PORTLAND GLOBAL INCOME FUND

PORTLAND INVESTMENT COUNSEL®
OWNERS. OPERATORS. AND INVESTORS.

(as at June 30, 2018)

	Series Start Date	MER (after absorbtions at March 31, 2018)[4]	Net Asset Value Per Unit (as at June 30, 2018)	PERFORMANCE (as at June 30, 2018)					
				3 Months	6 Months	Calendar Year-to-Date	1 Year	3 Year[4]	Since Inception[4]
Portland Global Income Fund - Series F	Dec. 17, 2013	1.52%	$10.6087	2.2%	0.1%	0.1%	6.8%	5.6%	6.5%
Blended Benchmark†	-	-	-	2.9%	4.5%	4.5%	7.7%	7.7%	11.1%

FUND FACTS

Fund Net Assets	$8.6 million
CIFSC[5] Asset Class	Global Equity Balanced
Risk Tolerance	Low to Medium

HOW THE FUND IS MANAGED

- Common shares of large global companies with attractive dividend-payout ratios and a history of rising dividends over the long term, selected primarily from the members of the S&P Europe 350 Dividend Aristocrats, the S&P 500® Dividend Aristocrats and the S&P/TSX Dividend Aristocrats
- Primarily investment grade* preferred shares of North American companies
- Balanced mix of fixed income ETFs with an emphasis on investment grade** corporate bonds
- Selective use of options to generate additional returns towards distributions and currency hedging of the Fund's non-Canadian dollar exposure

KEY REASONS TO INVEST

- Monthly distributions, targeting 5.0%*** per annum - intended to be fully funded, plus potential for capital appreciation
- The power of dividend investing combined with the benefits of global investing and asset class diversification for the potential to reduce volatility
- The benefits of active and passive management are aligned to help reduce volatility
- Tax-efficient structure, currently housing tax losses of approximately $23 million
- Management fee from 0.65% per annum for Series F units[3]

PORTFOLIO MANAGERS

Chris Wain-Lowe, BA, MBA
Chief Investment Officer, Executive Vice-President and Portfolio Manager

Asset Mix

Equity	40.7%
Preferred Equity	39.7%
Exchange Traded Funds	14.1%
Other Net Assets (Liabilities)[1]	2.9%
Corporate Bonds	2.6%

Geographic Mix

Canada	42.0%
United States	23.2%
United Kingdom	11.7%
Bermuda	10.2%
Switzerland	4.2%
Other Net Assets (Liabilities)[1]	2.9%
Australia	2.3%
France	1.5%
Jersey	1.0%
Sweden	1.0%

Sector Mix

Financials	17.8%
Utilities	15.2%
Exchange Traded Funds	14.1%
Energy	10.9%
Consumer Discretionary	10.5%
Real Estate	9.9%
Telecommunication Services	5.3%
Consumer Staples	4.3%
Materials	3.9%
Other Net Assets (Liabilities)[1]	2.9%
Corporate Bonds	2.6%
Industrials	1.9%
Health Care	0.7%

Top Holdings[2]

Brookfield Property Partners L.P.	4.0%
BCE Inc., Preferred, Series AE, Floating Rate	3.6%
Thomson Reuters Corporation, Preferred, Series B, Floating Rate	3.2%
Cash	3.1%
Royal Dutch Shell PLC	3.0%
iShares International Select Dividend ETF	2.9%
Vanguard S&P 500 ETF	2.9%
Brookfield Office Properties Inc., Preferred, Series V, Floating Rate	2.7%
Digicel Group Limited 6.75% March 1, 2023	2.6%
BHP Billiton PLC	2.4%
Energy Select Sector SPDR Fund	2.3%
iShares MSCI Japan ETF	2.2%
ECN Capital Corp., Preferred, Series C, Fixed-Reset	2.2%
The Kraft Heinz Company	2.1%
Oaktree Strategic Income Corporation	2.0%
Dufry AG	2.0%
Dignity PLC	1.9%
Bunzl PLC	1.9%
Emera Incorporated, Preferred, Series H, Fixed-Reset	1.8%
AT&T Inc.	1.7%
TransAlta Corporation, Preferred, Series E, Fixed-Reset	1.7%
Northland Power Inc., Preferred, Series 1, Fixed-Reset	1.7%
Brookfield Asset Management Inc., Preferred, Series 8, Floating Rate	1.5%
Ares Capital Corporation	1.5%
Total SA	1.5%

