PORTLAND
INVESTMENT COUNSEL®

Portland Special Opportunities Fund
Interim Financial Report

December 31, 2018

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FINANCIAL STATEMENTS

PORTFOLIO MANAGEMENT TEAM	**Christopher Wain-Lowe** Chief Investment Officer, Executive Vice-President and Portfolio Manager

Portland Special Opportunities Fund

DECEMBER 31, 2018

OVERVIEW

The investment objective of Portland Special Opportunities Fund (the Fund) is to provide above average risk-adjusted returns over the long-term by investing directly or indirectly in strategies managed by EnTrustPermal Ltd. (EnTrustPermal) or its affiliates. The Manager (Portland Investment Counsel Inc.) has selected EnTrustPermal as a specialty investment manager. EnTrustPermal is one of the world's largest alternative strategies investors globally and has cultivated relationships with many active hedge fund managers, investment banks and other institutions providing experience and access to a breadth of alternative investment opportunities. This access enables EntrustPermal to be presented with what are believed to be the 'best idea' investment opportunities, typically in asset classes where market dislocations or other events have created attractive investment opportunities.

The Fund intends to achieve its investment objective by investing in alternative strategies managed by EnTrustPermal, commencing with the EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4). Since EPSO4 will seek to invest in the 'best ideas' of EnTrustPermal (rather than in a diversified fund), EPSO4's and so the Fund's results can be expected to be more idiosyncratic. EPSO4 can be expected to be more concentrated than a diversified fund and the success or failure of any one investment may have a more material impact on results than a more diversified portfolio. EPSO4 intends to invest in a range of investments, including but not limited to, distressed corporate securities, activist equities, municipal bonds, high yield bonds, leveraged loans, unsecured debt, collateralized debt obligations, mortgage backed securities, direct lending and sovereign debt, real estate, venture capital and private equity-type structures. The approach is to select investments in less efficient and dislocated markets where a catalyst can be held or controlled to unlock substantial value.

When EPSO4 becomes closed to new commitments, the Fund may commit to subsequent products and services offered or managed by EnTrustPermal on a direct or indirect basis.

RESULTS OF OPERATIONS

The Fund's one year return as of December 31, 2018 was 1.2% for Series A units and 2.2% for Series F units, 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 and did not participate in the second closing.

EPSO4 has issued six capital calls for the period of March 2018 to mid October 2018 and by the end of November 2018 had invested in ten opportunities. 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% of the Fund.

RECENT DEVELOPMENTS AND OUTLOOK

EPSO4 issued its seventh capital call for funds in 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 47.0% 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 around the end of March 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 wean 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. The Manager has long held that the 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 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 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 mergers and acquisitions (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.

Notes

Certain statements included in this Commentary constitute forward looking statements, including those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent they relate to the Fund. These forward-looking statements are not historical facts, but reflect the current expectations of the portfolio management team regarding future results or events of the Fund. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The portfolio management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.

Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Portland Special Opportunities Fund (the Fund) have been prepared by Portland Investment Counsel Inc. in its capacity as manager (the Manager) of the Fund. The Manager of the Fund is responsible for the information and representations contained in these financial statements. The Board of Directors of the Manager, in its capacity as trustee of the Fund, has approved these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund are described in note 3 to these financial statements.

"Michael Lee-Chin"

Michael Lee-Chin
Director
February 8, 2019

"Robert Almeida"

Robert Almeida
Director
February 8, 2019

These financial statements have not been reviewed by an independent auditor.

Statements of Financial Position (Unaudited)

	As at December 31, 2018	As at June 30, 2018
Assets		
Current Assets		
Cash and cash equivalents	$ 5,622,541	$ 5,556,401
Subscriptions receivable	213,015	246,835
Investments (note 5)	3,376,371	2,276,646
	9,211,927	8,079,882
Liabilities		
Current Liabilities		
Organization expenses payable (note 8)	10,562	11,442
Management fees payable	-	6,931
Expenses payable	-	3,678
Redemptions payable	-	15,160
	10,562	37,211
Non-current Liabilities		
Organization expenses payable (note 8)	33,447	38,728
	44,009	75,939
Net Assets Attributable to Holders of Redeemable Units	$ 9,167,918	$ 8,003,943
Net Assets Attributable to Holders of Redeemable Units Per Series		
Series A	1,035,305	736,452
Series F	8,132,613	7,267,491
	$ 9,167,918	$ 8,003,943
Number of Redeemable Units Outstanding (note 6)		
Series A	20,549	14,678
Series F	159,897	144,302
Net Assets Attributable to Holders of Redeemable Units Per Unit		
Series A	50.38	50.17
Series F	50.86	50.36

Approved by the Board of Directors of Portland Investment Counsel Inc.

