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# PORTLAND FOCUSED PLUS FUND LP PORTLAND FOCUSED PLUS FUND

APRIL 2025



# PORTLAND FOCUSED PLUS FUND LP

PERFORMANCE AS AT MARCH 31, 2025

Annualized Returns (%)	Year to Date	1 Month	3 Months	1 Year	3 Years*	5 Years*	10 Years*	Inception*
Portland Focused Plus Fund LP Series A	23.2%	5.2%	23.2%	25.9%	6.0%	21.5%	14.6%	15.6%
Portland Focused Plus Fund LP Series F <sup>1</sup>	23.3%	5.2%	23.3%	26.8%	7.1%	22.8%	15.8%	16.8%
Portland Focused Plus Fund LP Series M	25.0%	5.9%	25.0%	28.8%	7.7%	24.7%	17.8%	18.8%
Portland Focused Plus Fund LP Series P	23.7%	5.3%	23.7%	27.8%	8.1%	24.0%	16.9%	17.8%

\* Annualized



# PERFORMANCE SINCE SEPTEMBER 30, 2022 \*

Period Ending Dec. 31, 2024	LP series F return
2022 (from Sep. 30, 2022)	+12.0%
2023	+22.8%
2024	+18.6%
2025 (to Mar. 31, 2025)	+23.2%
Cumulative since Sep. 30, 2022	+101.2%

\*As of September 30, 2022, the sole person involved in investment decisions for the Portland Focused Plus funds is James Cole. During the period from January 2020 to September 2022 there was another Portfolio Manager involved in investment decisions.



# BEST MONTHLY RETURNS SINCE INCEPTION

Month	LP series F return
January 2019	+36.0%
November 2020	+33.9%
November 2023	+21.3%
January 2023	+19.6%
February 2015	+19.0%



# INTEREST RATES

- Long-term interest rates are in what we believe is a normal range
- Since June 2024, short-term interest rates have declined by 2.25% in Canada and 1.00% in the U.S.
- Expect both Canada and U.S. short-term interest rates to fall by 2.5%+ from cycle peaks by about the end of 2025



# PERFORMANCE EXAMPLE

- Assume a stock with the following characteristics:

In one year:	Return
P/E ratio rises from 10.0x to 11.0x as interest rates fall	10.0%
Earnings growth in the year	5.0%
Initial dividend yield	5.0%
Total return (unleveraged)	20.0%



# POTENTIAL POSITIVES

- Believe that the existing portfolios will continue to meet the funds' investment objective
- Funds have the capacity to add greatly to equity weights if valuations warrant



# CORE STRATEGIES

- Focus
- Leverage





# HIGHER EQUITY WEIGHTS

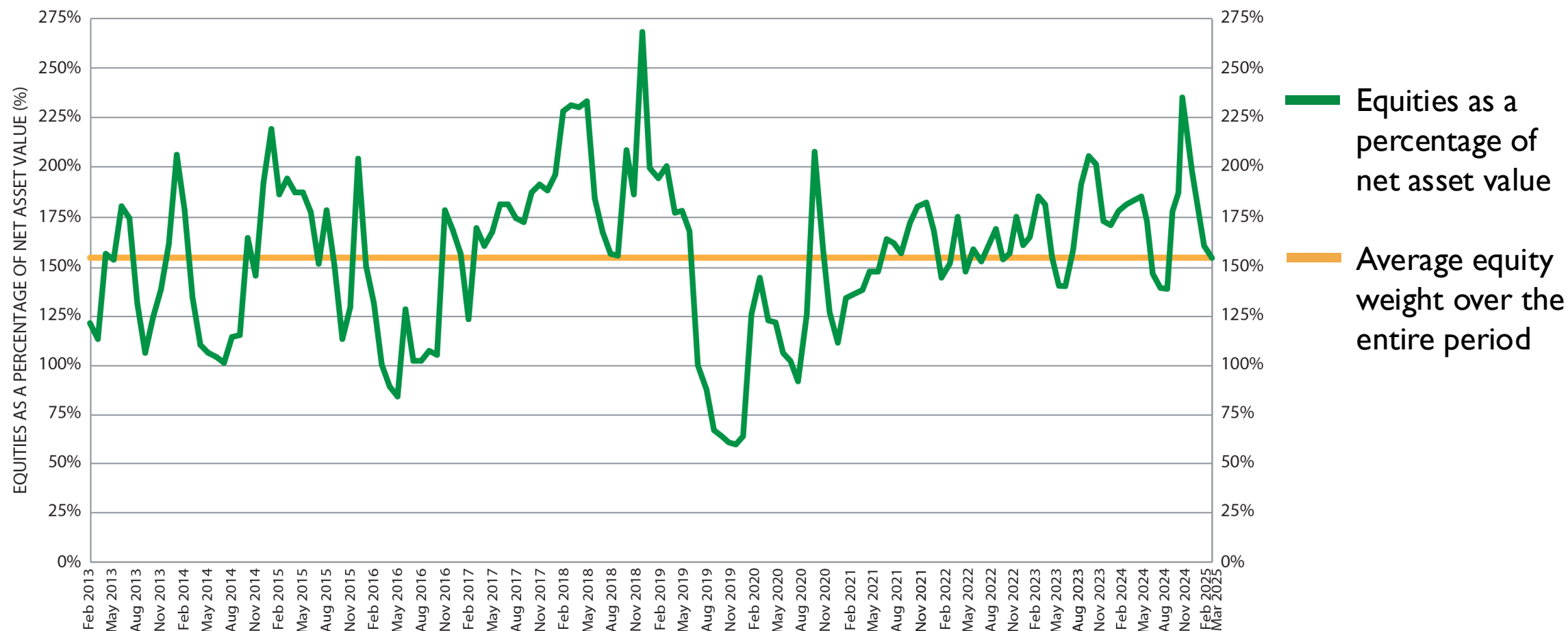
Pre-conditions for much higher equity weights:

