



Portland Investment Counsel®

Buy. Hold. And Prosper.®

Portland Special Opportunities Fund  
**Interim Financial Report**

December 31, 2022

# Portland Special Opportunities Fund

## **Interim Financial Report**

December 31, 2022

▪ Commentary	3
▪ Management’s Responsibility for Financial Reporting	12
<b>FINANCIAL STATEMENTS</b>	
▪ Statements of Financial Position	13
▪ Statements of Comprehensive Income (Loss)	14
▪ Statements of Changes in Net Assets Attributable to Holders of Redeemable Units	15
▪ Statements of Cash Flows	16
▪ Schedule of Investment Portfolio	17
▪ Notes to Financial Statements	18

## PORTFOLIO MANAGER

**Christopher Wain-Lowe, BA, MBA**  
Chief Investment Officer, Executive Vice President and Portfolio Manager

## Portland Special Opportunities Fund

DECEMBER 31, 2022

### OVERVIEW

The investment objective of the 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 EnTrust Global (EnTrust) or its affiliates. Portland Investment Counsel Inc. (the Manager) has selected EnTrust as a specialty investment manager. EnTrust is one of the world's larger hedge fund investors 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 EnTrust 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 EnTrust, commencing with the EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4). Since EPSO4 will seek to invest in the 'best ideas' of EnTrust (rather than in a diversified fund), EPSO4's and 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 compared to 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.

EPSO4 is closed to new subscriptions. The Fund may commit to subsequent products and services offered or managed by EnTrust Global on a direct or indirect basis.

### RESULTS OF OPERATIONS

EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4), managed by EnTrust Global, raised approximately US\$1.08 billion across all its investment vehicles by May 2019. The Fund committed US\$8.6 million to EPSO4 as part of the total amount raised.

As at December 31, 2022, EPSO4 has called US\$8.6 million for both series (US\$8.5 million in Class A units and US\$0.1 million in Class D units), which, as at December 31, 2022 was 100% of the Fund.

As at December 31, 2022, EPSO4 has invested in 50 opportunities (37 equity investment projects, 13 credit investment projects). Of the 50 investments to date, seventeen have been exited, thirteen of which realized positive returns with effective internal rates of return of ranging between 3.37% and 60.97%, and four realized negative returns with effective internal rates of return of (7.83%), (20.35%), (24.01%), and (38.53%).

For the period December 31, 2021 to December 31, 2022, the Fund's Series A units had a return of (19.25%) and Series F units had a return of (18.33%). For the full period since the launch of the Fund on December 14, 2017, the Fund's annualized return was (3.24%) for Series A units and (2.18%) for Series F units.

EPSO4 will not invest in any fund or investment vehicle that has an initial lock-up period or term of more than five years and total lock-up period or term, including applicable extensions, of more than eight years. The offering memorandum for EPSO4 provides that the Fund's capital commitments are subject to a commitment period of three years, entitled to a one-year extension at the discretion of EnTrust, the investment advisor to EPSO4. The initial three-year commitment period of EPSO4 Class A units expired as of March 26, 2021. EnTrust notified the Fund that it extended the commitment period of EPSO4 Class A units for one year, with a revised expiration date of March 26, 2022. The initial three-year commitment period of EPSO4 Class D units expired as of June 2, 2022. EnTrust notified the Fund that it extended the commitment period of EPSO4 Class D units for one year, with a revised expiration date of June 2, 2023.

Now that the commitment period for EPSO4 Class A units has expired (98.8% of the Fund's commitments are in Class A, with the remaining in Class D – which will expire in June of 2023), proceeds from any exited investments from the Class A units will be distributed to the Fund, rather than being recycled (as is the case during the commitment period). The timing of any such distributions is difficult to predict, especially given the current market environment.

Of EPSO4's equity investments, EnTrust and their respective investment partners are a top-five shareholder in 67% of such positions, have a board seat in almost half, have more than one board seat in approximately 30%, and serve as or have appointed the Chair and/or Vice-Chair of the board in over 30%. Of their credit investments, EnTrust and their respective co-investment partners have had a leading role in the relevant restructuring/capital structure negotiations in almost 80% of such positions. EnTrust along with co-investment partners, has demonstrated controlling interests in many of their investments evidenced by their largely "activist" investment strategy. Accordingly, we believe EnTrust has significant insight into the ability of these businesses to withstand the current environment for maintaining, and more importantly, creating value.

As mentioned, EPSO4 has invested in 50 opportunities of which 17 have been exited at a gross multiple on the invested capital of 1.16x.

The nine realized equity investments have their gross internal rate of return (IRR) for the transaction listed in brackets, and were investments in:

- 1). **Uber Technologies, Inc. (NYSE: UBER)** (-7.83%) provides ride hailing services. Uber develops applications for road transportation, navigation, ride sharing, and payment processing solutions. Uber serves customers worldwide. The investment was exited through Uber's initial public offering in May of 2019.
- 2). **Sony Group Corporation (NYSE: SONY)** (+29.26%) produces televisions, cameras, mobiles, audio and video products, game equipment, and more. Sony also engages in game production, movie production, music production, and other businesses.
- 3). **Triumph Group, Inc. (NYSE: TGI)** (-24.01%) is an aerospace and defense provider with the following three segments: (i) Integrated Systems (i.e., power and control for landing gear), (ii) Product Support (i.e., repair and maintenance), and (iii) Aerostructures (i.e., plane bodies and interiors).
- 4). **Medifast, Inc. (NYSE: MED)** (+60.97%) is a leading health and wellness company, specializing in weight loss management. The investment in Medifast was exited after shares reached target valuation levels.

- 5). **Cardtronics PLC (NASDAQ: CATM)** (+13.16%) operates as a cash machine provider and installs, repairs, maintains, and operates automated teller machines in various stores, service areas, stations, outlets, and other venues in the United Kingdom. It was the subject of competing bids and ultimately acquired by NCR Corporation, the leading U.S. ATM manufacturer.
- 6). **The Hain Celestial Group, Inc. (NASDAQ: HAIN)** (+30.14%) is a natural and organic beverage, snack, specialty food, and personal care products company, with over 25 different food brands including Earth's Best, Inc., Celestial Seasonings, Inc., Terra, Ella's Kitchen Group Ltd., and Blueprint. The investment in Hain Celestial Group was exited in November 2021, after Hain shares reached target valuation levels. The share appreciation was buoyed by positive earnings and business execution trends resulting from EnTrust's affiliate facilitating Hain's shedding of multiple business lines.
- 7). **Comcast Corporation (NASDAQ: CMCSA)** (+4.95%) is a global technology and media giant with key cable and media assets in three main segments: (i) Comcast Cable (market leading broadband provider in the U.S.); (ii) NBCUniversal (broadcast, cable, and film studios, along with the "Universal" brand theme parks); and (iii) Sky (leading European television provider). The investment in Comcast was exited during the first quarter of 2022 due to fears of increasing industry competition and rising capex within the company. The decision to exit was made despite Comcast's outperformance of expectations on the bases of both earnings and free cash flow growth since inception.
- 8). **Prudential PLC (LSE: PRU)** (-20.35%) is an international company which provides a wide assortment of insurance and investment products and services. EnTrust co-invested in Prudential in February 2020, just before the onset of the pandemic. Despite successful efforts in strengthening their balance sheet, the retirement of Prudential's CEO, a challenging macroeconomic backdrop, and uncertainty regarding the Hong Kong/mainland China border re-opening, made the company's outlook unclear. EnTrust and their co-investment partner decided to exit the investment during the second quarter of 2022.
- 9). **Quibi Holdings LLC** (-38.53% for Series A, -100.00% for Series D): A short-form premium content provider intended to become the "Netflix of short-form, premium content", according to EnTrust. Quibi's launch (April 2020) clashed with the emergence of COVID-19, subscription/user growth fell short of expectations, exacerbating capital needs; in October of 2020, Quibi announced that it would wind down operations and return unencumbered cash as well as any proceeds from the potential sale of company assets to investors. Quibi made its final distribution in Q4 of 2022, with Class A shareholders receiving a total recovery of around 57%. It should be noted that EnTrust was predominately invested in Quibi's Class A units.

The eight realized credit investments have their gross IRR for the transaction listed in brackets, and were investments in:

- (i) two direct loans to Aston Martin Lagonda Global Holdings PLC (LSE: AML) (+14.28% and +15.71%), the luxury car manufacturer, which upon a successful initial public offering, fully repaid the first loan and subsequently the second loan;
- (ii) Thryv Inc. (NASDAQ: THRY)(+11.88%) a dominant provider of lead generation solutions (primarily directories) and local small business management software;
- (iii) a corporate loan (+3.37%);
- (iv) a municipal debt market investment (+27.51%);
- (v) A basis dislocation portfolio (+9.33%); and
- (vi) Blue Ocean (+12.67%), a diverse maritime loan portfolio.