"Michael Lee-Chin" *"Robert Almeida"*

Director Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Unaudited)

for the periods ended December 31,	2018	2017 *
Income		
Net gain (loss) on investments		
Interest for distribution purposes	$ 53,427	$ 581
Change in unrealized appreciation (depreciation) on investments	95,318	-
	148,745	581
Other income		
Foreign exchange gain (loss) on cash and other net assets	1,285	-
Total income (net)	150,030	581
Expenses		
Management fees (note 8)	47,038	-
Audit fees	11,745	-
General and administrative expenses	5,821	-
Legal fees	4,255	-
Custodial fees	1,414	-
Independent review committee fees	1,378	-
Interest expense	6	-
Organization expenses (note 8)	-	51,371
Total operating expenses	71,657	51,371
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 78,373	$ (50,790)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	3,254	(2,050)
Series F	75,119	(48,740)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	0.18	(2.15)
Series F	0.49	(1.58)

* From December 14, 2017 (inception date) to December 31, 2017

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

for the periods ended December 31,	2018	2017 *
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Series A	$ 736,452	$ -
Series F	7,267,491	-
	8,003,943	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Series A	3,254	(2,050)
Series F	75,119	(48,740)
	78,373	(50,790)
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Series A	295,599	92,035
Series F	810,155	2,195,168
	1,105,754	2,287,203
Redemptions of redeemable units		
Series A	-	-
Series F	(20,152)	-
	(20,152)	-
Net Increase (Decrease) from Redeemable Unit Transactions	1,085,602	2,287,203
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Series A	1,035,305	89,985
Series F	8,132,613	2,146,428
	$ 9,167,918	$ 2,236,413

* From December 14, 2017 (inception date) to December 31, 2017

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows (Unaudited)

for the periods ended December 31,	2018	2017 *
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 78,373	$ (50,790)
Adjustments for:		
Change in unrealized (appreciation) depreciation on investments	(95,318)	-
Unrealized foreign exchange (gain) loss on cash	(1)	-
Increase (decrease) in management fees and expenses payable	(10,609)	-
Increase (decrease) in organization expenses payable	(6,161)	51,371
Purchase of investments	(1,004,407)	-
Net Cash Generated (Used) by Operating Activities	(1,038,123)	581
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	1,119,422	1,498,535
Amount paid on redemption of redeemable units	(15,160)	-
Net Cash Generated (Used) by Financing Activities	1,104,262	1,498,535
Net increase (decrease) in cash and cash equivalents	66,139	1,499,116
Unrealized foreign exchange gain (loss) on cash	1	-
Cash and cash equivalents - beginning of period	5,556,401	-
Cash and cash equivalents - end of period	5,622,541	1,499,116
Cash and cash equivalents comprise:		
Cash (overdraft) at bank	$ (39,326)	$ 2,543
Short-term investments	5,661,867	1,496,573
	$ 5,622,541	$ 1,499,116
From operating activities:		
Interest received, net of withholding tax	$ 53,427	$ 581

* From December 14, 2017 (inception date) to December 31, 2017

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio (Unaudited)

as at December 31, 2018

No. of Shares	Security Name	Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
EQUITIES				
Cayman Islands				
2,405	EnTrustPermal Special Opportunities Fund IV Ltd.	$ 3,195,960	$ 3,376,371	36.8%
		$ 3,195,960	$ 3,376,371	36.8%
	Other assets less liabilities		5,791,547	63.2%
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		$ 9,167,918	100.0%

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

Portland Special Opportunities Fund (the Fund) is an open-end investment fund established under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated as of December 13, 2013, as amended thereafter and as may be amended from time to time. The formation date of the Fund was December 5, 2017 and inception date was December 14, 2017. Portland Investment Counsel Inc. (the Manager) is the Investment Fund Manager, Portfolio Manager and Trustee of the Fund. The head office of the Fund is 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7. These financial statements were authorized for issue by the Board of Directors of the Manager on February 8, 2019.