Option Positions

The Kraft Heinz Company, Put 47.5, 20/07/2018	0.0%
Barrick Gold Corporation, Put 11, 19/10/2018	0.0%
Barclays PLC, Put 10, 21/09/2018	0.0%
Royal Dutch Shell PLC, Call 75, 20/07/2018	0.0%
BHP Billiton PLC, Call 55, 21/09/2018	0.0%
WPP PLC, Put 70, 16/11/2018	0.0%
Royal Dutch Shell PLC, Call 80, 19/10/2018	0.0%
Walgreens Boots Alliance, Inc., Put 55, 17/08/2018	0.0%
Total SA, Call 70, 17/08/2018	0.0%
AT&T Inc., Put 31, 17/08/2018	0.0%
Brookfield Property Partners L.P., Put 17.5, 21/09/2018	0.0%
Carnival Corporation, Put 55, 17/08/2018	0.0%

FUND COMMENTARY (As at June 30, 2018)

For the period September 30, 2017 to June 30, 2018, while the Series F units of the Fund rose 3.7%, the Fund's blended benchmark of 60% MSCI Total Return World Index and 40% JPMorgan US Aggregate Bond Total Return Index rose 8.5%. For the full period since the launch of the Fund on December 17, 2013 to June 30, 2018, the blended benchmark had annualized returns of 11.1%. For the same period, the Fund's Series F units had an annualized return of 6.5%. Unlike the benchmark, the Fund's return is after the deduction of its fees and expenses.

During the period the preferred shares component contributed stronger than equity whereas the fixed income component detracted. The Fund's exposure to energy and materials were among the top contributing sectors (notably BHP Billiton PLC, Royal Dutch Shell PLC and Total SA among equities and Thomson Reuters Corporation and Power Financial Corporation among preferred shares), whereas being underweight in information technology and exposure to consumer discretionary detracted (notably Dignity PLC and Aryzta AG). Currently, the Fund hedges approximately 31% of its non-Canadian dollar exposure, predominantly reflecting its exposure to the Australian dollar, U.S. dollar, British pound, Swiss franc and Japanese Yen.

The Fund reduced further its already modest fixed income component (to about 3% of the Fund) which is partially passively invested in investment grade corporate ETFs. We maintained a holding in a corporate fixed income instrument as we believe government securities currently offer limited value but generally have constrained the Fund's fixed income component, reflecting our view that as economies recover, interest rates will need to rise. About 3% (from about 7%) of the Fund is currently invested in cash and cash equivalents.

The Fund increased its preferred share component (from about 38% of the Fund to 40% of which just 0.3% is invested passively), which are all Canadian listed. The Fund's actively selected preferred shares are all investment grade and as we do believe rates will now rise and then in time stabilize, we elevated the Fund's holding in floating rate preferred shares which comprise about 16% of the Fund.

The Fund's equity component (about 54% of the Fund of which about 14% is invested passively) comprises mostly large companies and members of the dividend aristocrats indices, exhibiting we believe, attractive dividend policies. These large companies should benefit more than others when global growth accelerates.

The Fund has a target of approximately 5% distribution per annum per unit which it has met since inception. The Fund's earnings from dividends, derivatives and net realized gains exceed the paid distributions. Indicators that the Fund may continue to reach its 5% distribution target include the dividend yield (a financial ratio that shows how much a company pays out in dividends relative to its share price) of the equities of the Fund and current yields (a financial ratio that shows annual income [interest or dividends] divided by the current share price) of the preferred shares and fixed income securities. Sourced from Thomson Reuters and Bloomberg these component yields are as follows:

- equity's trailing weighted average dividend yield was 4.5%.
- preferred share's trailing weighted average current yield was 4.3%.
- fixed income's trailing weighted average current yield was 11.3%.

The Fund's net assets increased from $7.4 million to $8.6 million during the period.