- (vii) CITGO Petroleum Corporation (+16.87%), a U.S. energy company, operating some of the most complex oil refineries of which are able to process the heaviest crude in the market

## RECENT DEVELOPMENTS AND OUTLOOK

Of the remaining unrealized investments through EPSO4, below we have highlighted unrealized investments which are not bound by confidentiality.

These investments are summarized in two sections (pre-COVID-19 and post-COVID-19); the first are those made prior to January 1, 2020 (before the onset of COVID-19), when EPSO4 had deployed roughly 75% of its committed capital.

## INVESTMENTS BEFORE JANUARY 1ST, 2020

### Deutsche Bank AG (NYSE:DB)

The largest bank in Germany and one of the largest in the world, operating in over 60 countries with almost 3,000 retail branch locations; the company provides commercial banking, investment banking, and asset management services. Deutsche Bank (DB) suffered a protracted number of years recovering from the global financial crisis, and noticeably lagged behind its U.S. and European peers. In 2018, with EnTrust's investment, Hudson Executive Capital (HEC) was able to collect a 3.1% stake in DB, making them a top-five shareholder. HEC's management planned to execute a three-point plan intended to increase DB shareholder value: i) return DB to profitability, ii) instill proper allocation, controls, and expense management, and iii) improve communications and engagement with investors. Since HEC's and EnTrust's investment into DB, in 2019, the firm announced its most transformative business plan in decades, where it would exit non-core businesses, reduce excess costs, invest in tech and growth avenues, and liberate capital through a new "Capital Release Unit". One of the key performance indicators to be hit, resultant of this restructuring, was a return on tangible equity (ROTE) of 8% by the end of 2022. As of Q4 2022, DB's ROTE was 9.47%. In the first quarter of 2022, the company held an "Investor Day", outlining some key targets to be hit by the end of 2025, including ROTE of over 10%, a 62% cost/income ratio, €30 billion in revenue, and an intention to return up to €8 billion of capital to shareholders. During the 2022 financial year, DB delivered its most profitable second quarter in 11 years. As of Q4 2022, DB reported a Tier 1 Capital Ratio of 15.70%, significantly above their 2022 target of 12.5%. Despite uncertainty in the macro-economic backdrop coming into 2023 DB's management reiterates their intent to return €8 billion of capital to shareholders by the end of 2025.

### IWG PLC (LSE: IWG)

IWG is a global owner and provider of serviced workplaces with over 3,200 locations in 1,090 towns and cities, spanning 110 countries at the time of EnTrust's investment. In 2016, a change in leadership led IWG to a challenged condition – evidenced by a large profit downgrade in 2017, this caused a significant retraction in share price. In 2018, share prices were further depressed due to a failed private equity bid, providing an attractive entry point for EnTrust and their co-investment partner. Following EnTrust's investment in September 2018, EnTrust's partner was able to bring their equity stake in the company to 18%, making them the second largest shareholder, only behind the CEO of IWG himself. In the first quarter of 2022, the company announced it would acquire The Instant Group for £270 million - this would build on the firm's digital assets with the intention to create "the world's leading independent, fully integrated workspace platform", according to EnTrust. In IWG's third quarter report for 2022, revenues were up 25% year on year, with improvement in occupancy, higher sales prices, and recovering services revenues. The company further evidenced its transition to a capital-light growth model with the signing of several new partnership agreements. IWG also highlighted that the integration of The Instant Group is going well, with hints of a strategic buyer valuing the asset at £1.5 billion in Q4 of 2022.

**Thyssenkrupp AG (ETR: TKA)**

A diversified German industrial conglomerate, with market-leading positions in a variety of attractive industries around the globe, with over 500 subsidiaries, operating in circa 80 countries. Thyssenkrupp operates through five main segments: (i) elevator technology, (ii) components technology, (iii) industrial solutions, (iv) materials services, and (v) Steel Europe. Operational issues, poor investments, and a struggle in the Steel Europe segment were key contributors to a share price that lagged peers. EnTrust and their co-investment partner believed that the complexity of Thyssenkrupp's multiple business lines hid the company's intrinsic value. EnTrust and their partner advocated that the conglomerate break up in order to simplify their business model and reduce overhead; it was also believed their exposure to steel was depressing the share price, so EnTrust and their partner advised TKA to trim their steel exposure. EnTrust invested in Thyssenkrupp in 2018 with its co-investment partner, achieving an ownership stake of 18% at the time of the investment – making them the second largest shareholder. In Q3 of 2020, TKA closed a €17.2 billion sale of its elevator division, giving TKA the cash it needed to pursue its aggressive restructuring efforts. Market volatility has proved challenging for TKA, who announced their intention to delay the IPO of their hydrogen electrolysis business, Nucera. 2022 year end results were in-line with expectations, with annual sales up 21% over the previous year, and adjusted EBIT almost tripled since the previous year. Price increases in the Materials and Steel segments aided results for the year, although the company cautioned pricing may reverse in 2023 as global operating conditions normalize. TKA proposed a dividend of €0.15/share in a sign of confidence as a healthy cash balance and declining pension liability enable a greater return of capital.

**Argo Group International Holdings, Ltd. (NYSE: ARGO)**

A global underwriter of specialty property and casualty insurance and reinsurance. Argo has a history of underwriting for non-standard risks, adding to the diversity of its lines of insurance and distribution channels – EnTrust believes this has made the business more defensive in volatile markets. The company's investment portfolio has been conservatively invested (mostly in fixed income) and has performed well historically. Despite strong underwriting, Argo's return on equity (ROE) had suffered due to a couple key factors; i) poor personal spending by executives, ii) outstanding liabilities associated with discontinued insurance lines, and iii) poorly scaled international operations associated with excessive costs. EnTrust and their co-investment partner initially invested in Argo during Q4 of 2018 – after adding to positions during market downturns, as of October 2022, they are the largest shareholders, with a 9.46% stake. EnTrust and its co-investment partner believed that once Argo could mend its problematic corporate governance, and improve its ROE, the company would be set to participate in/benefit from industry consolidation. At the end of 2019, Argo announced governance updates, including (i) the retirement of incumbent directors targeted by EnTrust and their co-investor, (ii) a staggered declassification of the Board, (iii) a reduction of the Board from 13 to 11 members, and (iv) an updated executive compensation program. At the beginning of 2020, EnTrust's co-investment partner was able to install three of their nominees to the board of directors. In February 2022, Argo announced its recognition of a US\$132 million reserve charge to its construction defects book, leading to a noticeable decline in the share price. In April of 2022, the company announced its exploration of strategic alternatives, and the Board will consider options such as a potential sale, merger, or other transaction. Notably, in the third quarter of 2022, Argo disclosed it had entered into a Loss Portfolio Transfer agreement with Enstar Group Limited, covering most of the company's U.S. casualty insurance reserves for accident years 2011 to 2019. This transaction is important, as it covers the back book that caused the large adverse reserve charge announced in February of 2022. To secure the coverage, Argo will recognize a US\$100 million reserve change. EnTrust believes this transaction should increase the likelihood of M&A due to its simplification of the remaining business.

**MGM Resorts International (NYSE: MGM)**

A leading globally integrated resort, gaming, and entertainment company with assets in the U.S. and China. At the time of EnTrust's investment in June 2019, MGM owned four casinos in the U.S., had partial ownership in four properties globally (two in Macau and Cotai, and two in Las Vegas), and leased 14 properties from a publicly traded REIT in which MGM held a 70% stake. MGM underperformed its peer group largely due to poor operating performance and consistent failure in meeting analyst expectations. EnTrust and their respective co-investment partner believed MGM to be an attractive opportunity given the company's i) strong collection of assets, ii) inflection of cash flows – where previously deployed billions of dollars of capex started to bear fruits, iii) opportunity to improve profits from cost cutting and revenue optimization, and iv) opportunity to increase strategic value through re-evaluating the company's business model. MGM is continuing to execute its asset-lite model by monetizing real estate through sales and sale-leasebacks, with four major real-estate transactions between the fourth quarter of 2019 and the fourth quarter of 2021. MGM posted strong Q3 earnings, beating consensus in both revenue and adjusted EBITDAR (earnings before interest, taxes, depreciation, amortization, and restructuring). Management believes this quarter's strong results were impacted by increased travel activity, and the addition of operating results from MGM's newest acquisitions. In total, MGM has repurchased approximately \$4.4 billion worth of shares (around 32% of its market cap) in the last 21 months, taking advantage of its attractive valuation and the opportunity to return capital to shareholders. BetMGM, the group's sports betting and iGaming segment, is now live in 24 states and is the #2 operator for online sports betting and iGaming across the markets in which it operates. In the second quarter of 2022, MGM announced an offer to acquire LeoVegas, a Swedish global online gaming company, for US\$607 million – EnTrust expects this investment to expand MGM's international online gaming segment. The deal closed on September 23, 2022.