The Fund offers units to the public on a private placement basis under an offering memorandum. The investment objective of the Fund is to provide above average risk-adjusted returns over the long term by investing directly or indirectly, in strategies managed by EnTrustPermal Ltd. (EnTrustPermal) or its affiliates.

Effective October 1, 2018, the Manager changed the Valuation Date and redemption date (as defined in note 6) from the last business day of each month to the last business day of each calendar quarter or on such other date as determined by the Manager.

The statements of financial position of the Fund are as at December 31, 2018 and June 30, 2018. The statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows are for the six-month period ended December 31, 2018 and from December 14, 2017 (inception date) to December 31, 2017.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

The date of initial application for the new classification and measurement standards in IFRS 9 - Financial Instruments is for fiscal years beginning on or after January 1, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Fund has adopted IFRS 9 in these financial statements. IFRS 9 replaced IAS 39 and provides a new framework for classification and measurement of financial assets and liabilities, as well as new standards for hedge accounting. The Fund does not have arrangements in place that meet the criteria for hedge accounting, so those aspects of the standard have not been applied in these financial statements.

The Fund classifies financial assets based on the business model used for managing such financial assets and the contractual cash flow characteristics of those financial assets. The Fund may be divided into sub-portfolios that have different business models. Where contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test), the financial asset will be classified as a financial asset at amortized cost.

The Fund recognizes financial instruments at fair value upon initial recognition, inclusive of transaction costs in the case of financial instruments not measured at fair value. Purchases and sales of financial assets are recognized as at their trade date. The Funds classify their investment in equities and fixed income securities as financial assets or financial liabilities at fair value through profit or loss (FVTPL). Other investment funds (the Underlying Fund or EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4)) held by the Fund do not meet the SPPI test and therefore have been classified as financial assets at FVTPL.

All other financial assets and liabilities are recognized at amortized cost and are reflected at the amount required to be paid, discounted to reflect the time value of money when appropriate.

The Fund's obligation for net assets attributable to holders of redeemable units does not meet the criteria for equity treatment and therefore is presented as a liability on the statement of financial position. The Fund has elected to classify its obligation for net assets attributable to holders of redeemable units as a financial liability at FVTPL.

The Fund's accounting policies for measuring the fair value of its investments are similar to those used in measuring net asset value (NAV) for unitholder transactions; therefore, the NAV will be similar to the net assets attributable to holders of redeemable units for financial reporting purposes except for the treatment of organization expenses. Such expenses are deductible from NAV over 60 months as outlined in the offering memorandum of the Fund. Such expenses are fully deductible in the first year of operations under IFRS, therefore the NAV is higher than the net assets attributable of redeemable units in these financial statements. There is a comparison of the NAV per unit and net assets attributable to holders of redeemable units per unit within note 11.

Financial assets and liabilities may be offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy, certain events of default or termination of the contracts.

(b) Recognition, de-recognition and measurement

Purchases and sales of financial assets are recognized on their trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities are initially recognized at fair value. Transaction costs incurred to acquire financial assets at FVTPL are expensed as incurred in the statements of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Unrealized gains and losses arising from changes in fair value of the FVTPL category are presented in the statements of comprehensive income within 'Change in unrealized appreciation (depreciation) on investments' in the period in which they arise. Financial assets at amortized cost are subsequently measured at amortized cost, less any impairment losses. Transaction costs incurred on financial assets or liabilities at amortized cost are amortized over the life of the asset or liability.

Financial assets are de-recognized when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset (for financial assets at FVTPL) or the amortized cost (for financial assets at amortized cost) is included within 'Net realized gain (loss) on investments' in the statements of comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Manager has procedures to determine the fair value of securities at FVTPL for which market prices are not readily available or which may not be reliably priced. The Underlying Fund does not trade on an active market hence its fair value is determined using valuation techniques. The fair value is primarily determined based on the latest available price of the Underlying Fund as reported by Citco Fund Services (Curacao) B.V. (Citco), the administrator of the Underlying Fund. Adjustments may be made, if necessary, based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value. The Manager will monitor these estimates regularly and update them as necessary if macro or individual fund changes warrant any adjustments.

