PORTLAND ADVANTAGE PLUS - EVEREST FUND

PORTLAND INVESTMENT COUNSEL®
OWNERS. OPERATORS. AND INVESTORS.

(as at January 31, 2019)

	Net Asset Value Per Unit (as at January 31, 2019)	Annual Distribution Yield[1] (as at January 31, 2019)	PERFORMANCE (as at January 31, 2019)					
			1 Month	3 Months	6 Months	1 Year	3 Year†	Since Inception†
Portland Advantage Plus - Everest Fund - Series A (CAD)	$0.3651	1.60%	(12.6%)	(73.2%)	(86.9%)	(86.6%)	(45.5%)	(60.0%)
Portland Advantage Plus - Everest Fund - Series F (CAD)	$0.3627	2.80%	(12.6%)	(73.1%)	(86.8%)	(86.5%)	(44.9%)	(59.5%)
S&P/TSX Composite Total Return Index[2]	-	-	8.7%	4.3%	(3.9%)	0.5%	9.8%	4.3%

FUND FACTS

Fund Net Assets	$0.6 million CAD
Inception Date	April 30, 2014
Fund Type	Alternative Strategies
Offer Document	Offering Memorandum
Eligible for Registered Plans	Yes
Eligible for PAC Plans	Yes, monthly minimum of $500
Purchases and Redemptions	Monthly with no minimum investment term or redemption fee

HOW THE FUND IS MANAGED

- Focused investing in a limited number of quality equity securities with an emphasis towards: large capitalization, high liquidity, relatively high dividend yields and long-term growth industries
- Leverage by purchasing securities on margin, ordinarily expected to be up to 60% of the Portfolio (market value of securities)

KEY REASONS TO INVEST

- Income through targeting fully funded monthly distributions
- A focused portfolio of equities, ordinarily selected from liquid, large cap, dividend-paying stocks at what we believe are attractive valuations
- Use of leverage to enhance the power of dividends
- Embedded product leverage is non-recourse to individual investors

PORTFOLIO COMPOSITION

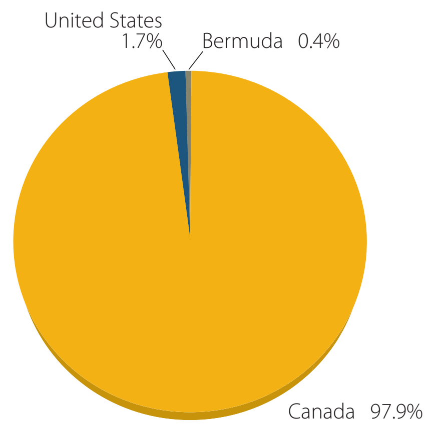
- Focused portfolio of select companies domiciled in long-term growth industries
- Emphasis on relatively higher dividend yielding securities
- Multiple sectors

PORTFOLIO MANAGER

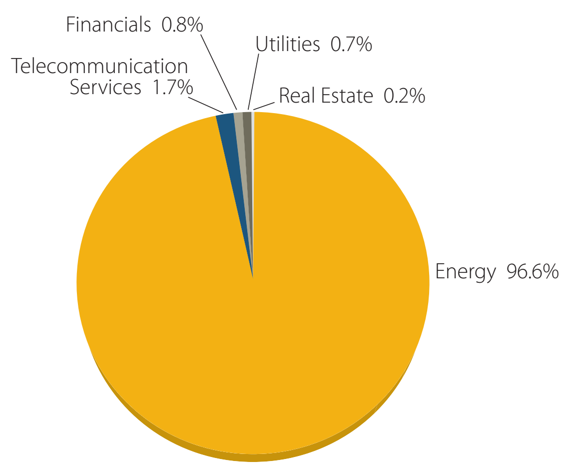
Michael Lee-Chin, B.Eng., LLD (Honorary)
Executive Chairman, Chief Executive Officer and Portfolio Manager

Dragos Berbecel, BComm., MBA, CFA
Portfolio Manager

Geographic Mix (as a % of total assets)



Sector Mix (as a % of total assets)



Asset Mix (as a % of net asset value)

Equities	240.8%
Other Net Assets (Liabilities)[3]	(8.0%)
Cash	(132.8%)

