



PORTLAND
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PORTLAND VALUE FUND
INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

MARCH 31, 2019

PORTFOLIO
MANAGEMENT TEAM

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

Dragos Berbecel
Portfolio Manager

Management Discussion of Fund Performance Portland Value Fund

This 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 or 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 Portland Investment Counsel Inc. (the Manager) contained in this report are as of March 31, 2019 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information please contact us using the above methods. All references to performance relate to Series F units. The performance of other units may be different than that of the Series F units due to differing fees.

INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Portland Value Fund (the Fund) is to generate an above average return by employing a focused investment strategy, primarily in a limited number of long securities positions. The Fund invests in a small number of quality equities, ordinarily selected from liquid, large cap stocks, domiciled in long-term growth industries, which the Manager believes are undervalued and/or have the potential of increased returns due to activist investor campaigns.

The Manager then overlays a risk mitigation strategy based on portfolio construction and value discipline. The Manager has long held the view that the key to wealth creation is owning a few high quality businesses. By using a concentrated investment strategy, the Manager leverages its best investment ideas, which is expected to aid the Fund in meeting its investment objectives.

Activist investors are value investors with a push. They are looking for opportunities to demand a change in a company's strategy in order to unlock shareholder value. Common strategies include demanding a raise in dividends/share buybacks, the divestment of assets and/or the embracing or rejecting of mergers and acquisitions. Activist investors achieve their goals by cooperating with other institutional investors, acquiring board representation and/or changing the management of the target company.

RISK

The overall risk level has not changed for the Fund and remains as discussed in the prospectus. Investors should be able to accept a medium level of risk and plan to hold for the medium to long term.

RESULTS OF OPERATIONS

For the period ended March 31, 2019, the Fund's benchmark, the MSCI World Total Return Index, had a return of 0.6%. For the same period, the Fund's Series F had a return of (9.9%). Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's key relative performance detractors were Crescent Point Energy Corp., Whitecap Resources, Inc. and Baytex Energy Corp., while relative performance contributors were Pershing Square Holdings, Ltd., Hertz Global Holdings, Inc. and Nomad Foods Limited.

As at March 31, 2019, the top 5 sector exposure was constituted by financials 26.4%, consumer staples 22.2%, energy 18.9%, consumer discretionary 17.2% and industrials 12.3%. By using a concentrated investment strategy, the Manager leverages its best investment ideas, which is expected to aid the Fund in meeting its investment objectives. As of March 31, 2019, the Fund's underlying portfolio held 11 investments.

Given the focused mandate, the performance of the Fund is generally expected to be driven by company specific developments. However, over the past six months, a significant portion of the Fund's performance is explained by its exposure to the energy sector. As at March 31, 2019, the Fund had a 18.9% exposure to the energy sector, through investments in Canadian intermediate oil and gas exploration and production companies.

The Manager continues to believe that the fundamental operations of our energy holdings remain robust while their economics are gradually improving in a recovering energy market. Even as the commodity prices started to improve in the second part of the period, the performance of the Fund's energy holdings was mixed, as the sentiment surrounding the Canadian extractive industry remained very low, punctuated at times by slight improvements driven by expected political changes in Alberta and, potentially, at the federal level, which may lead to more industry friendly energy policies. During the first quarter of 2019, the three energy companies held by the Fund have reported fourth quarter 2018 results, which, in aggregate, exceeded the already significantly lowered expectations, given the depressed pricing environment. Baytex Energy managed to exceed its own production guidance without any additional expenditures, continued to drive cash costs lower and is focused on continued debt repayment. Crescent Point continued with its ambitious asset streamlining program, which is aimed at reducing the company's debt load, while its 2019 capital program has been stepped down by about 30% compared to last year. Whitecap Resources delivered another year of double-digit production per debt-adjusted share growth of 16% to achieve record annual production, on a slightly reduced capital program, and enhanced shareholder return by increasing its dividend and buying back shares.

The performance drag from the Fund's exposure to the energy sector was only partially offset by strong performance of some of the other Fund holdings, as detailed below.

As at the date of the publication of the 2018 annual letter to shareholders on March 25, 2019, Pershing Square Holdings (PSH) was boasting the best start of the year performance since its beginning 15 years earlier. The fund was up 31.9%, compared to its benchmark, the S&P 500, up 13.5% at the time. The price of the listed entity, which the Fund holds, followed a similar dynamic over the period. Bill Ackman and members of the management team have increased their stake in shares of PSH to more than 20% of the shares outstanding through market purchases.

Nomad Foods reported better-than-expected sales for the last quarter of 2019, as the company benefited from acquisitions of frozen food brands

Aunt Bessie's and Goodfella's Pizza. The acquisitions boosted the frozen food maker's revenue growth by 17.3% in the fourth quarter ended December 31. Net income rose to €40.8 million in the quarter from €27.3 million a year earlier. In March, Nomad issued about \$400 million worth of equity at \$20 per share, the proceeds of which are to be used for general corporate purposes.