The manager of the Underlying Fund itself uses valuation techniques to determine the fair value of investments in the Underlying Fund for which market prices are not readily available. Citco relies on financial data furnished to it by the advisor and/or manager of the Underlying Fund including but not limited to, valuation of such investments. The Underlying Fund is audited annually by an independent auditor. There is no guarantee that the value ascribed to the Underlying Fund or any investment held by the Underlying Fund will represent the value to be realized in the eventual disposition of such investment or that could be realized upon an immediate disposition of such investment. All security valuation techniques are periodically reviewed and approved by the Manager. The Manager provides administration and oversight of the Fund's valuation policies and procedures. These procedures allow the Fund to utilize the latest net asset value pricing available, estimated total returns and other relevant market sources to determine fair value.

Net changes in fair value of securities at FVTPL are included in the statements of comprehensive income in 'Change in unrealized appreciation (depreciation) on investments'.

Revenue recognition

'Interest for distribution purposes' shown on the statements of comprehensive income represents the stated rate of interest earned by the Fund on fixed income securities accounted for on an accrual basis, as applicable. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities other than zero coupon debt securities which are amortized on a straight line basis. Interest receivable is shown separately in the statements of financial position based on the debt instruments' stated rates of interest. Dividends on equity investments and distributions on investments in Underlying Funds are recognized as income on the ex-dividend date.

Foreign currency translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses related to assets and liabilities at amortized cost are recognized in profit and loss and are presented as 'Foreign exchange gain (loss) on cash and other net assets' on the statements of comprehensive income. Realized foreign exchange gains and losses related to investments are recognized when incurred and are presented in the statements of comprehensive income within 'Net realized gain (loss) on investments', as applicable.

Unrealized exchange gains or losses on investments are included in 'Change in unrealized appreciation (depreciation) of investments' in the statements of comprehensive income.

'Foreign exchange gain (loss) on cash and other net assets' arises from sale of foreign currencies, change in foreign currency denominated loans, currency gains or losses realized between trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividend, interest and foreign withholding taxes and the Canadian dollar equivalent of the amounts actually received or paid.

Cash and cash equivalents

The Fund considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash is comprised of deposits with financial institutions.

Cost of investments

The cost of investments represents the cost for each security excluding transaction costs. On the schedule of investment portfolio, transaction costs have been deducted in aggregate from the total cost of individual investments which includes transaction costs.

Redeemable units

The Fund issues multiple series of redeemable units which are redeemable quarterly upon 60 calendar days' notice subject to the redemption lock up period of 180 days after the period beginning on the date that units of the Fund are first issued to the first investor. Thereafter, units are redeemable at the holder's option but do not have identical rights. Redeemable units can be put back to the Fund at any redemption date for cash equal to a proportionate share of the Fund's NAV attributable to the unit series.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the units back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's NAV per unit at the time of issue or redemption. The Fund's NAV per unit is calculated by dividing the net assets attributable to the holders of each series of redeemable units by the total number of outstanding redeemable units of each respective series.

The Fund's units do not meet the criteria in IAS 32 for classification as equity as the units are redeemable on demand for cash and therefore, have been classified as financial liabilities.

Expenses

Expenses of the Fund including management fees and other operating expenses are recorded on an accrual basis.

Transaction costs associated with investment transactions for financial assets and liabilities at FVTPL, including brokerage commissions, have been expensed on the statements of comprehensive income.

Organization expenses

Organization expenses including legal fees, time spent by the Manager to create the Fund, and registration fees associated with the formation of the Fund are recoverable from the Fund by the Manager and expensed for NAV purposes in equal installments over 60 months commencing March 31, 2018. For financial reporting purposes, these fees were expensed in their entirety in the first fiscal year of the Fund.

Increase (decrease) in net assets attributable to holders of redeemable units per unit

'Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit' in the statements of comprehensive income represents the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series, divided by the weighted average units outstanding of that series during the reporting period.

Distributions to unitholders

Distributions will be made to unitholders only at such times and in such amounts as may be determined at the discretion of the Manager. The Fund will distribute sufficient net income and net realized capital gains to unitholders annually to ensure that the Fund is not liable for ordinary income taxes. All distributions by the Fund will be automatically reinvested in additional units of the Fund held by the investor at the NAV per unit thereof, unless the investor notifies the Manager in writing that cash distributions are preferred.

Allocation of income and expense, and realized and unrealized gains and losses

Management fees and other costs directly attributable to a series are charged to that series. The Fund's shared operating expenses, income, and realized and unrealized gains and losses are generally allocated proportionately to each series based upon the relative NAV of each series.

