believe that LILA is positioned well to realize above average growth driven by merger synergies, combined with organic growth in underpenetrated markets and further sector consolidation activity. However, emerging market uncertainty, the hurricane impact on Puerto Rico and general risks associated with convergence in the telecommunications/media sector have combined with a lack of market familiarity with the stock to adversely impact perception of LILA. We believe this is creating a perception/reality gap, which makes LILA a great value investment at current prices.

The Fund's energy sector holdings of CPG and Baytex Energy Corp. (Baytex) performed slightly better than the S&P/TSX Composite Total Return - Energy Sector, which experienced a total return in the period of (8.9%). We believe that these companies are more sensitive to changes in the outlook for oil prices and look for them to outperform if and when the outlook for oil prices improves. Given the volatility of Baytex, we have sold and repurchased shares during the period to realize some trading gains in the Fund.

ECN is a result of the splitting of Element Financial Corporation into two businesses, a fleet management business and ECN, a commercial finance business with Steven Hudson as CEO. Steven Hudson has

a successful track record of building financing businesses. ECN has recently made an offer to repurchase shares; an action we believe demonstrates the company's view that the shares are undervalued.

On a per unit basis during the period, the Fund's Series F units generated \$0.15 of revenue, (\$0.10) of realized gains (losses) and (\$0.35) of unrealized gains (losses).

Bonds issued by Digicel Group Limited had been acquired by the Fund at a time when the risk of the bonds was perceived to be relatively high and the bonds were trading at a substantial discount, implying an attractive yield. As the discount reduced, we took the opportunity to exit the position having earned an attractive yield and realized a capital gain. In addition, the nominal holding of Trisura Group Ltd., which had been received as part of a corporate action, was sold at a gain.

At March 31, 2018, by asset class the Fund's net asset value was invested approximately 99% in 18 equity securities (17 issuers). By geography, the Fund's net assets were invested approximately 55% in cash and securities of issuers based in Canada. We believe that the Fund is well positioned to continue to meet its investment objectives as outlined above.

RECENT DEVELOPMENTS

Global capital markets have experienced strong positive returns post the U.S. election, raising market valuations to the high end of historical norms and increasing price risk in the market. To some extent, this price risk has been offset by the general positive impact of U.S. tax reform on corporate net earnings. More recently, concerns over the potential for global trade tariff wars have adversely impacted markets. Of more relevance to Canada, the future of the North American Free Trade Agreement is far from clear. The U.S. Federal Reserve has continued to raise its target interest rate as part of the return to more normal monetary policy, a process that has the potential to adversely impact markets. Negotiations for the exit of the United Kingdom from the European union have progressed relatively well to date but there is still the risk that the separation will not go smoothly. While these and other items will undoubtedly impact global markets, we remain more focused on the fundamental performances of the businesses in the Fund and we are optimistic for the future.

RELATED PARTY TRANSACTIONS

The Fund's manager is Portland Investment Counsel Inc. (the Manager). The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During the period ended March 31, 2018, the Manager received \$32,845 in management fees from the Fund compared to \$40,474 for the period ended March 31, 2017 (net of applicable taxes).

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of comprehensive income. Depending on their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred. During the period ended March 31, 2018, the Manager was reimbursed \$11,147 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes. This compares to \$14,184 for period ended March 31, 2017. In addition to the amounts reimbursed, the Manager absorbed \$46,735 of operating expenses during the period ended March 31, 2018 compared to \$48,165 during the period ended March 31, 2017 (net of applicable taxes).

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$661 during the period ended March 31, 2018 by the Fund for such services, compared to \$1,382 during the period ended March 31, 2017.

The Manager, its affiliates, officers and directors of the Manager (Related Parties) may own units of the Fund. Transactions to purchase or redeem units are made at net asset value per unit. Standing instructions from the Independent Review Committee were not required or obtained for such transactions. As at March 31, 2018, Related Parties owned 15.7% (September 30, 2017: 13.4%) of the Fund.

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

Notes

Certain statements included in this Management Discussion of Fund Performance constitute forward-looking statements, including those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent they relate to the Fund. These forward-looking statements are not historical facts, but reflect the current expectations of the portfolio management team regarding future results or events of the Fund. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The portfolio management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.

Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

Summary of Investment Portfolio as at March 31, 2018

Top 25 Investments*

	% of Net Asset Value
Brookfield Asset Management Inc.	13.4%
Liberty Latin America Ltd.	12.2%
Berkshire Hathaway Inc.	6.3%
Millicom International Cellular SA	6.3%
Invesco Ltd.	6.1%
The Toronto-Dominion Bank	6.1%
The Bank of Nova Scotia	5.9%
ECN Capital Corp.	5.7%
Crescent Point Energy Corp.	5.3%
BCE Inc.	5.2%
Brookfield Infrastructure Partners L.P.	5.1%
IGM Financial Inc.	5.0%
Brookfield Property Partners L.P.	4.7%
Copa Holdings SA	4.0%
Baytex Energy Corp.	3.6%
CI Financial Corp.	3.2%
Northland Power Inc.	2.1%
Cash	0.3%
Grand Total	100.5%

Total net asset value **\$3,837,118**

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

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

Portfolio Composition

Sector	
Asset Management & Custody Banks	27.7%
Cable & Satellite	12.2%
Diversified Banks	12.0%
Oil & Gas Exploration & Production	8.9%
Wireless Telecommunication Services	6.3%
Multi-Sector Holdings	6.3%
Specialized Finance	5.7%
Integrated Telecommunication Services	5.2%
Electric Utilities	5.1%
Real Estate Operating Companies	4.7%
Airlines	4.0%
Independent Power Producers & Energy Traders	2.1%
Other Net Assets (Liabilities)	-0.2%
Geographic Region	
Canada	55.5%
Bermuda	28.1%
United States	6.3%
Luxembourg	6.3%
Panama	4.0%
Other Net Assets (Liabilities)	-0.2%

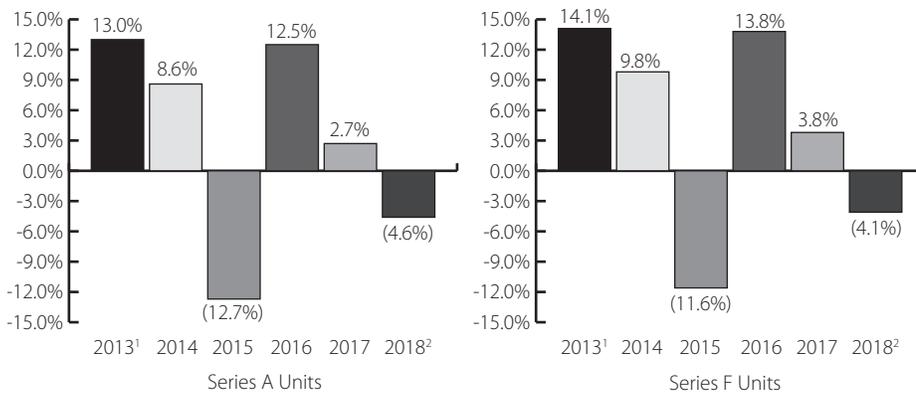
Other Net Assets (Liabilities) refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

Past Performance

The past performance information shown in this section is calculated using the net asset value per unit and assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. The past performance information does not take into account sales, redemptions, distribution or other optional charges or income taxes payable by the unitholder that would have reduced returns or performance. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Year-By-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown and for the six-month period ended March 31, 2018. 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.



1. Return for 2013 represents a partial year starting October 31, 2012 to September 30, 2013.
 2. Return for 2018 represents a partial year starting October 1, 2017 to March 31, 2018.

Management Fees

The Manager is responsible for the day-to-day management and administration of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the investment adviser and arranges for the administrative services required to be provided to the Fund. As compensation for its service, the Manager is entitled to receive a fee, payable monthly, calculated based on the daily net asset value of the Fund.

Series of Units	Management Fee (%)	Expenses Paid Out of the Management Fee (%)		
		Dealer compensation	General administration, investment advice and profit	Absorbed expenses
Series A	2.00%	39%	-	61%
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 for each period. Information for 2018 is presented for the six month period ended March 31, 2018 and for all other periods, information is presented for the year ended September 30, or inception date to September 30 in the inception period.

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

For the periods ended	2018	2017	2016	2015	2014	2013
Net assets, beginning of the period	\$11.91	\$11.77	\$10.71	\$12.27	\$11.30	\$10.00 ^{(1)(b)}
Increase (decrease) from operations:						
Total revenue	0.14	0.34	0.45	0.64	0.36	0.24
Total expenses	(0.17)	(0.34)	(0.33)	(0.36)	(0.35)	(0.28)
Realized gains (losses)	(0.09)	(0.06)	0.11	0.01	0.03	(0.02)
Unrealized gains (losses)	(0.40)	0.35	1.13	(1.93)	0.54	1.10
Total increase (decrease) from operations ²	(0.52)	0.29	1.36	(1.64)	0.58	1.04
Distributions to unitholders:						
From income	-	(0.06)	(0.03)	-	-	-
From dividends	-	-	(0.24)	-	-	-
From capital gains	-	(0.11)	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions ³	-	(0.17)	(0.27)	-	-	-
Net assets, end of period ⁴	\$11.36	\$11.91	\$11.77	\$10.71	\$12.27	\$11.29

