



News Highlights

FINAL REMINDERSpecial Meeting of Unit holders of Global Banks Premium Income Trust, Copernican British Banks Fund and Copernican International Premium Dividend Fund

Attached are the details of our press release announcing forthcoming meetings to be held on August 22, 2013 to consider the recommendations to approve the conversion of the funds into open-end mutual funds. This Notice and Information Circular and Forms of Proxy were mailed to Unitholders on July 29th and the details were filed on Sedar on July 29th.

If you have any questions or how to vote or about the merger, please contact us at 1-888-710-4242 or info@portlandic.com

Financial Services Companies

Barclays finance director Chris Lucas is to step down this week, leaving the bank without a key figure as it seeks to raise nearly £6bn from shareholders. He was due to leave in February, but will now do so six months early due to his deteriorating health. Barclays announced in July that it had appointed Tushar Morzaria, CFO of JP Morgan Chase's corporate and investment banking division, to replace Mr Lucas. Mr Morzaria, who will move to London from New York, is not due to join the board until January. The Telegraph

Barclays has launched the final phase of its exit from sub-scale overseas retail banking operations, with a review of its business in the United Arab Emirates that could lead to a sale. Financial Times

Lloyds Banking Group has received indicative bids valuing its Australian asset finance and commercial lending units at more than \$1bn. National Australia Bank, Wespac Banking Corporation, Australia and New Zealand Bank, Commonwealth Australia Bank and Macquaire are among parties that made initial bids for the bulk of Lloyds's Australian arm. The business for sale includes Lloyds' commercial lending unit BOS International and its asset finance unit Capital Finance, which has focuses on automotive loans. A shortlist of around three buyers is likely to be selected later this month, the people said, with a deal targeted by December. Dow Jones

UBS has moved a step closer to buying back the fund set up to deal with its toxic assets at the height of the financial crisis, after the fund repaid a loan it received from the Swiss National Bank, the FT reports. Under the terms of the rescue deal struck in the autumn of 2008, UBS has the right to buy back the so-called

Stabilisation Fund for \$1bn plus half of the fund's equity once the SNB's loan has been repaid. Switzerland's largest bank said last month that it planned to exercise this option, which would add between SFr1bn and SFr2bn (\$1bn-\$2.1bn) to its balance sheet, in the fourth quarter. The SNB confirmed that the loan was repaid last Thursday.

Dividend Payers

Amcor – the Australian packaging group reported an 8.6% rise in full-year net profit before one-off items on Monday, and said its business would deliver increased earnings in 2014. Net profit before one-offs rose to A\$689.5 million (\$634.37 million) for the year to June 2012, from A\$634.9 million a year earlier. The result was slightly above analysts' forecast of A\$680.3 million. Net profit after one-off items jumped 45.6% to A\$600.6 million, the company said. Amcor said earlier this month it would list its glass and beverage can packaging unit, a business valued at around \$1.8 billion, so that it could better focus on its core global business of plastics packaging.

Wesfarmers Ltd – Australia's Wesfarmers reported a 6% rise in full-year net profit last Thursday, below analysts' forecasts, and announced a A\$579 million capital return to shareholders. Wesfarmers said strong cash flows and robust credit metrics allowed it to pay out 50 cents per share in a capital return to be approved by shareholders and the Australian tax office. The coal-to-retail conglomerate posted net profit of A\$2.26 billion (\$2.07 billion) in the 12 months to June, from A\$2.13 billion a year earlier.

Food and liquor earnings before interest and tax (EBIT) at the company's Coles supermarkets, which account for about 40% of its total earnings, rose 11.4% to A\$1.37 billion. Coles' bigger rival Woolworths Ltd last month reported a 4.3% increase in fourth-quarter total group sales year-on-year, as food and liquor sales momentum increased in the second half of the 2013 financial year. The pair, which controls about 80% of the grocery market, have slashed the cost of basic items such as food, milk and toilet paper to boost sales. In its resources division, EBIT dropped 66% to A\$148 million as lower export prices and a high Australian dollar resulted in a significant decline in export revenue. The company said it expected low export prices to continue into the first half of the 2014 financial year.

Hutchison Whampoa – controlled by Asia's richest man Li Ka-shing, has received at least seven offers for its Hong Kong supermarkets business, ParknShop. Hutchison set an asking price of between \$3-4 billion for the business, which operates 345 stores in Hong Kong, mainland China and Macau, after a



review last month. Li plans to use the sale proceeds to expand Hutchison's health and beauty retail operations, which have a bigger global footprint and offer higher margins compared with the supermarket business. The offers for ParknShop came, among other bidders, from Australia's Woolworths Ltd, Japan's Aeon Co, China Resources Enterprises Ltd (CRE), private equity firm KKR & Co and TPG Capital along with a partner. Hutchison's advisers Bank of America and Goldman Sachs are expected to assess the first-round offers, which were due on Friday, over the next week and will shortlist bidders. Wesfarmers, South Korea's Lotte Shopping and Wal-Mart Stores were among the other suitors who had shown early interest. The bidders are attracted by the lack of competition in a market dominated by just two operators - ParknShop and Singapore's Dairy Farm International Holdings Ltd. The winner could also use ParknShop's Chinese business to expand into the mainland, which has proved to be difficult for foreign companies. Established in 1973, ParknShop held a 40% share of the Hong Kong market for supermarkets for the year to June, according to Nielsen Homescan, with Dairy Farm on 33%.