Leverage Ratio[4]	58.4%

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Top Holdings	Percentage of Total Assets	Dividend Yield[5]
Crescent Point Energy Corp.	24.2%	1.0%
Whitecap Resources, Inc.	19.0%	7.3%
Baytex Energy Corp.	18.6%	0.0%
Bonterra Energy Corp.	18.6%	2.0%
Cardinal Energy Ltd.	16.2%	5.5%
AT&T Inc.	1.4%	6.8%
The Bank of Nova Scotia	0.5%	4.6%
BCE Inc.	0.3%	5.3%
Brookfield Property Partners L.P.	0.2%	6.9%
Northland Power Inc.	0.2%	5.0%
Pattern Energy Group Inc.	0.2%	7.9%
Brookfield Infrastructure Partners L.P.	0.2%	4.8%
IGM Financial Inc.	0.2%	6.7%
TransAlta Renewables Inc.	0.1%	8.1%
Ares Capital Corporation	0.1%	9.6%

FUND COMMENTARY (as at December 31, 2018)

For the period of September 30, 2018, to December 31, 2018, the Fund's benchmark, the S&P/TSX Composite Total Return Index had a return of -10.1%. For the same period, the Fund's Series F units had a return of -83.6%. Unlike the Index, the Fund's return is after the deduction of its fees and expenses. The Fund's underperformance was due to the Fund's energy sector (overweight) negative relative contribution. The Fund's leverage amplified the underperformance.

The Fund's net asset value at December 31, 2018 was $0.5 million.

The Fund has preserved its significant exposure to energy holdings, which, as at December 31, 2018, constituted 97.3% of the portfolio's assets.

Energy markets have seen a drastic turn for the worse during the last quarter of 2018. At a macro global level, crude oil prices were impacted by concerns surrounding demand destruction as a result of nearly $80 Brent crude oil prices, but mostly concerns around fallout from potential trade wars stirred up by the U.S. administration and the flight of capital out of developing nations as the U.S. Fed has been raising interest rates. The U.S. administration pushed for higher OPEC (Organization of Petroleum Exporting Countries) production, in particular from Saudi Arabia. The Khashoggi assassination by agents related to Saudi Arabia gave Trump significant leverage over Mohammed bin Salman and the Saudi Kingdom had to oblige and increase production during the period. The US administration also revealed a number of unexpected export waivers for a number of Iran crude oil importers, temporarily circumventing the previously announced sanctions. At one point in November, crude oil prices had dropped for 12 consecutive sessions, the longest losing streak in history. However, fundamentals have been robust, with global demand increasing steadily. The International Energy Agency estimated demand to exceed 100 million barrels per day (bpd) by the end of 2018. During the reporting period, the West Texas Intermediate (WTI), the North American crude oil price benchmark, which started the quarter at $73.25, dropped steadily, closing the year at $45.41, near its period low at $42.53.

In addition to the above, crude oil producers all over Western Canada have been affected by the extraordinary widening of the price differentials. For Western Canadian Select (WCS), the Canadian benchmark for heavy crude, the price was as low as 25% of WTI (75% discount) at times. For Edmonton Par, the Canadian benchmark for lighter and medium crude, the price was as low as 40% of WTI (60% discount) at times. Differentials widening were primarily a consequence of the worsening in uptake capacity for Western Canadian crude (lack of transportation infrastructure, in particular pipelines). Amongst the most important factors which have combined to create a 'perfect storm' for the industry are: a lack of regulatory and governmental support for new pipelines; the Trans Mountain expansion project, which the Canadian federal government acquired for roughly CAD $5 billion from Kinder Morgan Canada Ltd., being stopped in its tracks by a court ruling; an increase in the heavy oil production from some of Suncor Energy Inc.'s properties; planned and unplanned temporary shut-downs at downstream refineries; and, for a while, lower than expected shipments of crude by rail. Adding to the capacity constraints and further lowering the sentiment towards the sector, a Montana judge halted construction on Keystone XL on 'environmental and indigenous concerns'.

Gradually, some of the marketing restrictions are being addressed: crude-by-rail is ramping up; local refining and processing is encouraged; some progress on volumes through the existing Keystone pipeline; the expansion of Enbridge's Line 3 seems to be on track (though not certain); the eventual restarting of the Trans Mountain project has not been ruled out; a more disciplined approach by the oil sands producers is expected; major Western Canada producers are ramping up crude-by-rail shipments and have been contracting for higher volumes mid to long-term. Crude-by-rail reached a record high monthly average of 274,000 bpd in October.