**TEGNA Inc. (NYSE: TGNA)**

A broadcasting, digital media, and marketing services company; it is considered the last large, publicly traded local broadcasting company that is not family controlled. In June 2019, EnTrust co-invested in Tegna with Standard General L.P. (SG), an American hedgefund. SG believed Tegna traded below its achievable multiples at the time of investment, as Tegna was trading at 8.1x, trailing Broadcasting Cash Flow, compared to transactions that were taking place at 10 - 12x. After constructive approaches to gain Board representation were shot down, SG initiated two proxy contests with Tegna (April 2020 and May 2021), both of which were lost despite large shareholder support. With EnTrust's investment, SG gained over 9% equity in Tegna, making it the third largest shareholder. In the first half of 2021, SG capitalized on the company's strong share price, trimming their ownership to just below 5%. In February 2022, Tegna agreed to be acquired by SG affiliates for US\$24 per share, representing an equity value of approximately US\$5.4 billion and an enterprise value of approximately US\$8.6 billion; the acquisition is expected to close in February of 2023. Following the close of the transaction, SG's founder will serve as Chairman of the board, and the CEO of SG's media group will assume the position of CEO at Tegna.

**Aramark Corporation (NYSE: ARMK)**

A provider of food and facilities management services. Aramark offers uniforms, refreshments, work apparel, and cleanroom services to healthcare institutions, universities, school districts, stadiums, and businesses. The company serves across 19 countries and operates through two segments: (i) food and support services (FSS), and (ii) uniforms. Both segments hold competitive positions in their respective high-quality industries (#2 player in both FSS and uniforms industry), characterized by large addressable markets, recurring revenue streams, and sticky client relationships from long-term contracts and high switching costs. Despite all these favorable traits, Aramark shares sold off in late 2018 due to weak financial results and operational missteps from poor management. This sell-off led the

company to reach multi-year lows and EnTrust believes this exacerbated the discount between Aramark and its peers. EnTrust invested in Aramark in 2019 alongside their co-investment partner, summing to a 20% equity stake in the company (second largest shareholder). In the same month of EnTrust's investment, the CEO was replaced by the key candidate endorsed by EnTrust and their respective co-investment partner, EnTrust's co-investment partner also gained significant board representation as its founder was appointed Vice Chairman of the Board. Aramark released Q3 financial results, with a large revenue beat while meeting earnings estimates: high revenue growth was driven by new business wins and price increases to offset cost pressures. Furthermore, the company issued 2023 guidance for revenue and operating income above consensus estimates, indicating continued strength in new business generation and a potential abatement to margin pressures. Management announced its plan to spin off the uniforms business in 2023, which EnTrust expects will unlock more value as a standalone business. EnTrust and their co-investment partner maintain that the market is underestimating the company's long-term growth potential and earnings power, while also discounting what the Uniforms business should be worth after a spin-off.

#### American Gilsonite Company (AGC)

A private, vertically integrated specialty chemicals producer with key assets in Utah's Uinta Basin. Uinta is the only known source of the natural resource gilsonite, an essential additive to drilling fluids. AGC controls 100% of global gilsonite, and has over 200 years of reserves. EnTrust co-invested in AGC with an American hedgefund, who was able to gain 80% of AGC's equity, one third of its subordinated debt, and four of five board seats. EnTrust and their co-investment partner continue to believe that AGC is a desirable target for many strategic/financial buyers: AGC enjoys high margins and free cash flow conversion due to asset scarcity, pricing power, low operating costs, and minimal capital expenditure requirements; AGC also benefits from secular upside given the trend of drilling longer laterals, which require higher quantities of gilsonite. EnTrust's co-investment partner was able to push for price increases and improvements in AGC's product mix; furthermore, the company has been prioritizing development of its international business channels by strengthening their sales unit. Unfortunately, the macroeconomic backdrop has not been serving AGC well; although gilsonite demand per rig is above historical averages, plummeting oil prices from the deterioration of OPEC+ supply controls, and drop in aggregate demand following COVID-19, contributed to a collapse in drilling, ultimately hurting the demand for gilsonite. Considering this, EnTrust believes the company is well set to capitalize on the rebound of domestic (U.S.) drilling once markets recover from the pandemic. To offset weakness in the U.S. oil and gas market, AGC has made expansions into the massive roofing and asphalt markets. In Q4 2022, AGC continued progress on a roofing related venture where, if successful, the annual tonnage sold from roofing on this project would be comparable to the amount of Gilsonite that AGC sold to all domestic oilfield customers in 2021.

#### The ResCap Liquidating Trust

A Trust established in December 2013 to liquidate and distribute assets of the debtors in the Residential Capital, LLC (ResCap) bankruptcy cases, and pursue litigation claims to maximize unitholders' recoveries. Before ResCap went bankrupt, it served as the mortgage financing and servicing arm of an auto loan and banking business and ResCap's strategy largely focused on purchasing mortgages from banks/originators and selling them downstream to securitization trusts. ResCap filed for bankruptcy in 2012 and, as part of the global settlement effectuated pursuant to its approved bankruptcy plan, general unsecured creditors received units in the Trust. The Trust's assets include future expected recoveries from Retail Mortgage – Backed Security (RMBS) litigations, specifically: (i) claims against the banks/originators that sold mortgages to ResCap during the pre-2007 real estate bubble and (ii) warranties made at the time of such RMBS transactions; the Trustee oversees the pursuit of these litigations. The liquidation process

is coming to an end, 69/80 defendants have settled with the Trustee. In July 2018, EnTrust and their co-investment partner built a position in the Trust via the secondary market. EnTrust's partner continued to source units for purchase and opportunistically added to the position during 2018, negotiating attractive pricing in connection with block trades as certain large investors sought to divest. Since EnTrust's investments, the Trustee has distributed to unitholders, as the litigation matters have been resolved; as of September of 2022, EnTrust has received distributions that amount to approximately 94% of their original investment. Outside of the RMBS litigations, there remains one insurance-related matter that is material to recoveries, the resolution of which EnTrust believes will also drive timing of the Trust's ultimate wind down and exit of the investment. In the fourth quarter of 2022, the court rendered a favorable opinion for the Trust, which EnTrust believes will likely result in an ultimate settlement with the insurance companies in 2023.

#### Grab Holdings Ltd. (NASDAQ: GRAB)

Grab is a leading ride-hailing company in Southeast Asia. The company operates in eight countries: Singapore, Indonesia, Malaysia, Philippines, Vietnam, Thailand, Myanmar, and Cambodia. Grab competed with Uber in ride-hailing until March 2018, when Uber sold its local operations to Grab in exchange for equity in the combined company. Following this transaction, Grab had an almost monopoly in seven of the eight countries it operated in, allowing it to improve profitability. With EnTrust's investment in August of 2018, EnTrust's co-investment partner purchased pre-IPO equity in Grab in the secondary market. In 2020, Grab expanded into digital banking in a joint venture; penetration of traditional banking channels in Southeast Asia is low, providing opportunity for payment platforms such as GrabPay, which had been used in approximately 35% of Grab rides. This move to financial services was funded by US\$850 million series H capital from Japan's Mitsubishi UFJ. The company was also granted a highly coveted license to run a digital bank in Singapore. In Q4 of 2021 Grab increased its stake in a leading Indonesian digital wallet, to over 90%. Also in 2021, the firm stepped into EV financing/leasing in partnership with Hyundai Motor Company, and continued to move into deliveries using the product base from its ride hailing platform. In 2021, Grab listed on the NASDAQ after earlier being acquired by a special purpose acquisition company (SPAC). Grab continues to expand product offerings in its four key business units – Mobility, Deliveries, Financial Services, and Enterprise – and its consolidated gross merchandise value (GMV) and revenues across the four units reached a new all-time high in the third quarter of 2022. Revenue from deliveries (GrabFood and GrabMart) have nearly tripled year over year, causing this deliveries segment to achieve adjusted EBITDA breakeven in Q3 of 2022, two quarters ahead of previous guidance. Despite the market's poor outlook for growth and emerging market companies, once the diversified offerings of Grab are fully understood by markets, EnTrust believes the stock should stabilize.

