



PORTLAND SPECIAL OPPORTUNITIES FUND



PORTLAND
INVESTMENT COUNSEL™

OWNERS. OPERATORS. AND INVESTORS.

(as at August 31, 2018)

Performance (as at August 31, 2018)	1 Month	3 Months	6 Months	1 Year	3 year ¹	Since Inception ¹
Portland Special Opportunities Fund - Series A	(0.2%)	0.1%	0.1%	-	-	0.3%
Portland Special Opportunities Fund - Series F	(0.1%)	0.3%	0.6%	-	-	0.9%
MSCI World Total Return Index	1.6%	5.2%	5.9%	-	-	8.5%

INVESTMENT OBJECTIVE

- The investment objective of Portland Special Opportunities Fund (the “Fund”) is to provide above average long-term returns by investing directly or indirectly, in strategies managed by EnTrustPermal Ltd. or its affiliates (“EnTrustPermal”).

HOW THE FUND IS MANAGED

- The Manager intends to invest in alternative strategies through pooled investment vehicles and/or separately managed accounts managed by EnTrustPermal. The strategy intends to be focused on investments in the following:
 - Initially invest in EnTrustPermal Special Opportunities Fund IV Ltd. (“EPSO4”).
 - Short-term marketable securities such as treasury bills, bankers acceptances and commercial paper or cash, particularly pending capital calls from EPSO4.
 - EnTrustPermal Alternative Core Separately Managed Account based on EnTrustPermal Alternative Core Fund subject to any regulatory or tax restrictions.
 - Subsequent offering and strategies of EnTrustPermal on a direct or indirect basis.

KEY REASONS TO INVEST

- Through its investments in Special Opportunities mandates, EnTrustPermal provides opportunity to:
 - CO-INVEST with some of the world’s largest alternative strategies managers.
 - ACCESS the expertise of EnTrustPermal, one of the largest alternative strategies investors globally, in vetting and selecting investment opportunities from among the “best ideas” presented by over 100 managers in EnTrustPermal’s global stable manager universe and beyond.
 - SELECT investments in less efficient and dislocated markets where a catalyst can be held or controlled to unlock substantial value.
 - BENEFIT from superior cost economics generated by EnTrustPermal’s scale and operational expertise.

ENTRUSTPERMAL LTD.

- EnTrustPermal is one of the largest global hedge fund investors in alternative investment strategies for high net worth individuals, corporations, sovereign wealth funds, public pension plans and pooled investment vehicles.

FUND FACTS

Launch Date	December 14, 2017
Fund Type	Alternative Strategies
Offer Document	Offering Memorandum
Legal Type	Unit Trust
Eligible for Registered Plans	Yes
Eligible for PAC Plans	Yes
Purchases and Redemptions	Monthly until September 30, 2018, thereafter quarterly
Notice Period For Redemptions	60 days ⁴
Redemption Fee	Within 60 months - 5%
Manager	Portland Investment Counsel Inc.
Specialty Investment Manager	EnTrustPermal Ltd. or its affiliates
External Portfolio Manager	EnTrust Partners LLC or its investment advisory affiliate
Administrator	CIBC Mellon Global Securities Services Company
Prime Broker	RBC Dominion Securities Inc.
Custodian	CIBC Mellon Trust Company

SERIES	A	F*
Net asset value per unit (CAD\$)	\$50.1730	\$50.4587
Min. initial investment, accredited investor ²	\$10,000	\$10,000
Min. Initial Investment, non-accredited investor	\$150,000	\$150,000
Min. subsequent investment ³	\$500	\$500
Management fee	1.85%	0.85%

Please see the Offering Memorandum for fees and specific details on the offering.

FUNDSERV CODES	A	F*
Portland Special Opportunities Fund Subscription Code	PTL775	PTL785
Portland Special Opportunities Fund	PTL780	PTL790



PORTLAND SPECIAL OPPORTUNITIES FUND



PORTLAND
INVESTMENT COUNSEL[®]

OWNERS. OPERATORS. AND INVESTORS.

(as at August 31, 2018)

FUND COMMENTARY (As at June 30, 2018)

For the period December 31, 2017 to June 30, 2018, the Fund's Series F had a return of 1.3% while the Fund's broad based benchmark, the MSCI World Total Return Index rose 5.4%.

EPSO4 completed its first closing as of March 27, 2018 having received approximately US\$884 million in total commitments. The Fund committed US\$8.3 million to EPSO4.