Allocation of non-cash items on the statement of cash flows

The Fund includes only the net cash flow impact and does not include non-cash switches between series of the Fund that occurred during the year in 'Proceeds from redeemable units issued' or 'Amount paid on redemption of redeemable units'. The below non-cash switches have been excluded from the Fund's operation and financing activities on the statements of cash flows.

For the period ended	December 31, 2018 ($)	June 30, 2018 ($)
Portland Special Opportunities Fund	20,152	-

Future accounting changes

New standards, amendments and interpretations effective for years ended beginning after January 1, 2018 and that have not been early adopted

There are no new accounting standards effective for years ended beginning after January 1, 2018 which affect the accounting policies of the Fund.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates the Fund has made in preparing these financial statements.

Functional and presentation currency

The fair value of Underlying Funds that are not quoted in an active market is determined primarily in reference to the latest available price of such units for each Underlying Fund, as determined by the administrator of such Underlying Fund. The Fund may make adjustments to the reported net asset value of various Underlying Funds based on considerations such as the value date of the price provided, cash flows (calls/distributions) since the latest value date, the estimated total return reported by the manager of the Underlying Fund if a price is unavailable, restrictions on redemptions and the basis of accounting, if not at fair value.

The carrying values of Underlying Funds may be materially different to the values that could be realized as of the financial reporting date or ultimately realized on redemption.

Classification of financial assets and liabilities

Financial assets may be classified as financial assets at amortized cost, financial assets at FVTPL or financial assets at fair value through other comprehensive income. Financial liabilities may be classified as financial liabilities at amortized cost or financial liabilities at FVTPL. In order to classify its financial assets and liabilities in accordance with IFRS 9, the Manager uses judgment to assess the business model of the Fund and the cash flows of its financial assets and liabilities. The classification of financial assets and liabilities of the Fund are outlined in note 3.

5. FINANCIAL INSTRUMENTS

a) Risk management

The Fund's investment activities may be exposed to various financial risks, including market risk (which includes price risk, interest rate risk and currency risk), concentration risk, liquidity risk and credit risk. The Fund invests in other funds and is therefore susceptible to the market risk arising from uncertainties about future values of those Underlying Funds. The Manager makes investment decisions after an extensive assessment of the Underlying Fund, its strategy and the overall quality of the Underlying Fund's manager. All of the Underlying Funds and their underlying investments are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets do not exist for these holdings, and are therefore considered illiquid. The Fund is therefore indirectly exposed to each financial risk of the respective Underlying Fund in proportion to its investments in such Underlying Fund. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's investment objectives and risk tolerance per the Fund's offering memorandum. All investments result in a risk of loss of capital.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Fund invests in EPSO4 and may invest in other EntrustPermal funds and is susceptible to market price risk arising from uncertainties about future values and events of these underlying funds. EPSO4 makes investment decisions after an extensive assessment of underlying funds, its strategies and the overall quality of underlying fund managers. EPSO4 is presented with "best idea" investment opportunities typically in asset classes where market dislocations or other events have created attractive investment opportunities. Since EPSO4 will seek to invest in the "best ideas" that are presented to it (rather than a diversified portfolio), its results can be expected to be more idiosyncratic. Previous prices realized on past "best ideas" opportunities may not be indicative of prices realized on current "best ideas" opportunities. The Manager of the Fund reviews EPSO4 and other EntrustPermal funds' investment decisions, comments, news and performance typically on a quarterly basis.

If the price movement of the investments held by the Fund on December 31, 2018 had been higher or lower by 5%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by $168,819 (June 30, 2018: $113,832). Actual results may differ from the above sensitivity analysis and the difference could be material.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type or industry sector. The following tables present the Fund's exposure as a percentage of its net assets attributable to holders of redeemable units by geographic region and by industry sector as at December 31, 2018 and June 30, 2018:

By Industry Sector	December 31, 2018	June 30, 2018
Cayman Islands	36.8%	28.4%
Other Net Assets (Liabilities)	63.2%	71.6%
Total	**100.0%**	**100.0%**

By Geographic Region	December 31, 2018	June 30, 2018
Private/Alternative Funds	36.8%	28.4%
Other Net Assets (Liabilities)	63.2%	71.6%
Total	**100.0%**	**100.0%**

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held by the Fund, such as bonds. The fair value and future cash flows of such instruments held by the Fund will fluctuate due to changes in market interest rates.