#### The J.G. Wentworth Company (JGW)

The market leading purchaser of structured settlements, with over 50% market share. A structured settlement is a contractual agreement to settle a tort claim, whereby a claimant is compensated for damages through a series of payments over time– giving a claimant preferential tax treatment. As the only player in structured settlements with the requisite scale to access the securitizations market, JGW benefits from the lowest cost of funds in its industry. In 2013, JGW's private equity sponsor recapitalized the business to help take the company public. Unfortunately, this pushed the management team to resign, as they would rather have accepted an existing takeover bid. After management's resignation, JGW's operating performance plummeted, ultimately causing the company to go bankrupt in 2017. Between Q1 and Q3 of 2019 EnTrust, and their co-investment partner collectively built a position in JGW amassing 80% of their equity. In an effort to optimize its settlement business, JGW established facilities with large financial services organizations to effectively "bypass" the securitizations market – which



would enable JGW to access structured settlements for cheaper, as well as gain better visibility into rates. In Q4 2019, JGW retired all of its debt and paid two special dividends using excess cash flows and proceeds from a prior successful sale of its home lending business. Despite a questionable backdrop in 2020, the company's liquidity position enabled it to institute a regular quarterly dividend starting in Q2 2020. During 2021, JGW distributed US\$25.8 million in aggregate dividends, however in Q2 2022, the dividend was put on hold pending the acquisition of a fintech platform to be utilized by the company's new debt lending business. This acquisition closed in Q4 of 2022.

The company also recently built a debt settlement business, which EnTrust believes, has demonstrated promising growth in an industry that lacks players with brand recognition. As of the fourth quarter of 2022, this debt settlement business had more than US\$600 million of debt enrolled, approximately 10% of this should convert to EBITDA over the next 12-18 months as the debt becomes resolved, according to EnTrust. EnTrust further believes that the debt settlement will begin to show material contributions to overall EBITDA by the end of 2023.

### Venezuelan Debt

In 2017, EnTrust, alongside their co-investment partner, invested in Venezuelan sovereign and quasi-sovereign debt. Despite having some of the largest oil assets/resources in the world, poor economic policies and resource management have led to deterioration in the nation's balance of payments. The investment in Venezuela is based on the belief that the nation's oil reserves will help the country maintain debt obligations, despite market expectations of a credit event in the near term. Furthermore, EnTrust and their co-investment partner believed that the political and social situation in Venezuela would eventually lead to a more pragmatic governance that should better manage the nation's liabilities, ultimately to the benefit of the country's creditors. In 2019, following the recognition of Juan Guaidó as Venezuela's legitimate president, EnTrust and their co-investment partner decided to incrementally increase their exposure to the country's debt. Also in early 2019 – the Office of Foreign Asset Control (OFAC), a department of the U.S. Treasury, imposed restrictions on the sale of Venezuelan sovereign/quasi-sovereign bonds to U.S. persons. This forced many benchmarked investors (such as ETFs) to sell their positions in the debt to non-U.S. holders at depressed prices. Since the implementation of these restrictions, EnTrust and their partner have not traded any of the bonds, and believe OFAC sanctions may be lifted in time. EnTrust believes investors are looking for action to ease sanctions on Venezuela, allowing the country to replace Russia as a key oil trading partner during the Ukraine conflict. Oil exports from Venezuela (primarily headed to Europe) picked up in Q3 2022, with the U.S. permitting such shipments despite technically violating economic sanctions.

### Puerto Rico Insurance Claims

In September 2017, Puerto Rico's residential, commercial, and industrial infrastructure were devastated by two hurricanes – Irma and Maria – triggering billions of dollars of insured damages. Insurance carriers only successfully paid smaller residential policyholders' claims resulting from the damage, while the more complex pool of commercial policyholders had been unable to receive payments from their carriers. EnTrust and their co-investment partner believed the following factors contributed to the lack of payment on commercial claims: i) it is common practice for carriers to delay or refuse settling claims, often paying only after legal action is initiated ii) the complexity of assessing claims resulting from damages caused by the hurricanes, of which the magnitude was not accounted for in actuary models, and iii) due to the economic damage caused by these disasters, many commercial policyholders lacked the resources to properly file/manage their claims. In March of 2019, EnTrust, alongside their co-investment partner, decided to purchase and resolve a critical mass of unpaid commercial insurance claims, with the goal of establishing

sufficient scale to leverage negotiations for global settlements with each carrier. EnTrust's co-investment partner assembled a team of professionals to underwrite, execute, and manage the project, including a claims adjustment/estimation team and an insurance litigation team. Up until the expiration of the statute of limitations for filing claims against the insurance companies for the hurricane damages (September 2019), EnTrust and their co-investment partner continued to build the portfolio through sourcing more claims. EnTrust and their co-investment partner maintain that the insurance carriers should be highly incentivized to settle given that the operative issue is how much they are required to pay, not whether there is an obligation to pay. EnTrust and their co-investment partner believe the timeline for the investment has extended due to pandemic-driven court closures and other delays. EnTrust and their co-investment partner are working to accelerate the litigation process; in some cases they have invoked a statutory appraisal procedure – a streamlined alternative dispute resolution process – to mitigate the impact of delays toward ultimate monetization. In Q3 2022, the Puerto Rican Supreme Court denied carriers' challenges to the appraisal motions of EnTrust and their partner, allowing that process to move forward.

### American Zinc Recycling LLC (AZR)

A specialty zinc and zinc-based product manufacturer, reliant on recycling dust from electric arc furnaces used in steel production. After AZR's bankruptcy in 2016, EnTrust's co-investment partner became the largest equity holder post reorganization (44%). This co-investment partner opportunistically funded and repaired the Rutherford County facility, one of only two zinc refineries in the U.S. This would make AZR a fully integrated producer, with meaningful cost savings. This plan was rolled out but faced some liquidity issues that were eventually bridged by loans from shareholders, and then by a new credit facility. In August of 2021, Befesa, a hazardous waste recycler based in Luxembourg, announced the closing of its US\$450 million acquisition of AZR. Befesa also announced its intent to invest US\$10 million for a minority stake in the Rutherford County facility – this investment is contingent on the achievement of two major operating milestones. Achieving the stated operating milestones proved challenging due to inflation and supply chain issues; in Q3 2022, the company agreed to sell the Rutherford refinery to Befesa at a lower valuation than what was previously advised. After the close of this transaction, the only remaining asset is a nickel recycling business.

### Standard Media Group LLC (SMG)

A group formed to pursue a roll-up strategy for broadcasting assets. It was formed by Standard General L.P. (SG), a successful investor in the broadcasting space and Deb McDermott, former Young Broadcasting CEO. SG's strategy focuses largely on local broadcasters, who they believe are well positioned due to: i) durability and growth potential in revenue streams, ii) ATSC 3.0 technology that allows broadcasters to sell targeted advertising (increase viewership and profitability), and iii) an increase in M&A activity tied to deregulating policies from former president Trump.

SG also theorized there would be significant upside in retransmission revenues as consolidation among local broadcasters continues. SMG capitalizes on the need for industry consolidation, merging with other companies in the space to grow its asset base: (i) WLNE-TV – American Broadcasting Company (ABC) affiliate in Massachusetts and Rhode Island, (ii) KLKN-TV – ABC affiliate in Nebraska (iii) two radio stations from Sinclair Broadcasting Group in Kentucky and (iv) Tegna – the 3rd largest U.S. TV broadcaster. EnTrust believes these mergers are evidence of SMG's pursuit and success in consolidating broadcasting assets in an industry that has been historically fragmented.

## INVESTMENTS AFTER JANUARY 1ST, 2020

Since January 1, 2020, EPSO4 called over 25% of committed capital during a period of high volatility at the onset of COVID-19, and so the expectation is that these investments will be realized over the medium term.

### SeaWorld Entertainment Inc. (NYSE: SEAS)

A theme park and entertainment company. The company has four animal parks, three theme parks, and five water parks. SeaWorld boasts four of the top twenty theme parks by attendance and three of the top ten water parks by attendance in North America. SeaWorld has been notably mismanaged for decades, and as a result its stock price has lagged peers. SeaWorld's EBITDA margins have been around 15% lower than similar companies, with no justifiable or structural reason for this underperformance. Following their initial investment in 2017, EnTrust and their co-investment partner engaged in a targeted plan to unlock shareholder value, mainly focusing on developments in marketing, pricing/yield management, cost reduction, and capital allocation. In late 2017, EnTrust's co-investment partner elected its founding partner as the chairman of SeaWorld; the co-investment partner was further able to elect two more Directors. SeaWorld posted its sixth consecutive quarter of record financial results for Q3 of 2022, even despite attendance still trailing 2019 levels and its historical high hit in 2008. The company achieved record highs in both admissions and in-park spending. Revenue fell slightly short of Q3 estimates, however still growing 8% year over year. During Q2 and Q3 of 2022, SeaWorld aggressively repurchased shares, buying back around 10% of its market cap – exhausting its original repurchase authorization. In Q3, the Board approved a new US\$250 million repurchase program. EnTrust believes the company runs a strong balance sheet with total net leverage of 2.7x (vs. peers at around 4x), longterm debt maturities with a low cost of debt, and significant available liquidity and strong cash flow generation. EnTrust and their co-investment partner have now accumulated a 42.58% equity stake in the company – and will continue to execute on their controlling interests.

