



PORTLAND VALUE FUND



PORTLAND
INVESTMENT COUNSEL®

OWNERS. OPERATORS. AND INVESTORS.

(as at July 31, 2017)

	Series Start Date	MER (after absorptions as at March 31, 2017) ⁴	Net Asset Value Per Unit (as at July 31, 2017)	PERFORMANCE (as at July 31, 2017)					
				1 Month	3 Months	6 Months	Calendar Year-to-Date	1 Year	Since Inception ⁴
Portland Value Fund - Series A	May 19, 2015	2.84%	\$7.6921	0.1%	(5.8%)	(4.7%)	(10.2%)	(13.6%)	(11.0%)
Portland Value Fund - Series F	May 19, 2015	1.69%	\$7.7850	0.2%	(5.5%)	(4.1%)	(9.6%)	(12.6%)	(10.0%)
MSCI World Total Return Index	-	-	-	(1.6%)	(4.0%)	6.0%	5.2%	10.9%	6.9%

FUND FACTS

Fund Net Assets	\$0.6 million
CIFSC* Asset Class	Global Equity
Risk Tolerance	Medium

HOW THE FUND IS MANAGED

- Focused investing in a limited number of globally domiciled quality equity securities with an emphasis towards large capitalization, high liquidity and, what we believe are, undervalued securities.
- Investing in companies which have the potential of increased returns due to activist investor campaigns.

KEY REASONS TO INVEST

- Experienced portfolio manager has practiced focused value investing for more than 25 years.
- Growth potential.
- Co-invest alongside eminent capital allocators.
- Diversification benefits (alternative strategy).

PORTFOLIO COMPOSITION

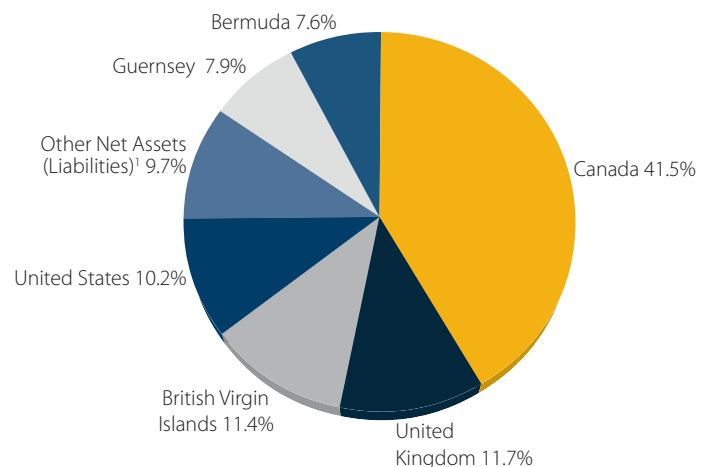
- Businesses led by eminent capital allocators.
- Businesses being transformed by eminent capital allocators (activist investors).
- Opportunities that prevail now.

PORTFOLIO MANAGERS

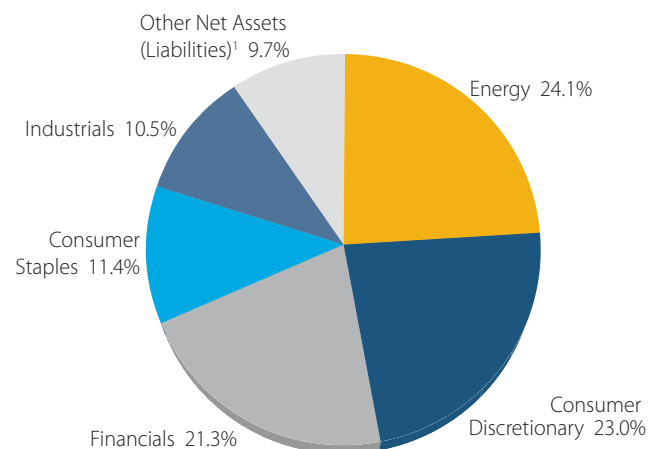
Michael Lee-Chin, B.Eng., LL.D (Honorary)
Executive Chairman, Chief Executive Officer
and Portfolio Manager

Dragos Berbecel, BComm., MBA, CFA
Portfolio Manager

Geographic Mix



Sector Mix



(as at July 31, 2017)

Top Holdings²

Liberty Global PLC LiLAC	11.7%
Nomad Foods Limited	11.4%
Cash	9.8%
Whitecap Resources, Inc.	9.5%
Pershing Square Holdings, Ltd.	7.9%
Crescent Point Energy Corp.	7.6%
Brookfield Business Partners L.P.	7.6%
Berkshire Hathaway Inc.	7.3%
Baytex Energy Corp.	7.0%
Brookfield Asset Management Inc.	6.1%
Restaurant Brands International Inc.	5.9%
Linamar Corporation	5.4%
Hertz Global Holdings, Inc.	2.9%

FUND COMMENTARY (As at June 30, 2017)

For the period since March 31, 2017, to June 30, 2017, the Fund's benchmark, the MSCI World Total Return Index had a return of 1.6%. For the same period, the Fund's Series F units had a return of (5.5%). Unlike the Index, the Fund's return is after the deduction of its fees and expenses. The Fund's key relative performance detractors during the period were Crescent Point Energy Corp., Baytex Energy Corp. and Hertz Global Holdings, Inc., while the Fund's relative performance contributors were Nomad Foods Limited, Restaurant Brands International Inc. and Linamar Corp.