As at December 31, 2018 and June 30, 2018, the Fund did not have significant exposure to interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

As the Fund may invest in securities traded in foreign currencies, its net assets and cash flows, when measured in Canadian dollars, will, to the extent that they have not been fully hedged, be affected by changes in the value of these currencies relative to the Canadian dollar.

The tables below indicate the foreign currencies to which the Fund had significant exposure as at December 31, 2018 and June 30, 2018, in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

December 31, 2018:

	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	-	3,376,371	3,376,371	-	168,819	168,819
Total	**-**	**3,376,371**	**3,376,371**	**-**	**168,819**	**168,819**
% of net assets attributable to holders of redeemable units	**-**	**36.8%**	**36.8%**	**-**	**1.8%**	**1.8%**

June 30, 2018:

	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary ($)	Non-monetary ($)	Total ($)	Monetary ($)	Non-monetary ($)	Total ($)
United States Dollar	66	2,276,646	2,276,712	3	113,832	113,835
Total	**66**	**2,276,646**	**2,276,712**	**3**	**113,832**	**113,835**
% of net assets attributable to holders of redeemable units	**-**	**28.4%**	**28.4%**	**-**	**1.4%**	**1.4%**

Liquidity risk

Liquidity risk is the risk that the Fund, or the Underlying Fund, will encounter difficulty in meeting their obligations associated with financial liabilities. The Fund is exposed to monthly cash redemptions and may borrow on margin to make investments. The Manager monitors the Fund's liquidity positions on an ongoing basis. The Fund is committed and invested in an unlisted Underlying Fund which does not permit redemptions during the three years following its initial commitment, plus a potential one-year extension. Following this period, the Fund may redeem shares of the Underlying Fund quarterly upon 95 days' notice. As a result, the Fund may not be able to quickly liquidate its Underlying Fund investment at amounts which approximate fair value, or be able to respond to specific events such as deterioration of creditworthiness of the issuer. The Fund's capital commitment to the Underlying Fund can be called within a notice period as outlined in the subscription agreement between the Fund and the Underlying Fund. The Manager manages the capital calls through cash flow management. As at December 31, 2018, the Fund's total commitment to the Underlying Fund was U.S. $8.3 million, of which U.S. $2,468,091 million has already been called and U.S. $5,831,909 million remained uncalled.

Obligations of the Fund are due within 3 months from the financial reporting date. Organization expenses payable is due and payable over a 60-month period.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet its obligation.

As at December 31, 2018 and June 30, 2018, the Fund did not have significant exposure to credit risk.

b) Fair value of financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - inputs are unobservable for the asset or liability.

The fair value hierarchy requires the use of observable market data each time such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant input has been considered in measuring fair value.

The following tables illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2018 and June 30, 2018.

	Assets (Liabilities)			
As at December 31, 2018	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities - Long	-	3,376,371	-	3,376,371
Total	**-**	**3,376,371**	**-**	**3,376,371**

	Assets (Liabilities)			
As at June 30, 2018	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities - Long	-	2,276,646	-	2,276,646
Total	**-**	**2,276,646**	**-**	**2,276,646**

Fair value is classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, the instrument is reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

i) restricted activities;

ii) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

iii) insufficient equity to permit the structured entity to finance its activities without subordinate financial support; and

iv) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investment in the Underlying Fund to be an investment in an unconsolidated structured entity. The Underlying Fund is valued as per above section on Fair Value Measurement. The change in fair value of the structured entity is included in the statements of comprehensive income in 'Change in unrealized appreciation (depreciation) on investments'.

The Fund's investment in the Underlying Fund is subject to the terms and conditions of its offering documents and are susceptible to market price risk arising from uncertainties about future values. The Manager makes investment decisions after extensive due diligence on the strategy and overall quality of the Underlying Fund's manager.

The exposure to investment in the Underlying Fund at fair value as at December 31, 2018 and June 30, 2018 is presented in the following tables. This investment is included at fair value in financial assets at FVTPL in the statements of financial position. The Manager's best estimate of the maximum exposure to loss from the Fund's investment in Underlying Funds is the fair value below.