Series A Units - Ratios/Supplemental Data

For the periods ended	2018	2017	2016	2015	2014	2013
Total net asset value	\$2,096,211	\$2,424,788	\$2,770,840	\$2,617,354	\$2,658,899	\$948,044
Number of units outstanding	184,521	203,582	235,362	244,347	216,622	83,890
Management expense ratio ⁵	2.83% *	2.83%	2.82%	2.84%	2.83%	2.79% *
Management expense ratio before waivers or absorptions ⁵	5.20% *	4.79%	4.52%	4.89%	7.41%	26.73% *
Trading expense ratio ⁶	0.05% *	0.05%	0.04%	0.09%	0.04%	0.05% *
Portfolio turnover rate ⁷	1.58%	10.44%	31.17%	22.23%	1.48%	3.61%
Net asset value per unit	\$11.36	\$11.91	\$11.77	\$10.71	\$12.27	\$11.30

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

For the periods ended	2018	2017	2016	2015	2014	2013
Net assets, beginning of the period	\$12.26	\$12.13	\$11.01	\$12.54	\$11.41	\$10.00 ^{(1)(b)}
Increase (decrease) from operations:						
Total revenue	0.15	0.33	0.47	0.66	0.41	0.26
Total expenses	(0.10)	(0.20)	(0.19)	(0.22)	(0.21)	(0.21)
Realized gains (losses)	(0.10)	(0.09)	0.14	0.02	0.02	(0.02)
Unrealized gains (losses)	(0.35)	0.44	1.04	(1.74)	(0.23)	1.12
Total increase (decrease) from operations ²	(0.40)	0.48	1.46	(1.28)	(0.01)	1.15
Distributions to unitholders:						
From income	-	(0.21)	(0.05)	-	-	-
From dividends	(0.14)	-	(0.34)	(0.07)	-	-
From capital gains	-	(0.11)	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions ³	(0.14)	(0.32)	(0.39)	(0.07)	-	-
Net assets, end of period ⁴	\$11.64	\$12.26	\$12.13	\$11.01	\$12.54	\$11.40

Series F Units - Ratios/Supplemental Data

For the periods ended	2018	2017	2016	2015	2014	2013
Total net asset value	\$1,740,907	\$2,278,285	\$3,102,977	\$2,504,363	\$2,022,327	\$151,658
Number of units outstanding	149,623	185,761	255,828	227,399	161,307	13,288
Management expense ratio ⁵	1.70% *	1.70%	1.69%	1.71%	1.69%	1.65% *
Management expense ratio before waivers or absorptions ⁵	4.07% *	3.66%	3.39%	3.75%	5.39%	49.36% *
Trading expense ratio ⁶	0.05% *	0.05%	0.04%	0.09%	0.04%	0.05% *
Portfolio turnover rate ⁷	1.58%	10.44%	31.17%	22.23%	1.48%	3.61%
Net asset value per unit	\$11.64	\$12.26	\$12.13	\$11.01	\$12.54	\$11.41

† Initial offering price

* Annualized

Explanatory Notes

1. a) The information for March 31, 2018 is derived from the Fund's unaudited semi-annual financial statements and for 2014 through 2017 is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards. The information for prior years is derived from the Fund's audited annual financial statements prepared based on Canadian Generally Accepted Accounting Principles (GAAP).
- 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	October 31, 2012
Series F Units	October 31, 2012
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. The information for years prior to September 30, 2014 is derived from the Fund's annual audited financial statements prepared based on Canadian GAAP. Prior to September 30, 2014, for the purpose of processing unitholder transactions, net assets were calculated based on the closing market price, while for financial statement purposes net assets were calculated based on bid/ask price. For the periods ended after September 30, 2013 the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes.
5. The management expense ratio (MER) 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.

The Fund may hold investments in exchange traded funds (ETFs). The MER is calculated taking into consideration the expenses of the Fund allocated to the series including expenses indirectly attributable to its investment in the ETFs divided by the average daily NAV of the series of the Fund during the period.
6. The trading expense ratio (TER) represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value of the Fund.

The TER is calculated taking into consideration the costs attributable to its investment in ETFs.
7. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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



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Historical annual compounded total returns as at March 31, 2018 include changes in unit value and distributions reinvested and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Commissions, service fees, management fees and expenses may be associated with investment funds. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. PORTLAND, PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc. Used under licence by Portland Investment Counsel Inc.

Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel:1-888-710-4242 • Fax: 1-866-722-4242
www.portlandic.com • info@portlandic.com