The Fund's net asset value at June 31, 2017 was \$0.5 million.

The Fund aims to provide positive long-term total returns by investing in a focused portfolio (generally no more than 15 names) of quality equities, selected from global companies domiciled in long-term growth industries and which are trading at a discount to their intrinsic value and/or have the potential of increased returns due to activist investor actions, while using leverage to enhance long-term capital appreciation.

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.

Driven in large part by what it is perceived as largely reflationary economic policies from the new Donald Trump-led U.S. administration, the U.S. Fed has accelerated the pace of its previously tentative monetary tightening. With two Fed Funds rate raises since the beginning of the year and expectations for a perhaps one more just before the end of the year, combined with expectations for a reduction in the U.S. Fed's balance sheet via asset sales starting this fall, the excessive liquidity available to the capital markets is, albeit gradually, mopped up. Such a development, we believe, is likely to favour value based investment strategies, which have otherwise underperformed growth strategies since the beginning of the current market cycle, some eight years earlier. With valuations getting ahead of the fundamentals in certain areas of the market, the Manager believes that companies influenced by eminent capital allocators and activist investors have the ability to stand out by adapting quicker to market forces and improving their profitability through both operational changes and balance sheet optimization.

As expected, given the Fund's value focused mandate, the performance was mainly driven by company specific developments, the most important of which are detailed below, though a critical role was played by the continued sell-off in the energy sector as the crude oil market continues to be searching for balance.

Nomad Foods reported financial results for the first quarter ended March 31, 2017, which pointed to a marked improvement in its business, and raised its full year 2017 guidance. With sales in its core business growing after six years of declines and €500 million at its disposal, Nomad Foods is finally in a good position to make acquisitions. The company was formed in 2014 as a vehicle to consolidate Europe's slow-growth 25 billion euro frozen food market.

Restaurant Brands International (RBI) reported robust same store sales growth for both Tim Hortons and Burger King combined with sustained restaurants growth. RBI's most recent acquisition, that of Popeyes Louisiana Kitchen, is seen by the management as having unique complementary features relative to the existing portfolio of brands.

During the quarter we added Linamar Corp. to the portfolio, a decision driven by its well defined growth prospects combined with an attractive valuation. Linamar is primarily a manufacturer of vehicle parts, in particular transmission and engine parts, as well as assembled modules, transmissions, engines and power transfer units. Linamar also owns Skyjack Inc., a manufacturer of mobile industrial equipment, in particular aerial work platforms (scissors), booms and telehandlers, responsible for about 15% of the company's revenues. The company was founded by Frank Hasenfratz in his garage in 1966 and has grown to over \$6 billion in revenue under the stewardship of Frank and his daughter Linda (who is the current CEO). The family still owns



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close to 30% of the listed company. Subsequent to our initial purchase, the company reported its 23 consecutive quarter of double digit operating earnings growth. During the period Linamar was a key contributor to fund performance.

During the period crude oil prices globally continued to be affected by concerns around the supply and demand imbalance. Prices retrenched in the earlier part of the quarter as U.S. crude oil inventories were late to revert to drawdowns from inventory builds, likely driven by a faster than expected production recovery in the U.S. shale basins, most notably Permian, Texas. Technological advances (longer horizontal wells, more fracks per well, increased pressure and quantity of proppant, better drilling chemicals) and geological features of the Permian basin (stacked layers of oil bearing rock) allowed for significant improvements in well deliverability (initial oil production) and attracted significant investor interest over the past couple of years. Production growth limits in the Permian are likely to be tested by cost increases (costs were up roughly 15% in 2016) and full cycle economics (including the cost of land and infrastructure) are becoming challenged at current crude oil levels. Crude oil prices rallied ahead of OPEC's May 25 meeting, when the organization, alongside a number of non-OPEC nations, most notably Russia, decided to extend the current production cap into the end of first quarter of 2018. Absent a deepening of the production cuts and still stubbornly high levels of crude oil and refined product inventories in the U.S., crude oil markets slid once again, also driven by record levels of short-selling in the crude oil and refined product contracts. The quarter ended with a short-covering rally, with the North American benchmark, the WTI (West Texas Intermediate) closing at \$46.04, down 9% over the period.

Energy holdings in the Fund suffered, as a result, negatively impacting the performance of the Fund.

As at June 30, 2017, the top 5 sector exposure was constituted by energy 25.3%, consumer discretionary 25.0%, financials 24.4%, consumer staples 12.3% and industrials 11.0%.

POTENTIAL RISKS

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

FUNDSERV CODES

Fund Name	SERIES A			SERIES F ³
	Code - Initial Sales Charge	Code - DSC	Code - LL	
Portland Value Fund	PTL270	PTL275	PTL280	PTL011

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* Canadian Investment Funds Standards Committee

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 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. Generally available through dealers who have entered into a Portland Series F Dealer Agreement.

4. Annualized.

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.

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