December 31, 2018:

Description	Net asset value of Underlying Fund ($)	Investment at fair value ($)	% of Net asset value of Underlying Fund
EnTrustPermal Special Opportunities Fund IV Ltd.	470,416,350	3,376,371	0.72%

June 30, 2018:

Description	Net asset value of Underlying Fund ($)	Investment at fair value ($)	% of Net asset value of Underlying Fund
EnTrustPermal Special Opportunities Fund IV Ltd.	242,245,644	2,276,646	0.94%

6. REDEEMABLE UNITS

The Fund is permitted to issue an unlimited number of redeemable units issuable in Series A, Series F and Series O, having such terms and conditions as the Manager may determine. Additional series may be offered in the future on different terms, including different fee and dealer compensation terms and different minimum subscription levels. Each unit of a series represents an undivided ownership interest in the net assets of the Fund attributable to that series of units.

The Fund's NAV per unit is determined on the last business day of each quarter at the close of regular trading on the Toronto Stock Exchange, (a Valuation Date) or on such other date as determined by the Manager. Unitholders may redeem their units on any Valuation Date by submitting a request for redemption no later than the day that is 60 days prior to the Valuation Date in order for the redemption to be accepted as at that Valuation Date; otherwise the redemption will be processed as at the next Valuation Date. If a unitholder redeems his or her units within the first 60 months from initial purchase, the Manager may, in its discretion, charge a redemption penalty equal to 5% of the NAV of such units redeemed which will be deducted from the redemption proceeds and retained by the Fund.

The Fund endeavors to invest capital in appropriate investments in conjunction with its investment objectives. The Fund maintains sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

The principal difference between the series of units relates to the management fee payable to the Manager, minimum investment requirements and the compensation paid to dealers. All units are entitled to participate in the Fund's liquidation of assets on a series basis. Units of the Fund are issued as fully paid and non-assessable and are redeemable at the NAV per unit of the applicable series of units being redeemed, determined at the close of business on the redemption date, as outlined in the offering memorandum.

Series A Units are available to all investors who meet eligibility requirements and who invest a minimum of $10,000.

Series F Units are available to investors who meet eligibility requirements and who invest a minimum of $10,000, who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with the Manager, investors for whom the Fund does not incur distribution costs, or individual investors approved by the Manager.

Series O Units are available to certain institutional investors and who invest a minimum of $500,000. Fees associated with Series O Units are negotiated and paid directly from the investor to the Manager. The Fund has not yet issued any Series O Units.

The number of units issued and outstanding for the periods ended December 31, 2018 and June 30, 2018 was as follows:

December 31, 2018

	Balance, Beginning of Period	Units Issued Including Transfers from Other Series	Units Reinvested	Units Redeemed Including Transfers to Other Series	Balance, End of Period	Average Number of Units
Series A Units	14,678	5,871	-	-	20,549	18,180
Series F Units	144,302	15,994	-	399	159,897	153,257

June 30, 2018

	Balance, Beginning of Period	Units Issued Including Transfers from Other Series	Units Reinvested	Units Redeemed Including Transfers to Other Series	Balance, End of Period	Average Number of Units
Series A Units	-	14,678	-	-	14,678	9,124
Series F Units	-	144,601	-	299	144,302	103,540

7. TAXATION

The Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act (Canada) (the Tax Act). The Fund calculates taxable and net capital gains/(losses) in accordance with the Tax Act and intends to distribute sufficient net income and net realized capital gains, if any, to ensure it does not pay ordinary income tax. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses, if any, has not been reflected in the statements of financial position as a deferred income tax asset.

The taxation year end of the Fund is December 31.

The following chart presents the amount of non-capital loss carryforward available to the Fund by year of expiry:

	2037 ($)	2038 ($)	Total ($)
Non-Capital Loss	45	23,674	23,719

As at December 31, 2018, the Fund did not have any capital loss carryforwards.

8. FEES AND EXPENSES

Pursuant to the Fund's offering memorandum, the Fund agrees to pay management fees to the Manager each quarter, calculated and accrued on each Valuation Date. The annual management fees rate of the respective series of units are as follows:

Series A Units 1.85%

Series F Units 0.85%

Management fees on Series O Units are negotiated with the Manager. Such fees are paid directly to the Manager and are not deducted from the NAV of Series O.

The Manager is reimbursed for any operating expenses it incurs on behalf of the Fund, including regulatory filing fees, custodian fees, legal and audit fees, costs associated with the independent review committee, bank charges, the cost of financial reporting, expenses related to conducting unitholder meetings, costs associated with providing Fundserv access for registered dealers and all related sales taxes. The Manager also provides key management personnel to the Fund. The Manager may charge the Fund for actual time spent by its personnel (or those of its affiliates) in overseeing the day-to-day business affairs of the Fund. The amount charged for time spent by personnel is determined based on fully allocated costs and does not include a mark- up or administration fee. The Manager may waive or absorb management fees and operating expenses at its discretion but is under no obligation to do so. For the period from December 14, 2017 (commencement of operations) to February 28, 2018, the Manager waived all management fees and absorbed all operating expenses that would otherwise be payable by the Fund to the Manager.

