



PORTLAND SPECIAL OPPORTUNITIES FUND



PORTLAND
INVESTMENT COUNSEL™

OWNERS. OPERATORS. AND INVESTORS.

(as at December 31, 2018)

Performance (as at December 31, 2018)	3 Months	6 Months	1 Year	3 year ¹	Since Inception ¹
Portland Special Opportunities Fund - Series A	0.5%	0.3%	1.2%	-	1.2%
Portland Special Opportunities Fund - Series F	0.8%	0.9%	2.2%	-	2.2%
MSCI World Total Return Index	(8.8%)	(5.8%)	(0.7%)		(1.4%)

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	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\$)	\$50.6239	\$51.1058
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



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FUND COMMENTARY (As at December 31, 2018)

For the period December 31, 2017 to December 31, 2018, the Fund's Series F had a return of 2.2% while the Fund's broad based benchmark, the MSCI World Total Return Index fell -0.7%. For the full period since the launch of the Fund on December 14, 2017 the Fund's annualized return was 1.2% for Series A and 2.2% for Series F, while the benchmark fell -1.4%. Since the Fund does not necessarily invest in the same securities as the benchmark, the performance of the Fund may not be directly comparable to the benchmarks.

EPSO4 completed its first closing by late March, 2018 and its second by late October, raising approximately USD \$884 million and USD \$941 million respectively across all its investment vehicles. The Fund committed USD \$8.3 million to EPSO4 via the first closing.

EPSO4 has issued six capital calls for the period of March 2018 to December 2018. Therefore, as at December 31, 2018 EPSO4 has called USD \$2.468 million equating to about 29.7% of the USD \$8.3 million committed, which, as at December 31, 2018 was about 37.5% of the Fund.

RECENT DEVELOPMENTS AND OUTLOOK

EPSO4 issued its seventh capital call for funds by January, 2019. Therefore, as at January 3, 2019, EPSO4 has called USD \$3.166 million equating to about 38.1% of the USD \$8.3 million committed, which as at January 3, 2019 was about 47% of the Fund based on the December 31, 2018 NAV, net of subscriptions.

EntrustPermal is planning a third closing of EPSO4 in January 2019 and most likely will continue to raise capital with another closing between April and June 2019. The Fund did not increase its commitment in EPSO4 during the second closing, is unlikely to do so in the third but may in the fourth, depending on the levels of new subscriptions received and expected over the next 6 – 12 months.

During the period equity investors faced the volatile realities of a shift from quantitative easing (i.e. bond purchasing) and very low interest rates coupled with the backdrop of global trade tensions, political unrest and further uncertainties as a result of the Brexit saga. In fact, as the majority of developed economies are yet to adopt meaningful pro-growth measures; rising U.S. interest rates, the Federal Reserve shrinking its balance sheet and the European Central Bank ending its bond buying program have stirred worries over a new era of 'quantitative tightening' that is also rattling markets.

Signs of a late-cycle economy and unresolved Chinese-U.S. trade tension does not mean a recession lurks around the corner. However, 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 a recession. Global activity appears

to be still expanding alongside company earnings whereas the recent lower/repricing in equities reflects an anticipated slower pace of growth and margin compression for companies from higher interest rates and wages.

Bond markets face rising rates for the first time in some four decades, which is already creating significant asset reallocations and liquidity issues leading to increased periods of volatility. While increased volatility may be unsettling, it is to be expected as rates rise and Central Banks wear their countries 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.

A distinguishing feature of the Fund is focused investing, i.e. holding a limited number of investments. Portland Investment Counsel Inc. has long held that they key to wealth creation is owning a few high quality businesses. We increasingly believe a pivot towards 'value' rather than 'growth' criteria is likely to predominate as investors seek businesses that are priced reasonably, particularly in a reflatory environment. Overall, we believe that the Fund is currently well positioned to meet its investment objective for the medium to long term.

We are increasingly enthusiastic about the opportunity set for EPSO4's event-driven, multi-strategy managers. Corporate activity remained elevated following the U.S. corporate tax reform. While much of the formerly stranded cash is being deployed towards debt reduction, stock buy-backs and increased dividends, the amounts are so large that even a partial deployment towards M&A equates 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 market volatility is elevated relative to recent history. This market volatility (both among equity and bonds) only serves to emphasize that EPSO4's fund raising has been well timed to meet and address increased opportunities born out of such volatility.

As such, we believe EPSO4 has the ability to demonstrate the virtues of being active rather than passive and so 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.



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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.



*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.

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