EPSO4 issued the first capital call of circa 6% of its funds due by March 27, 2018 and subsequently issued its second capital call for funds by April 13, its third capital call by June 14 and fourth capital call by June 21. Therefore, currently EPSO4 has called US\$1.697 million equating to about 20.5% of the US\$8.3 million committed, which as at June 30th was about 29% of the Fund.

EnTrustPermal is planning a second closing of EPSO4, currently to be by the end of September. Prior to a second closing of EPSO4, the Fund will look to increase its commitment in EPSO4, depending on the levels of new subscriptions received and expected over the next 12 – 18 months.

RECENT DEVELOPMENTS AND OUTLOOK

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. bonds purchasing) is replaced with quantitative firming (i.e. bonds sales by Central Banks) as Central Banks wear 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.

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 are enthusiastic about the opportunity set for EPSO4's event-driven, multi-strategy managers. We expect corporate activity to remain elevated following the US corporate tax reform. There was over US\$1 trillion in cash held overseas by S&P 500 companies that is expected to be repatriated based on incentives created in the tax bill largely held by technology and healthcare companies. While much of the formerly-stranded cash may be deployed towards debt reduction, stock buy-backs and increased dividends, the amounts are so large that even a partial deployment towards M&A would equate to a substantial deal flow. We believe the outlook and opportunity set across the major asset classes is now driven by the overarching belief that central banks must begin tightening, inflation may surprise to the upside and volatility will be elevated relative to recent history. As such, we believe EPSO4 has the ability to source and execute upon a diverse pool of idiosyncratic, company-specific situations, where in partnership with its managers, it has the potential to shape, drive and influence desired outcomes for the benefit of its investors, i.e. our Fund.

Potential Risks

The Manager believes the following risks are key to the performance of the Fund: consequences of failure to satisfy capital calls, interest rate changes, credit risk, currency risk, market risk, liquidity risk and event driven risks. This activist investment strategy may require, among other things: (i) that the EnTrustPermal Manager properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) that EPSO4 or subsequent investments acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) that EPSO4 or subsequent investments avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) that management of portfolio companies and other security holders respond positively to the EnTrustPermal Manager's proposals; and (v) that the market price of a portfolio company's securities increases in response to any actions taken by portfolio companies. There can be no assurance that any of the foregoing will succeed. Please read the "Risk Factors" sections in the Offering Memorandum for a more detailed description of all the relevant risks.



PORTLAND SPECIAL OPPORTUNITIES FUND



PORTLAND
INVESTMENT COUNSEL[®]

OWNERS. OPERATORS. AND INVESTORS.

(as at August 31, 2018)

 **Portland Investment Counsel Inc.**

 **portlandinvestmentcounsel**

 **Portland Investment Counsel Inc.**

 **@PortlandCounsel**

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

1. Annualized.
2. Accredited Investors as defined under National Instrument 45-106.
3. For investors who are not Accredited Investors, the additional investment must be in an amount that is not less than \$500 if the investor initially acquired Units for an acquisition cost of not less than \$150,000 and, at the time of the additional investment, the Units then held by the investor have an acquisition cost or a net asset value equal to at least \$150,000, or another exemption is available.
4. Redemption notice period has been waived for the period of July 31, 2018 to September 30, 2018.

Commission, trailing commissions, management fee and expenses may be associated with investments. Products are not guaranteed, their values change frequently and past performance may not be repeated. The Portland Special Opportunities Fund (the "Fund") being discussed is not publicly offered. The Fund is only available under prospectus exemptions and other exemptions available to investors who meet certain eligibility or minimum purchase requirements. Currently these exemptions include the accredited investor exemption and the \$150,000 minimum purchase exemption for non-individual investors. The offering of Units of the Fund is made pursuant to an Offering Memorandum and the information contained herein is a summary only and is qualified by the more detailed information in the Offering Memorandum. Please read the offering documents before investing. Any reference to a company is for illustrative purposes only; it is not a recommendation to buy or sell nor is it necessarily an indication of how the Fund is invested.

Portland Investment Counsel Inc. has not independently verified all the information and opinions given in this material. Accordingly, no representative or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this material. Information presented in this material should be considered for background information only and should not be construed as investment or financial advice. Please consult a Financial Advisor. Information provided is believed to be reliable when published. All information is subject to modification from time to time without notice. Please read the offering documents carefully before investing. Consent is required for any reproduction, in whole or in part, of this piece and/or of its images and concepts. PORTLAND, PORTLAND INVESTMENT COUNSEL and its logo are registered trademarks of Portland Holdings Inc. Used under license by Portland Investment Counsel Inc.

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