### Countryside Properties UK Limited (LSE: CSP)

A leading U.K. property developer specializing in building and regenerating residential communities. Countryside Properties operates through (i) a traditional "Housebuilding" segment, which typically requires upfront capital outlays and land ownership, and (ii) "Partnerships," which regenerates and densifies communities through joint ventures with local, quasi- governmental entities that directly own and provide the land. When compared to the Housebuilding segment, the Partnerships segment is less asset intensive, less cyclical, more promising in growth, has better revenue visibility, and has a higher return on invested capital (ROIC). EnTrust believes Countryside shares are underpinned by a low valuation, clean balance sheet, positive cash flow, high barriers to entry, and secular tailwinds including a shortage of affordable housing and challenged local budgets in the U.K. EnTrust and their co-investment partner believe that divesting the comparatively less attractive Housebuilding business would create a more attractive pure-play Partnerships business. In January 2021, with EnTrust's investment, the co-investment partner accumulated a 4.6% ownership stake in Countryside, which has increased to over 6% as of February 2022. In July 2021, Countryside announced that certain Housebuilding assets that meet its Partnership's performance targets (i.e., 15% operating margin and 40% ROCE) will be converted into the Partnerships business with surplus assets/developments completed and sold over time. This conversion is expected to generate £60 million EBIT by 2023 plus £450 million of surplus capital to be returned via share buybacks. In May of 2022, an offer was made to acquire the entire company for £2.95 per share – Countryside's board rejected this offer, however the offer inspired the company to initiate a formal sale process (announced June 2022). In September of 2022, Countryside announced it would be acquired by U.K. peer "Vistry Group," through a cash and stock offer that values the companies at £1.25 billion (a 9.1% premium to the unaffected share price) – the combined company

will have the largest Partnership business in the U.K., this transaction closed in November of 2022. Also in September of 2022, the U.K. government proposed a series of cuts on tax for housing transactions, with the ultimate goal of stimulating the housing market and making homes more affordable for new buyers, which may add to the list of tailwinds that could help bolster Countryside's performance.

### DiDi Global Inc. (OTCMKTS: DIDIY)

A Chinese vehicle for hire company headquartered in Beijing with over 550 million users and tens of millions of drivers. DiDi provides app-based transportation services, including taxi hailing, private car hailing, social ride-sharing, and bike sharing; on-demand delivery services; and automobile services, including sales, leasing, financing, maintenance, fleet operation, electric vehicle charging, and co-development of vehicles with automakers. In 2016, DiDi's main competitor Uber, withdrew from China by merging its operations with DiDi, essentially giving the company a virtual ride-hailing monopoly in the country; this market dominant position has enabled the company to efficiently capture the explosion in ride hailing demand following accelerated urbanization in China. The company has pursued further growth initiatives after solidifying its userbase for its ride-hailing platform, opening similar operations in freight, grocery, and autonomous driving. Since its public debut on the NYSE in June 2021, DiDi has faced scrutiny from the Chinese government on cybersecurity concerns. The investigation from Chinese authorities has materially harmed the company's financial performance, partly resultant of the Chinese government's order to remove DiDi's applications from local app stores. In July of 2022, DiDi was fined US\$1.2 billion as a result of the cybersecurity investigation; DiDi apps were rectified and submitted for regulatory approval. Following pressure from the Chinese government, DiDi delisted from the NYSE mid- 2022, and is set to list on the Hong Kong stock exchange (HKSE) at some point in the near future – no date has been announced as yet. Despite issues faced from both capital markets and the regulatory environment, DiDi has retained its market dominant position, , enjoying a more than 70% market share of China's ride-hailing market in Q4 of 2022. Although DiDi's stock faced technical pressure in the second quarter of 2022 due to the macro geopolitical dynamics, lack of clarity on timing for the HKSE re-listing, and COVID-19 resurgence in China, EnTrust's co-investment partner believes DiDi has a strong cash buffer, and its discounted market price should gradually recover upon completion of regulatory review and the HKSE listing. Notably, DiDi's board approved private shares to list directly onto the HKSE, this is the path EnTrust (who owns private pre-IPO shares) plans to pursue to streamline its eventual exit. DiDi's stock rallied meaningfully in Q4 2022 as the Public Company Accounting Oversight Board was allowed to investigate the audit workpapers of Chinese firms listed in the U.S. for the first time in history. This hints that the Chinese government may have compromised on these audit review matters to avoid mandatory delisting of Chinese ADR securities.

In January of 2023, DiDi secured the green light to resume signing up new users, suggesting the worst is over after the Chinese government campaign to rein in its powerful internet industry. This is one of the clearest signs yet that Xi Jinping's administration, keen to jumpstart an economy after three years of COVID-19 Zero restrictions, sees a need for private sector's support in that broader campaign. Beijing is again allowing DiDi to bring in new users for the first time since regulators removed its main apps from stores in 2021. That suggests the services will soon return to Apple and Android stores. Relaunching the apps is a prerequisite for DiDi to resume business as usual, and to eventually work toward listing its stock in Hong Kong.

### StubHub

A leading ticket marketplace in the U.S., acquired by Viagogo (international ticket marketplace) in 2019. The companies proved geographic complements to one another, with 90% of StubHubs gross merchandise sales (GMS) coming from the U.S., and 90% of Viagogos GMS coming from



outside the U.S. The entities also proved to be operational complements, with StubHub being subject to poor management and strong brand awareness, but Viagogo being subject to the opposite, with strong management and poor brand awareness. Because of the complementary nature of these companies, EnTrust believes there is opportunity to generate key synergies in marketing, fixed overhead, headcount, and payment processing. The merged company has a leading market share in over 170 countries, with pro forma revenues of almost US\$1.5 billion. EnTrust's co-investment partner has enjoyed a long-standing relationship with Eric Baker, the founder of both StubHub and Viagogo, enabling the co-investment partner to serve on Viagogo's board on invitation of Mr. Baker since 2016.

The ticketing industry has been growing faster than GDP, and live event spending has proven resilient over time (evidenced by growth during 2008 recession). EnTrust believes the ticketing business model is attractive due to (i) healthy/stable take rates, (ii) robust FCF generation from asset-light operations, and (iii) high barriers to entry created by powerful network effects enjoyed by established players.

EnTrust contributed equity financing to fund Viagogo's acquisition of StubHub, which closed early 2020. EnTrust and their respective co-investment partner became a top-five shareholder in newly merged entity. Soon after the transaction was completed, the pandemic hit, significantly reducing ticket sales. In the second quarter of 2022, StubHub raised further capital, solidifying its 2021 step-up in valuation. In Q4 2022, StubHub continued to see strong growth in demand despite a weakening macroeconomic backdrop and is already noting gains in its market share. EnTrust believes the company's healthy balance sheet, competitive positioning, and anticipated business/product upgrades, are expected to result in an increased market share as the entertainment industry and rest of the world recover from the pandemic.

#### **Invesco Ltd. (NYSE: IVZ) and Janus Henderson Group (NYSE: JHG)**

Invesco is an American independent investment management company; Janus Henderson is a British global asset management group. EnTrust made the investment alongside Triun Partners, an American hedgefund with experience as an activist shareholder in the asset management industry. The asset management industry has had relatively high M&A activity in recent history, with eight mergers of publicly listed firms having occurred since 2008 – a trend that EnTrust expects to continue and accelerate into the future. EnTrust believes benefits of mergers in the space include (1) cost synergies, (2) increased distribution to bolster sales platforms, (3) wider breadth of offerings across strategies, (4) better research and corporate access, and (5) improved ability to attract and retain talent. In October 2020, with EnTrust Global's investment, Triun disclosed 9.9% ownership stakes in both Invesco Ltd. ("Invesco") and Janus Henderson Group ("Janus"). These initial ownership stakes made Triun among the largest shareholders in these companies. Triun later upscaled its ownership stake in Janus to almost 19%, making it the company's largest shareholder, while the Invesco stake increased to over 12%. Triun has been active in executive decision making in both ventures, upgrading management/directors, and demonstrating improvement in operational performance and capital allocation. In the fourth quarter of 2020, Invesco appointed Triun founding partners Nelson Peltz and Ed Garden to its Board. Similarly, in the first quarter of 2022, Janus appointed Mr. Peltz and Mr. Garden to its Board, both Triun representatives subsequently resigned from Invesco's Board. Both companies delivered mixed Q3 results following the global retraction in equity markets, rising cost pressures, and the continuing market trend away from active managers and towards passive, low fee investments. Invesco missed expectations on adj. EPS, net revenue, and operating margin; strength from active fixed income, Greater China, and other institutional channels helped offset weakness in active equity and unfavorable client mix shifts. Janus beat adj. EPS and revenue estimates despite industry headwinds, however still reported its twentieth consecutive quarter of net outflows (Q3 outflows were however

less than expected). For both companies, attention is turning toward capital allocation: Invesco completed a US\$200 million share repurchase program and retired US\$600 million of senior notes, the company also maintains a cash balance of over US\$1 billion; Janus has over US\$1 billion of net cash to support a similar US\$200 million share buyback.