During the period, we took advantage of a temporary strength in trading to exit our investment in Hertz Global Holdings as the investment thesis took too long to materialize despite a still impressive line-up of activists, led by Carl Icahn, present in the shareholder roster.

RECENT DEVELOPMENTS

From a macro-economic perspective, even though the exceptionally accommodative conditions are subsiding, bound by an accelerating economy and record tight labour markets, we are still in uncharted territory. The U.S. unemployment rate has dropped to levels not seen since the 1960s and wage growth has finally picked up. Coupled with a more than 50% price increase in crude oil and its related derivatives, but also an increase in prices of some of the core goods and services, and, possibly, the imposition of tariffs, the ingredients for a more buoyant inflation environment are in place. As the U.S. Fed feels compelled to continue on its tightening path and as the policy rates are approaching their current or longer-run equilibrium levels, the chance for a miscalculation increases. The fallout from a monetary policy misstep is unlikely to be significant in such a robust economic environment, however, when coupled with other potential policy errors, perhaps around trade tariffs, it could trigger more serious economic consequences. Improving economic prospects and a pickup in the inflation pace has boosted our outlook for U.S. equity returns in nominal terms, though the risk factors mentioned earlier, in particular trade related developments and the pace of monetary tightening, could materially affect the ultimate outcome.

Canada affords a somewhat different perspective. At more than 170% of disposable income, Canadian household credit continues to be stubbornly high. The household credit growth slow-down which started at the end of 2017 continued through 2018. On this background, recent retail sales growth has slowed down in Canada, and it is unlikely to recover, unless the diminished "wealth effect" from housing cooling down is replaced by either recovery in the resources space and/or acceleration of activity in manufacturing and services outside of the residential investment (housing) sector. Canada has seen significant losses in relative competitiveness as the U.S. administration implemented drastic pro-business measures, not the least of which being massive tax cuts and deregulation. Canada is significantly more dependent on favourable trade terms with the U.S. and Mexico due to foreign trade's larger contribution in the creation of GDP, but also because of its reduced relative competitiveness, slower economic growth and self-inflicted infrastructure shortcomings (chiefly lack of pipeline capacity). The country's abundant natural resources are presently severely restricted from reaching the fast growing Asian markets.

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

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, 2019, the Manager received \$4,161 in management fees from the Fund, net of applicable taxes (March 31, 2018: \$4,897).

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, 2019, the Manager was reimbursed \$1,339 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates, net of applicable taxes (March 31, 2018: \$1,503). The Manager absorbed \$45,580 of operating expenses during the period ended March 31, 2019, net of applicable taxes (March 31, 2018: \$45,225).

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$246 during the period ended March 31, 2019 by the Fund for such services (March 31, 2018: \$836).

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, 2019, Related Parties owned 22,163 shares of the Fund (March 31, 2018: 28,661).

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, 2019

Top 25 Investments*

	% of Net Asset Value
Nomad Foods Limited	17.5%
Brookfield Business Partners L.P.	12.3%
Pershing Square Holdings, Ltd.	11.9%
Liberty Latin America Ltd.	10.1%
Berkshire Hathaway Inc.	8.5%
Whitecap Resources, Inc.	7.7%
Linamar Corporation	7.1%
Baytex Energy Corp.	6.1%
Brookfield Asset Management Inc.	6.0%
Crescent Point Energy Corp.	5.1%
Walgreens Boots Alliance, Inc.	4.7%
Cash	3.1%
Grand Total	100.1%
Total net asset value	\$537,880

* 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	
Financials	26.4%
Consumer Staples	22.2%
Energy	18.9%
Consumer Discretionary	17.2%
Industrials	12.3%
Other Net Assets (Liabilities)	3.0%
Geographic Region	
Canada	32.0%
Bermuda	22.4%
British Virgin Islands	17.5%
United States	13.2%
Guernsey	11.9%
Other Net Assets (Liabilities)	3.0%

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

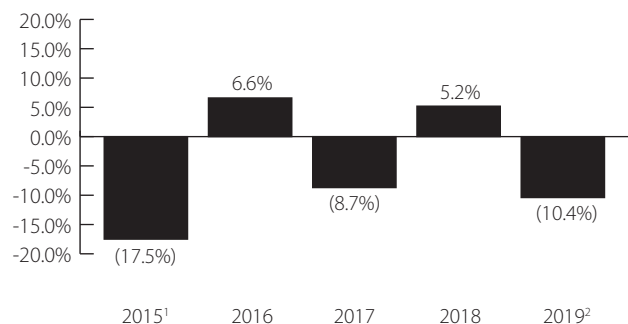
Past Performance

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 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.