During the period, two events stood out as supportive of crude oil prices. Firstly, in an unprecedented move (given the unprecedented situation), the province of Alberta mandated temporary oil production cuts of 325,000 bpd. The province had also announced the launch of a crude-by-rail expansion program, which would boost the capacity by 120,000 bpd by mid-2020. Secondly, OPEC, supported by Russia, reached another agreement to curtail production by 1.2 million bpd starting in January 2019.

The Manager continues to believe that the fundamental operations of our energy holdings remain robust while their economics are gradually improving in a recovering energy market. As such, we have continued to maintain elevated levels of exposure to the energy sector, through our oil and gas exploration and production holdings, and plan on doing so until we see a substantial recovery in the energy space. Of note, Crescent Point Energy Corp.'s productive assets are largely downstream of the current bottlenecks and therefore suffering less from the large differentials. Shortly after the company's third quarter results announcement, markets reacted positively, though, more recently, the name joined the generalized sell-off. Baytex Energy Corp. still derives a material portion of its production (around 40%) from The Eagle Ford, in Texas, which is generally sold at a premium to WTI. The recently announced capital expenditure programs by Baytex and Whitecap Resources, Inc. prioritize protecting the balance sheet in the current environment, though Whitecap still targets a 6% increase in production by the end of 2019. During the period we initiated a holding in Bonterra Energy Corp., which we believe, is likely to provide more exposure to an eventual recovery in the Western Canadian energy space. The company has an impressive track record of returns to shareholders, primarily via dividends, and its founder and current CEO, George Fink, has a significant stake in the company.

As at December 31, 2018, based on the Fund's total assets, the top 5 sector exposure was constituted by energy 97.3%, financials 1.2%, utilities 0.8%, telecommunication services 0.5% and real estate 0.2%. The Fund makes use of low cost leverage to invest in a portfolio with a dividend yield that currently provides a spread over the cost of borrowing. Based on settlement date activity, leverage was 49.1%, as of December 31, 2018.

Going forward, we believe that the Fund is well positioned to meet its investment objectives, which are to provide income and achieve, over the long-term, an above average return by combining a leveraged investment strategy with focused investment, primarily in a limited number of long securities positions.

RISK MANAGEMENT STRATEGY

The Manager relies on the following risk mitigation measures:

- Portfolio construction
- Buffers against margin calls
- Companies with relatively higher dividend yields, lower volatility and diversified by sector
- Intending to preserve excess margin or 'buffer'
- Reduce the impact of rising interest rates through emphasis on investments that are positively correlated with economic growth
- Value discipline

POTENTIAL RISKS

While the Manager exercises prudence and due diligence throughout the investment process, no guarantees can be given to offset a risk of loss and investors should consult with their Financial Advisor prior to investing in the Fund.

The Manager believes the following risks are key to the Fund's performance: leverage, interest rate changes, dividend yields, highly volatile markets and equity risk. Please read the "Risk Factors" section in the Offering Memorandum for a more detailed description of all the relevant risks.

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FUNDSERV CODES

Fund Name	SERIES A	SERIES F*	SERIES N
Portland Advantage Plus - Everest Fund - CDN$	PTL960	PTL955	PTL950
Portland Advantage Plus - Everest Fund - USD$	PTL860	PTL855	PTL850

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

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† Annualized.

1. Distribution yields are based on the net asset value per unit divided by a full month distribution rate.

2. Since the Fund does not necessarily invest in the same securities as the benchmark or in the same proportion, the performance of the Fund may not be directly comparable to the benchmark. In addition, the Fund's performance returns reflect the use of leverage. The use of a benchmark is for illustrative purposes only, and is not an indication of performance of the Fund.

3. Other Net Assets (Liabilities) refers to all other assets and liabilities in the Fund excluding portfolio investments and cash.

4. Leverage ratio is calculated as the total borrowing divided by the fair value of securities and does not take into account other Net Assets (Liabilities) as defined above.

5. Dividend Yield – Annual dividends divided by the share price.

Additional Sources: Bloomberg, Thomson Reuters

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