#### **OakNorth Bank**

A growing "challenger bank" in the U.K. created to help fast-growing businesses; a segment that has been turned away by traditional banks. As of the third quarter of 2020, EnTrust, along with their co-investment partner, gained a 7.4% equity stake in the company, making them the 6th largest shareholder. Since the company's launch in 2013, OakNorth has lent over £8 billion to entrepreneurs throughout the U.K., creating over 36,000 new jobs and over 25,000 new homes. OakNorth has shown strength in managing the credit risk of its loan book with only twelve cases of default since its inception in 2013 (as of the fourth quarter of 2021), six of which have been resolved with 100% recovery. The total expected credit loss on the remaining six cases is £13.6 million. EnTrust understands the company aims to launch an initial public offering of its shares early 2023, with the ongoing possibility of secondary sales.

#### **Centene Corporation (NYSE: CNC)**

A leading managed care organization (MCO) that provides fully-integrated services to government-sponsored and commercial healthcare programs. Its two key segments are i) managed care, contributing over 85% of total revenue, and ii) specialty services, which accounts for nearly 15% of total revenue. Centene is an industry leader, capitalizing on the growth and developing regulatory framework in the rising MCO industry- the company currently serves over 25.5 million under-insured and uninsured individuals. EnTrust invested alongside Politan Capital Management LP (a U.S. hedgefund with experience in shareholder activism), to acquire 2.2% of Centene, making them a top shareholder. Despite an established market presence, EnTrust believes Centene trades below peers due to poor management decisions, costly M&A, and depressed margins. The company released Q3 results in line with consensus expectations, beating consensus estimates for revenue and diluted EPS. On December 16, 2022, Centene announced its 2023 fiscal year guidance, increasing revenue estimates from US\$137.4 billion to US\$139.4 billion, and increasing its estimates of adjusted diluted EPS from US\$6.25 to US\$6.40. Centene's Board also authorized a US\$2 billion increase to its stock repurchase program. Improvements in the medical loss ratio, as well as SG&A expense ratio, EnTrust believes, are signs of better performance to come.

#### **Dollar Tree, Inc. (NASDAQ: DLTR)**

A discount retailer that operates two banners (i) Dollar Tree – a low price retailer known for pricing items at US\$1, and (ii) Family Dollar- a low price retailer with a broader merchandise, pricing from US\$1-\$10. EnTrust believes cost inflation (with fixed price points) and underperformance relative to peers are responsible for the company's decline in operational metrics. EnTrust's co-investment partner is a top five shareholder in the company, who aims to engage in shareholder activism. In early 2022, DLTR rolled out an increased price point of US\$1.25 for the Dollar Tree banner, which EnTrust believes contributed to the second quarter of 2022 being the banner's best quarter to date. In March of 2022, the founder of EnTrust's co-investment partner, as well as five other persons nominated by EnTrust's co-investment partner, joined DLTR's 12-member Board. DLTR announced Q3 earnings that beat consensus estimates on both the top and bottom-line, despite a generally weaker retail environment. While the Dollar Tree banner has seen strong growth throughout the year, the Family Dollar banner, which has been an underperformer for the company, saw its first positive traffic number in the last twelve quarters. The company guided that full-year EPS would be at the lower-end of its range, causing some concern in the analyst community that a shift to lower-margin consumable sales will

weigh on earnings in the medium-term. EnTrust and their co-investment partner will continue to exercise their controlling interests; the removal of layers of management, along with an upgrade in the board of directors, EnTrust believes, point towards significant operational improvements for both banners in the future.

#### **Bally's Corporation (NYSE: BALY)**

An owner and operator of physical gaming assets across the U.S., with a growing presence in online sports betting and iGaming. EnTrust first invested in the company alongside Standard General (SG) in 2016, since then, SG/EnTrust have been the largest shareholder (around 21%), with SG's founder serving as Bally's chairman. In October of 2021, the company acquired U.K. gaming iGaming company, Gamesys, effectively doubling cash flow and building on the intellectual and technological assets of the firm. The company continues to expand its presence globally, as a global omni-channel gaming operator. Despite the attractiveness of its assets, Bally trades cheapest among its peer group. EnTrust and their co-investment partner believe this is due to the market's failure to capture potential upside from its online sports betting and iGaming divisions in its price. EnTrust believes this value disconnect stems from the following: (i) Bally's is still digesting the recent Gamesys acquisition; (ii) the company is just beginning to receive bulge bracket sell-side coverage; and (iii) a lack of news coverage ahead of the 2022 launch of an updated version of Bally Bet, the company's online betting sportsbook.

EnTrust also expects the North American business to continue to benefit from the legalization of sports betting and iGaming across the U.S. On July 27, 2022, Bally's closed a tender offer, repurchasing 47.7 million shares at a price of \$22.00 per share. The company repurchased a further 5.4 million shares during Q3. Combining Q3 repurchases with the tender offer in July sums to an aggregate price of \$119.3 million worth of shares repurchased.

#### **Hasbro, Inc. (NASDAQ: HAS)**

A leading global entertainment company, offering a variety of consumer products (toys, games, etc.), television programs, movies, digital gaming, and other experiences. The company operates three key business segments (i) "Wizards of the Coast" (WOTC), a gaming business (ii) Consumer Products, a legacy business that makes toys and games, and (iii) eOne, a production studio. Even though the majority of the stocks implied value is derived from its WOTC segment, which presents high growth characteristics, the company still trades like a mature/slow-growth consumer toy business. In addition to this, high CEO turnover and the death of the former CEO at the end of 2021 faced the company with further issues in planning and execution. Despite its strong market position, Hasbro has noticeably lagged its peers – largely driven by poor management decisions and lack of disclosures on the highly valuable WOTC segment (Hasbro fails to disseminate key financial/operating metrics of WOTC, leading to confusion within investment community). EnTrust entered the investment alongside their co-investment partner, Altafox, in February of 2022, amassing a 2.5% stake in the business, making them a top-five shareholder. Addressing the issues stemming from an inexperienced board, EnTrust and their co-investment partner added two gaming executives to the Board, and plan to highlight and expand the value potential of WOTC. EnTrust believes this could give way to a tax-free spinoff of the segment. During Q4 2022, Hasbro reported weak earnings, driven by slowing retail as well as delays in WOTC releases. Additionally, the company laid out its long-term guidance during its investor day, and subsequently put the majority of its eOne business up for sale. Investors viewed the eOne news favorably, as divesting this segment would simplify the company's story and provide capital to invest in core growth areas. EnTrust believes Hasbro continues to trade at the low end of its historic range, despite tailwinds in the WOTC business that EnTrust believes are not reflected in the current share price.

#### **Axonic Capital LLC**

A structured credit manager that allocates across various sectors. Market volatility amidst the pandemic created selling pressures across structured credit markets, in particular residential mortgage assets, commercial mortgage assets, and asset backed securities. This created significant discounts to par, that the company believes offered an attractive risk-return profile for investors who have cash. By investing in these assets that are discounted 30%-50% from par, EnTrust believes, investors would be compensated as if they were taking on significant credit risk, when in reality the intrinsic credit risk was closer to investment grade. The specific securities Axonic believed attractive were residential mortgage backed securities (RMBS), commercial mortgage backed securities (CMBS), asset backed securities (particularly A/B auto loans), and commercial real estate loans (CRE). With EnTrust's investment during April 2020, Axonic began opportunistically increasing its exposures to its target assets. Axonic continues to capitalize on performance lags in structured credit markets, as EnTrust believes these markets lag the performance of corporate credit markets. Axonic is substantially invested in floating rate securities, as well as hard assets (generating stable cash flow), of which EnTrust believes to be evidence of their intent to protect themselves throughout the interest rate volatility of 2022 and going into 2023.

#### **CCS Medical, Inc.**

A market-leading, broadline U.S. mail order distributor of medical products and supplies; the company focuses mainly on diabetes testing equipment for Type 1 diabetics. Other key products include glucose testing strips (to measure blood glucose levels), and pumps that administer insulin to patients. CCS has functionality as a liaison between device manufacturers, patients/providers, and insurance companies; the company presents industry leading statistics in conversion/retention rates. EnTrust and their co-investment partner collectively own 75% of the company's equity, and approximately 77% of its first lien notes. EnTrust believes CCS is positioned to benefit from the tailwinds related to Continuous Glucose Monitoring ("CGM"), a newer, wearable, chemically-enabled technology that is quickly becoming the standard of care in diabetes management. In Q4 2022, CCS performed slightly below expectations in terms of revenue and margins. Margin compression was driven by i) the failure of manufacturers to pass on to distributors any of the 2022 "cost of living" increase by the reimbursable amount under Medicare, and ii) less favorable payor and product mix. EnTrust and their co-investment partner maintain confidence that CCS is an attractive target for many strategic acquirors in the near to medium term. Given the current market volatility, CCS will likely delay a potential refinancing of their capital structure until early 2023.