Schindler Holdings - Although revenues beat consensus and Schindler raised sales guidance, the cost of the company's push into emerging markets as it sought to balance slower growth in high-margin Switzerland and weaker European sales weighed on profitability. The company's first half profit margins miss market expectations and it cuts net profit guidance. The company reported second quarter order intake of CHF2.5 billion. The stronger order intake was in Asia/Pacific, followed by the North, Central and South America region. In Europe, the company reported a slight decrease in orders.

Economic Activity, Consumer and Business Conditions

US - A weak showing from the consumer and business activity macro-economic series helped spur speculation about the Fed's quantitative easing tapering or the delay thereof.

US retail sales for July fell short of the expected 0.3% advance, inching higher by 0.2%, dragged lower by the sales of motor vehicles and parts, which were 1% lower in the month. The core reading, which excludes the auto sales, was marginally better than the expectations, up 0.5%. Clothing, sporting goods, hospitality and food sales contributed to the advance, while sales of other retail categories, such as electronics, furniture and building materials were actually lower. The consumer sentiment, as measured by the University of Michigan retreated in August, to 80.0 index points from 85.1 points in July and well below

the expected 85.5 reading, with both the 'current conditions' and the 'expectations' components moving lower. Part of the reason would be a continued slump in real earnings, down a further 0.5% in July, on top of the 0.1% retreat in June, worse than the expected 0.3% pull-back. The reading is part of the larger consumer price index (CPI) report, which also revealed an accelerating 2.0% headline inflation rate for July, from 1.8%, in line with the expectations. The core CPI, which excludes the effect of energy and food prices, was up as well, to 1.7% year on year rate of change from 1.6% in the month prior.

On the business activity front, the industrial production report revealed a surprise flat reading for July, significantly short of the expected 0.3% improvement, as utilities foremost, but also manufacturing fell short in the month. The US capacity utilization not only did not improve in the month, to an expected 77.9%, but actually deteriorated to a 77.6% level. The labour productivity managed to grow 0.9% in the second quarter, offsetting some of the 1.7% drop recorded in the first quarter of the 2013.

One bright spot in the US data release was the US housing sector, with the National Association of Home Builders' (NAHB) Housing Market Index, continuing to improve, to a 59 index points reading, despite the consensus view for a toning down of the builders' optimism. Housing starts in the US, while improving in July over June, to an 896,000 units annualized, fell just short of the expected 900,000 units annualized.

Financial Conditions

US - UK: US Federal Reserve policymakers remain determined to flatten the yield curve as much as possible, having indicated they expect 'exceptionally low levels of interest rates until the unemployment rate falls below 6.5% (July 7.4%) which is likely to be through 2014. Fed Reserve Chairman, Ben Bernanke has indicated 1% or less would be considered exceptionally low. In September 2012, the Fed announced it would buy \$40 bn per month of agency mortgage-backed securities and in December 2012 that it would also buy \$45 bn per month of treasuries (4 year maturity and above) which means all parts of the yield curve will benefit from a near-zero anchor until late 2014. The U.S. 2 year/10 year treasury spread is now 2.57% and the U.K.'s 2 year/10 year treasury spread is 2.30% - meaning investment banks can no longer profit from a steep yield curve and instead are seeking operational efficiencies, including job cuts and lower compensation, to maintain acceptable levels of profit, i.e. above their costs of capital. It seems the top tier 8-10 investment banks will continue to command their market and possibly



increase their share – as barriers to entry for newcomers have in our view been raised.

Influenced by the possibility of the withdrawal of quantitative easing, the U.S. 30 year mortgage market rate has recently increased at 4.40% - (3.31%, end of November the lowest rate since the Federal Reserve began tracking rates in 1971), as the Federal Reserve effectively continues to give priority to incentivising home ownership. Existing U.S. housing inventory is at 5.2 months supply of existing houses. So the combined effects of record low mortgage rates, near record high affordability, a more promising economic recovery, job creation, and low prices are finally supporting the housing market with housing inventory well off its peak of 9.4 months and we believe now in a more normal range of 4-7 months.

The VIX (volatility index) is 15.01 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 augurs well for quality equities.

Open-End Mutual Funds

Portland currently offers 4 Open-end products:

Portland Advantage Fund

Portland Canadian Balanced Fund

Portland Canadian Focused Fund

Portland Global Income Fund

Private/Alternative Products

Portland also currently offers 4 private/alternative products:

Portland Focused Plus Fund LP

Portland India Select Business Portfolio

Portland Private Income Fund

Portland CVBI Holdings LP

Net Asset Value:

At the close of business each day we publish the Net Asset Values (NAV) of our funds onto our Portland website at <http://www.portlandic.com/prices/default.aspx>

Closed-End Funds

Spreads on the closed-end funds remain, in our view, very attractively priced to purchase.

The Portland Investment Counsel's 2013 Second Quarter Fund updates are now available on the website.

At the close of business each day we publish the Net Asset Values (NAV) of our funds onto our Portland website at <http://www.portlandic.com/prices/default.aspx>

The price details published are replicated here below from which you can see we also highlight whether the funds share prices are trading at a premium or discount to their respective NAV.

Market Commentary



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Source: Thomson Reuters, Bloomberg, Company reports

Certain statements included in this document 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. The forward-looking statements are not historical facts, but reflect the Portfolio Management team’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 Management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise. PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc.

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