The Fund is also responsible for all costs associated with its creation and organization of the Fund including but not limited to legal and audit costs, registration and regulatory filing fees, costs associated with due diligence by registered dealers, printing costs, postage and courier costs and time spent by personnel of the Manager at fully allocated costs. The Manager has paid the costs associated with the formation and creation of the Fund and the offering of Units and is entitled to reimbursement from the Fund for such costs.

All management fees and operating expenses payable by the Fund to the Manager are subject to GST and/or HST as applicable and will be deducted as an expense of the applicable series of units in the calculation of the NAV of such series of units.

9. SOFT DOLLARS

Allocation of business to brokers of the Fund is made on the basis of coverage, trading ability and fundamental research expertise. The Manager may choose to execute portfolio transactions with dealers who provide research, statistical and other similar services to the Fund or to the Manager at prices which reflect such services (termed proprietary research). The dealers do not provide the Manager with an estimate of the cost of the research, statistical and other similar services (referred to as soft dollars).

The Manager may use third party proprietary research, which is generally also available on a subscription basis, the value of which will be used to approximate the value of research and other similar services received from third parties through commission sharing arrangements with executing brokers. The Fund has not participated in any third party soft dollar arrangements to date.

10. RELATED PARTY TRANSACTIONS

The following table outlines the management fees, operating expenses and organization expenses that were paid to the Manager by the Fund during the period ended December 31, 2018. The table includes the amount of operating expense reimbursement that was paid to affiliates of the Manager. All of the dollar amounts in the table below exclude applicable GST or HST.

Period ended	Management Fees ($)	Operating Expense Reimbursement ($)	Waived Management Fees and Absorbed Operating Expenses ($)	Operating Expenses Reimbursed to Affiliates of the Manager ($)	Organizational Expenses ($)
December 31, 2018	41,721	21,831	-	1,005	-

The Fund owed the following amounts to the Manager excluding the applicable GST or HST.

As at	Management Fees ($)	Operating Expense Reimbursement ($)	Organizational Expenses ($)
December 31, 2018	-	-	-
June 30, 2018	6,147	3,263	44,398

The Manager and/or its affiliates and key management personnel of the Manager and their family (collectively referred to as Related Parties) may invest in units of the Fund from time to time in the normal course of business. The following tables present the number of units of each of the Funds held by the Manager and Related Parties on each reporting date.

	Manager	Related Parties
December 31, 2018	-	300
June 30, 2018	-	100

11. RECONCILIATION OF NAV PER UNIT AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The NAV per unit of the Fund is higher than the net assets attributable to holders of redeemable units per unit because of the difference in the accounting treatment of organization expenses. Such expenses were recorded in full in the financial statements for the year ended June 30, 2018 but are deducted from the NAV on a monthly basis over a five-year period for purposes of unitholder transactions. Therefore, the NAV per unit for the Fund is higher than net assets attributable to holders of redeemable units per unit. The following tables provide a comparison of NAV per unit and net assets attributable to holders of redeemable units of the Fund as at December 31, 2018 and June 30, 2018.

December 31, 2018

Series	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Series A Units	50.62	50.38
Series F Units	51.11	50.86

June 30, 2018

Series	NAV per Unit ($)	Net assets attributable to holders of redeemable units per unit ($)
Series A Units	50.48	50.17
Series F Units	50.67	50.36

12. COMMITMENTS

On March 16, 2018 the Fund committed to invest U.S. $8,300,000 in EPSO4 over a commitment period of 3 years. As at December 31, 2018, the Fund's total commitment to the Underlying Fund was U.S. $8,300,000, of which U.S. $2,468,091 has already been called and U.S. $5,831,909 remained uncalled.

Unfunded capital commitments to the Underlying Fund are not presented in the statement of financial position as a liability, as the unfunded capital represents a loan commitment that is not within the scope of IFRS 9.

13. EXEMPTION FROM FILING

The Fund is relying on the exemption contained within National Instrument 81-106, Part 2.11 to not file its financial statements with the applicable securities regulatory authorities.

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