1. Attractive equity valuations generally;
2. Progress in reducing inflation; and
3. Declining short-term interest rates.

*We believe that all of these conditions are now in place.*



# LP EQUITY WEIGHT





# PORTFOLIO STRATEGY

- Focus on shareholder yield (dividends and share repurchases)
- Be patient in allocating capital
- Be prepared, if circumstances warrant, to increase equity weights significantly (to 200% to 250%+ of net assets)



## TOP HOLDINGS (% OF LP NET ASSETS AT MARCH 31, 2025)

Company	% of net assets
The Cigna Group	27.2%
South Bow Corporation	22.9%
The Toronto-Dominion Bank	22.0%
Elevance Health Inc.	20.3%
Magna International Inc.	18.8%
Other equities (3)*	43.6%
Total equity weight	154.8%

\* Cenovus Energy Inc., The Bank of Nova Scotia and CK Hutchison Holdings Limited



# THE CIGNA GROUP

- One of the largest U.S. health insurance companies

Stock price (March 31, 2025)	US\$329.00
Refinitiv mean 2025E EPS (April 8, 2025)	US\$29.61
Price/earnings ratio	11.1x
Dividends per share (indicated rate)	US\$6.04
Dividend yield	1.8%
Credit rating (S&P Global Ratings)	A- (Stable)



# SOUTH BOW CORPORATION

- Spin-off from TC Energy Corp.; major asset is the Keystone liquids pipeline

Stock price (March 31, 2025)	\$36.76
Dividends per share (indicated rate)	US\$2.00
Dividend yield (at US\$1.00 = C\$1.4391)	7.8%
Credit rating (S&P Global Ratings)	BBB- (Stable)



# THE TORONTO-DOMINION BANK

- One of the largest Canadian banks

Stock price (March 31, 2025)	\$86.23
Refinitiv mean FY 2025E EPS (April 8, 2025)	\$7.78
Price/earnings ratio	11.1x
Dividends per share (indicated rate)	\$4.20
Dividend yield	4.9%
Common equity tier 1 capital ratio (Q1 FY 2025)	13.1%
Credit rating (S&P Global Ratings)	A+ (Stable)



# ELEVANCE HEALTH INC.

- One of the largest U.S. health insurance companies

Stock price (March 31, 2025)	US\$434.96
Refinitiv mean 2025E EPS (April 8, 2025)	US\$34.20
Price/earnings ratio	12.7x
Dividends per share (indicated rate)	US\$6.84
Dividend yield	1.6%
Credit rating (S&P Global Ratings)	A (Negative)





# MAGNA INTERNATIONAL INC.

- One of the world's largest auto parts companies

Stock price (March 31, 2025)	\$48.91
Refinitiv mean 2025E EPS (April 8, 2025)	US\$4.96
Price/earnings ratio (at US\$1.00 = C\$1.4391)	6.9x
Dividends per share (indicated rate)	US\$1.94
Dividend yield (at US\$1.00 = C\$1.4391)	5.7%
Credit rating (S&P Global Ratings)	A- (Negative)



# PORTFOLIO MANAGER MOTIVATION

- Fiduciary duty
  - Investors
  - Advisors
  - Employer
- Self-interest



# OUTLOOK

- U.S. inflation rates likely to continue to fall (including from base effects, i.e., previous high inflation rates no longer included in 12-month data)
- Short-term interest rates have been cut 2.25% in Canada and 1.00% in the U.S. Expect total rate cuts of 2.50%+ from cycle peaks by about the end of 2025
- Reasonable stock valuations, falling interest rates and accelerating economic growth could be a good backdrop for equity returns
- Fund leverage expected to enhance longer-term fund returns



# POTENTIAL RISKS

- Concentration
- Leverage
- Equity markets
- Foreign exchange rates
- Impact of tariffs on global economy



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James Cole is the portfolio manager of Portland Focused Plus Fund LP, Portland Focused Plus Fund, and Portland Canadian Balanced Fund. The three funds generally hold some of the same securities and may make trades in such securities simultaneously.

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