RECENT DEVELOPMENTS

This period since the Great Recession is one of the longest ever stretches of rising markets. Cyclically and inflationary adjusted earnings over the last ten years compared to prices suggests in our view that the current market is fully valued. In addition, the U.S. Treasury Yield curve, reflecting the difference between 2-year and 10-year Treasury yields, has flattened to levels not seen in a decade. A negative yield is ordinarily an indicator of recession and therefore while we do not see a near-term catalyst to initiate a market correction, such as recession or weakening confidence, such a correction is, at least statistically due in our view and vulnerable to geopolitical events, not least trade protectionism and a tightening credit policy in China.

In the near-term while strengthening economies trump the shenanigans of popularity politics across Europe and the Americas, bond markets face rising rates for the first time in some four decades, which is likely to create significant asset reallocations and liquidity issues leading to increased periods of volatility. Despite the political turmoil, central bankers have steered the global economy away from the Great Recession. While increased volatility may be unsettling, it is to be expected as rates rise and quantitative easing (i.e. bond purchasing) is replaced with quantitative firming (i.e. bond sales by Central Banks) as Central Banks wean their country's off support mechanisms and towards more normal rates and markets. Also, as the U.S. proceeds towards trade 'wars' rather than an infrastructure agenda and the U.K.'s 'Brexit' negotiations with the E.U. remain protracted, there is plenty of scope for turmoil. And markets remind us from time to time that they can veer from complacency to panic over a week-end.

At such times, we believe a pivot towards 'value' rather than 'growth' criteria is likely to predominate as investors seek businesses that are priced reasonably, particularly in a reflationary environment. Overall, we believe that the Fund is currently well positioned to meet its investment objective for the medium to long-term. We will continue to evaluate opportunities that we believe may generate income, enhance returns and/or reduce risk wherever possible.

POTENTIAL RISKS

The Manager believes the following risks may impact the performance of the Fund: active management risk, credit risk, currency risk, debt securities and equity risks, ETF risk, interest rate risk and derivatives risk. Please read the "Risk Factors" section in the Simplified Prospectus for a more detailed description of all the relevant risks.

Fund Name	CANADIAN DOLLAR			
	SERIES A			SERIES F[3]
	ISC	DSC	LL	
Portland Global Income Fund	PTL531	PTL538	PTL539	PTL010

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* Investment grade means Pfd 3/P-3 or higher

** Investment grade means BBB- or higher

***The portfolio is expected to generate income from dividends, interest and option writing income , which after deduction of expenses, will be distributed by the Fund to unitholders. The targeted monthly distribution amount is reset at the beginning of each calendar year to provide an approximate yield of 5% per annum based on the NAV per Series A Unit as at December 31 of the prior year. Assuming the expected level of income is received, the portfolio would not be required to appreciate. If the level of income is less than the amount necessary to meet the distribution, the Manager may either pay out a lower distribution or supplement the amount needed through net realized capital gains from the portfolio or may return a portion of the capital of the Fund to unitholders in which case the distribution would not have been fully funded as the net asset value would be reduced. Distributions are reinvested automatically in additional units of the Fund. No commissions are payable upon automatic reinvestment of distributions.

† Effective April 30, 2018, the Fund's benchmarks were changed from a broad-based benchmark, the JP Morgan US Aggregate Bond Total Return Index, and a blended benchmark (consisting of 45% MSCI World Index, 15% S&P/TSX Preferred Share Index, 10% iShares 1-5 Year Laddered Corporate Bond Index ETF, 10% Markit iBoxx US$ Liquid Investment Grade Index, 10% Morningstar Emerging Markets Corporate Bond Index, 5% Markit iBoxx US$ Liquid High Yield Index, and 5% JPMorgan Emerging Markets Bond Index) to a blended benchmark of 60% MSCI Total Return World Index and 40% JP Morgan US Aggregate Bond Total Return Index. This change in benchmark is to align better our approach to rating the Fund's risk and return with its underlying investments.

1. Other Net Assets (Liabilities) refers to all other assets and liabilities in the Fund excluding portfolio investments.
2. Where the Fund holds less than 25 long and short holdings, all investments have been disclosed. There may be other assets and liabilities which are not included, and therefore the summary does not add up to 100%.
3. Effective date of management fee rate was April 20, 2018. Generally available through dealers who have entered into a Portland Series F Dealer Agreement.
4. Annualized.
5. Canadian Investment Funds Standards Committee.

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., 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