#### **Masimo Corporation (NASDAQ: MASI)**

Masimo develops, manufactures, and markets a variety of monitoring technologies and hospital automation solutions. The company's core business is pulse oximetry, a technology that uses noninvasive sensors to measure oxygen levels in the blood and is a critical component of patient care and diagnostics. The company has consistently underperformed its peers, which EnTrust believes has been caused by a poor capital allocation strategy from funding unprofitable non-core ventures. EnTrust and their co-investment partner, believe Masimo shares are underpinned by a low valuation, and have an added layer of resiliency from their industry leading core pulse oximetry business, which benefits from an 80% recurring revenue base, high barriers to entry, tailwinds in the continuous monitoring space, and an over 50% market share. EnTrust and their partner began acquiring Masimo shares in May of 2022, growing their stake to over 8%. After EnTrust and their partner had made it clear they intended to pursue an activist strategy, Masimo took the defensive, changing its by-laws to protect against shareholder activism. It should be noted that the company's changes to their by-laws have been perceived by EnTrust to be "unfriendly" to shareholders, and so may be subject to legal challenge. During Q4 2022,

Masimo reported Q3 2022 financial results that beat estimates on both the top and bottom line; however, the company pulled back on its 2022 year-end guidance to reflect the challenging macroeconomic environment. The core business continues to perform well and has a strong backlog, validating the stability of the business in a turbulent market environment. The company raised guidance for 2023, and did not preview a vast amount of new spending.

### Municipal Dislocation II

EnTrust believes the municipal (muni) debt market is inefficient, primarily due to its fragmentation (compared to corporate credit universe), the reaction of retail investors to market volatility (who “react” rather than use a total return approach), and lack of capital in the space that focuses on exploiting dislocations. EnTrust believes the U.S. Federal Reserve has created a historical dislocation in the muni bond market: higher interest rates have caused significant outflows from mutual funds that have daily liquidity, resulting in forced liquidations of municipal bond positions. EnTrust’s co-investment partner, Foundation Credit (FCO), has extensive experience in the muni bond market, and has identified two opportunities: (1) long duration investment grade tax-exempt bonds; and (2) long duration investment grade noncallable taxable municipal bonds. EnTrust and FCO expect the returns over the lives of these investments to be primarily driven by tax exempt normalization (mutual fund outflows should stabilize, while demand from insurance companies and crossover buyers should normalize given the relative cheapness), and taxable relative value (spreads should normalize as corporate and crossover investors look to take advantage of the underperformance of the sector versus corporate issuers who are more exposed to economic downturns). EnTrust, in partnership with FCO, began deploying capital in September of 2022. The portfolio will be sourced via new issues and secondary market purchases of attractively priced, high quality taxable municipal debt and tax-exempt municipal debt. The target muni basket for the portfolio is expected to benefit from higher interest rate volatility, volatility in the British pound sterling, and the recent rate hikes in the latter half of 2022. With mutual fund outflows exceeding US\$80 billion year to date, potential further outflows and associated forced selling could exacerbate attractive entry points.

As of Q4 2022, the portfolio is almost fully invested, consisting of 85% tax-exempt municipal bonds and 15% taxable municipal bonds. EnTrust believes Q4 presented attractive purchasing levels for these types of securities due to i) high interest rate volatility during early Q4, and ii) the collapse of FTX Trading Ltd., which motivated a large cryptocurrency bank to quickly sell pieces of their large (circa US\$3 billion) municipal bond portfolio.

### CONCLUSION

Given the longer-duration nature of the strategy, which is specifically designed to withstand mark-to-market volatility and exit with an eye towards ultimate realized value, EnTrust has reported realized performances to date. However, over the duration of the year, the equity component of EPSO4 has been particularly volatile. EnTrust believes that much of the negative performance exhibited through 2022 has been due to elevated uncertainty and negative sentiment across the global markets rather than a longer-term fundamental change in outlook in EPSO4’s specific positions. Until there is further clarity regarding certain macro dynamics (inflation, interest rates, COVID re-opening, geopolitical issues, etc.), EnTrust expects ongoing pockets of volatility.

Although performance to date has been disappointing, we believe that the Fund has sought to take advantage of the dislocations brought by the initial lockdowns from COVID-19, with divergent outcomes. The Manager is encouraged by the reality that the aggregate performance of all realized investments is significantly better than the total performance since inception, as management continues, actively, to encourage change in the ongoing investments. Seeking changes takes time and can result

in sizeable unrealized losses during periods when requested changes are being resisted.

For now, via its leading shareholder stakes and / or proximity to company Boards of Directors, we believe EnTrust has controlling interests in most of its investments, whether that be through board seats, voting power through share ownership, or influential terms as a creditor. We believe these controlling interests give EnTrust significant insight into the ability of these businesses to withstand the current environment for maintaining, and more importantly, creating value.

As such, the Manager believes EPSO4’s focus is now entirely upon the company-specific situations it holds, where, in partnership with its managers, it will seek to shape, drive, and influence desired outcomes for the benefit of its investors, i.e. the Fund, in a similar way as it has demonstrated with its aggregate performance of realized investment to date.

### Notes

*Sources: Unless noted, information has been compiled from various sources including corporate documents, press releases, annual reports, offering documents, investment updates from EnTrust Global and company websites.*

*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. (the Manager) in its capacity as 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 as issued by the International Accounting Standards Board (IASB) 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 16, 2023**

*"Robert Almeida"*

**Robert Almeida**  
**Director**  
**February 16, 2023**

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

## Statements of Financial Position (Unaudited)

	As at December 31, 2022	As at June 30, 2022*
<b>Assets</b>		
Cash and cash equivalents	\$ 108,358	\$ 5,467
Investments (note 5)	10,895,413	11,016,104
	<u>11,003,771</u>	<u>11,021,571</u>
<b>Liabilities</b>		
Management fees payable	123,380	247,686
Expenses payable	66,887	133,123
Redemption notes	-	24,543
Organization expenses payable (note 8)	12,322	27,285
	<u>202,589</u>	<u>432,637</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 10,801,182</u>	<u>\$ 10,588,934</u>
<b>Net Assets Attributable to Holders of Redeemable Units Per Series</b>		
Series A	777,715	766,463
Series F	10,023,467	9,822,471
	<u>\$ 10,801,182</u>	<u>\$ 10,588,934</u>
<b>Number of Redeemable Units Outstanding (note 6)</b>		
Series A	18,370	18,370
Series F	224,082	224,082
<b>Net Assets Attributable to Holders of Redeemable Units Per Unit</b>		
Series A	\$ 42.33	\$ 41.72
Series F	\$ 44.73	\$ 43.83

\*Restated. See note 1.

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

*"Michael Lee-Chin"*

Director

*"Robert Almeida"*

Director

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



## Statements of Comprehensive Income (Loss) (Unaudited)

For the periods ended December 31,	2022	2021
<b>Income</b>		
Net gain (loss) on investments		
Interest for distribution purposes	\$ 1,301	\$ 9
Securityholder redemption fees	-	1,273
Change in unrealized appreciation (depreciation) on investments	297,465	734,936
	<u>314,295</u>	<u>736,218</u>
<b>Other income</b>		
Foreign exchange gain (loss) on cash and other net assets	(11,466)	328
<b>Total income (net)</b>	<u>302,829</u>	<u>736,546</u>
<b>Expenses</b>		
Management fees (note 8)	58,731	67,813
Securityholder reporting costs (note 8)	42,255	26,796
Legal fees	14,310	306
Audit fees	10,371	8,144
Independent review committee fees	1,218	1,306
Interest on redemption notes	10	-
Custodial fees	-	174
Total operating expenses	<u>126,895</u>	<u>104,539</u>
Less: expenses absorbed by Manager	(36,314)	-
Net operating expenses	<u>90,581</u>	<u>104,539</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 212,248</u>	<u>\$ 632,007</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 11,252	\$ 40,888
Series F	\$ 200,996	\$ 591,119
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 0.61	\$ 2.21
Series F	\$ 0.90	\$ 2.63