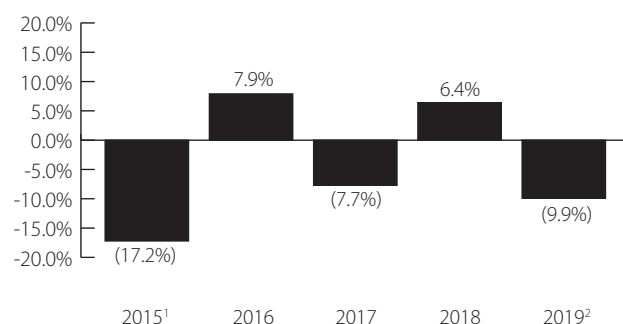
Year-By-Year Returns

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, 2019. 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 2015 represents a partial year starting May 19, 2015 to September 30, 2015.

2. Return for 2019 represents a partial year starting October 1, 2018 to March 31, 2019.

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%	44%	-	56%
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 2019 is presented for the six-month period ended March 31, 2019 and for all other periods, information is for the period from October 1 to September 30, or inception date to September 30.

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

For the periods ended	2019	2018	2017	2016	2015
Net assets, beginning of the period	\$8.39	\$7.98	\$8.79	\$8.25	\$10.00 ^{(1)(b)}
Increase (decrease) from operations:					
Total revenue	0.04	0.07	0.08	0.17	0.14
Total expenses	(0.10)	(0.25)	(0.24)	(0.26)	(0.11)
Realized gains (losses)	(0.75)	(0.06)	0.25	0.33	(0.09)
Unrealized gains (losses)	(0.10)	0.64	(0.86)	(0.22)	(1.55)
Total increase (decrease) from operations ²	(0.91)	0.40	(0.77)	0.02	(1.61)
Distributions to unitholders:					
From income	(0.58)	-	-	-	-
From dividends	(0.06)	-	-	(0.01)	-
From capital gains	-	-	(0.05)	-	-
Return of capital	-	-	-	-	-
Total annual distributions ³	(0.64)	-	(0.05)	(0.01)	-
Net assets, end of period ⁴	\$6.80	\$8.39	\$7.98	\$8.79	\$8.25

Series A Units - Ratios/Supplemental Data

For the periods ended	2019	2018	2017	2016	2015
Total net asset value	\$279,123	\$353,285	\$383,479	\$470,433	\$46,143
Number of units outstanding	41,058	42,108	48,059	53,522	5,594
Management expense ratio ⁵	2.82%	3.03%	2.84%	2.83%	2.85% *
Management expense ratio before waivers or absorptions ⁵	22.06%	19.29%	21.45%	27.83%	85.28% *
Trading expense ratio ⁶	0.05%	0.03%	0.02%	0.16%	0.36% *
Portfolio turnover rate ⁷	5.60%	6.85%	18.94%	43.57%	0.00%
Net asset value per unit	\$6.80	\$8.39	\$7.98	\$8.79	\$8.25

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

For the periods ended	2019	2018	2017	2016	2015
Net assets, beginning of the period	\$8.47	\$8.09	\$8.87	\$8.28	\$10.00 ^{(1)(b)}
Increase (decrease) from operations:					
Total revenue	0.04	0.07	0.04	0.10	0.14
Total expenses	(0.06)	(0.16)	(0.15)	(0.16)	(0.08)
Realized gains (losses)	(0.73)	(0.07)	0.41	0.44	(0.08)
Unrealized gains (losses)	(0.03)	0.67	(0.85)	0.38	(1.71)
Total increase (decrease) from operations ²	(0.78)	0.51	(0.55)	0.76	(1.73)
Distributions to unitholders:					
From income	(0.70)	-	-	-	-
From dividends	(0.07)	-	-	(0.06)	-
From capital gains	-	(0.13)	(0.11)	-	-
Return of capital	-	-	-	-	-
Total annual distributions ³	(0.77)	(0.13)	(0.11)	(0.06)	-
Net assets, end of period ⁴	\$6.76	\$8.47	\$8.09	\$8.87	\$8.28

Series F Units - Ratios/Supplemental Data

For the periods ended	2019	2018	2017	2016	2015
Total net asset value	\$258,757	\$269,970	\$211,192	\$171,350	\$111,150
Number of units outstanding	38,255	31,862	26,102	19,316	13,417
Management expense ratio ⁵	1.69%	1.87%	1.68%	1.70%	1.74% *
Management expense ratio before waivers or absorptions ⁵	20.93%	18.13%	20.29%	26.70%	84.29% *
Trading expense ratio ⁶	0.05%	0.03%	0.02%	0.16%	0.36% *
Portfolio turnover rate ⁷	5.60%	6.85%	18.94%	43.57%	0.00%
Net asset value per unit	\$6.76	\$8.47	\$8.09	\$8.87	\$8.28

† Initial offering price

* Annualized

Explanatory Notes

1. a) The information for March 31, 2019 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 May 19, 2015

Series F Units May 19, 2015

2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted daily average number of units outstanding over the financial period.
3. Distributions are paid out in cash/reinvested in additional units of the Fund, or both.
4. This is not a reconciliation of the beginning and ending net assets per unit.
5. The management expense ratio 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.

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 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.

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