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,	2022	2021
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>		
Series A	\$ 766,463	\$ 936,487
Series F	9,822,471	11,737,813
	<u>10,588,934</u>	<u>12,674,300</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>		
Series A	11,252	40,888
Series F	200,996	591,119
	<u>212,248</u>	<u>632,007</u>
<b>Redeemable Unit Transactions</b>		
Proceeds from redeemable units issued		
Series A	-	-
Series F	-	14,958
	<u>-</u>	<u>14,958</u>
Redemptions of redeemable units		
Series A	-	(14,958)
Series F	-	(25,458)
	<u>-</u>	<u>(40,416)</u>
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	<u>-</u>	<u>(25,458)</u>
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>		
Series A	777,715	962,417
Series F	10,023,467	12,318,432
	<u>\$ 10,801,182</u>	<u>\$ 13,280,849</u>

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

## Statements of Cash Flows (Unaudited)

For the periods ended December 31,	2022	2021
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 212,248	\$ 632,007
Adjustments for:		
Net realized (gain) loss on investments	(15,529)	-
Change in unrealized (appreciation) depreciation on investments	(297,465)	(734,936)
Unrealized foreign exchange (gain) loss on cash	-	(1,025)
Increase (decrease) in management fees and expenses payable	(190,542)	104,538
Increase (decrease) in organization expenses payable	(14,963)	-
Purchase of investments	-	(16,683)
Proceeds from sale of investments	409,142	-
<b>Net Cash Generated (Used) by Operating Activities</b>	<u>102,891</u>	<u>(16,099)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from redeemable units issued (note 3)	-	1,600
Amount paid on redemption of redeemable units (note 3)	-	(25,458)
<b>Net Cash Generated (Used) by Financing Activities</b>	<u>-</u>	<u>(23,858)</u>
Net increase (decrease) in cash and cash equivalents	102,891	(39,957)
Unrealized foreign exchange gain (loss) on cash	-	1,025
Cash and cash equivalents - beginning of period	5,467	80,459
<b>Cash and cash equivalents - end of period</b>	<u>108,358</u>	<u>41,527</u>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	\$ 156	\$ 41,527
Short-term investments	108,202	-
	<u>\$ 108,358</u>	<u>\$ 41,527</u>
<b>From operating activities:</b>		
Interest received, net of withholding tax	1,301	9
Securityholder redemption fees	\$ -	\$ 1,273

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

## Schedule of Investment Portfolio (Unaudited)

as at December 31, 2022

No. of Shares	Security Name	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
<b>UNDERLYING FUNDS</b>				
<b>Cayman Islands</b>				
7,868	EnTrustPermal Special Opportunities Fund IV Ltd. Class A	\$ 10,918,829	\$ 10,766,611	99.7%
95	EnTrustPermal Special Opportunities Fund IV Ltd. Class D	132,717	128,802	1.2%
		<u>\$ 11,051,546</u>	<u>10,895,413</u>	<u>100.9%</u>
	Other assets less liabilities		(94,231)	(0.9%)
	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<u>\$ 10,801,182</u>	<u>100.0%</u>

## 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 16, 2023.

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 EnTrust Global or its affiliates.

The statements of financial position of the Fund are as at December 31, 2022 and June 30, 2022. The statement of financial position as of June 30, 2022 has been restated from prior period to reflect a change in the Net Assets Attributable to Holders of Redeemable Units per Series. The statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows of the Fund are for the six-month periods ended December 31, 2022 and December 31, 2021.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVTPL).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial instruments

#### (a) Classification

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 Fund classifies its investment in equities and fixed income securities as financial assets or financial liabilities at FVTPL. The investment in EnTrustPermal Special Opportunities Fund IV Ltd. (EPSO4) or other investment funds (collectively referred to as Underlying Funds) 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; except for items attributable to a difference in the valuation methodology applied under IFRS for trading purposes, the treatment of organization expenses and for differences in the month end NAV and financial statement date. Refer to Fair Value Measurement for a description of the methodology applied under IFRS. 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.

EPSO4 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 EPSO4 as reported by Citco Fund Services (Curacao) B.V. (Citco), its administrator. 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 EPSO4 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 funds held within EPSO4 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. EPSO4 is audited annually by an independent auditor. There is no guarantee that the value ascribed to EPSO4 or any investment held by EPSO4 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. Redemption fees earned by the Fund as detailed under note 6 are presented as 'Securityholder redemption fees' and are recognized upon the redemption date of the units on the statements of comprehensive income.

#### **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. 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 statements 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.

#### Redemption notes

In certain circumstances, the Fund may issue promissory notes equal to the redemption proceeds with a term of not more than five years from the date of issue (Redemption Notes). Redemption Notes bear an interest rate that is equal to the Bank of Canada overnight rate, reset each year as at January 1, simple interest per annum, calculated from the day the Redemption Note is issued and such other commercially reasonable terms as the Manager may prescribe. Redemption Notes may be prepaid in part or full at any time at the option of the issuer prior to maturity, without notice, bonus or penalty, as determined in the sole discretion of the Manager, provided that the applicable interest shall be paid at the end of the term of the Redemption Note. The total payable balance of Redemption Notes and applicable interest are included in 'Redemption notes' on the statements of financial position.

Interest on Redemption Notes are recorded on an accrual balance.

#### 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'. For the six-month periods ended December 31, 2022, \$nil of non-cash switches have been excluded from the Fund's operation and financing activities on the statements of cash flows (December 31, 2021: \$14,958).

#### Future accounting changes

There are no new accounting standards effective after January 1, 2022 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.

#### Fair Value of Underlying Funds

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 has indirect exposure to various financial risks through its investment in the Underlying Funds. The Manager makes investment decisions after due diligence of an Underlying Fund, its strategy and the overall quality of the Underlying Fund's manager. All of the underlying investments in the Underlying Funds are subject to risks inherent in their industries. In the case of the Underlying Funds, established markets may not exist for these holdings, and therefore may be considered illiquid. The Fund is therefore indirectly exposed to each financial risk of the respective underlying investment 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.

The Fund invests in EPSO4. EPSO4 seeks to achieve above-average rates of return and long-term capital growth by investing in highly attractive, select investment opportunities through private investment entities and/or separately managed accounts. EPSO4 expects to invest in a broad range of investments and the Fund is indirectly exposed to risks of these investments. 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 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 that are presented to it (rather than a diversified portfolio), its results can be expected to be more idiosyncratic. The Manager of the Fund reviews EPSO4 and other EnTrust Global funds' investment decisions, comments, news and performance typically on a monthly basis.

#### **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.

If the price of investments held by the Fund on December 31, 2022 had been higher or lower by 10%, the net assets attributable to holders of redeemable units of the Fund would have been higher or lower by \$1,089,541 (June 30, 2022: \$1,101,610). Actual results may differ from the above sensitivity analysis and the difference could be material.

The Fund has indirect exposure to price risk through its investment in EPSO4. EPSO4 is susceptible to market price risk caused by increases or decreases in the fair value of its investments arising from uncertainties about future values and events. Previous prices realized on past opportunities may not be indicative of prices realized on current opportunities. As at December 31, 2022, approximately 80% of the portfolio of EPSO4 Class A units and 79% in Class D units is held in an equity strategy (June 30, 2022: Class A units 84%, Class D units 93%).

#### **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. As at December 31, 2022, the Fund has invested 100.0% of the net assets attributable to holders of redeemable units into EPSO4 (June 30, 2022: 100.0%).

The Fund has indirect exposure to concentration risk through its investment in EPSO4. EPSO4 is not restricted in the investment strategies that it may employ and is agnostic in terms of sector, geography, strategy, asset class, theme, etc. No formalized or pre-existing allocation framework with respect to such categories lends itself to diversified exposure. Based on this flexible mandate which is aimed for nimble deployment of capital across a broad range of ideas, EPSO4's asset allocations change over time based on the market environment and the opportunities they believe provide the best risk/reward in each environment. EPSO4 generally targets 3% to 7% for any single idea, and a majority of co-investments are in marketable and/or listed equities and credits. When EPSO4 has exposure to certain pre-IPO/private positions, such opportunities have tended to be sized at or below the low end of the foregoing range at around 2%, upon inception. As December 31, 2022, unrealized investments and committed capital in Class A units and Class D units of EPSO4 comprised 30 investments and 26 investments, respectively, and approximately 80% was held in an equity strategy and 8% in a credit strategy in various sectors and geographic regions for Class A units and approximately 79% was held in an equity strategy and 8% in a credit strategy for Class D units (June 30, 2022: Class A units 32 investments, 84% equity strategy, 16% credit strategy, Class D units 27 investments, 93% equity strategy, 7% credit strategy).

**Interest rate risk**

Interest rate risk arises on interest-bearing financial instruments held by the Fund. 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, 2022 and June 30, 2022, 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.

The tables below indicate the foreign currencies to which the Fund had significant exposure as at December 31, 2022 and June 30, 2022, 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 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2022	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
United States Dollar	–	10,895,413	10,895,413	–	1,089,541	1,089,541
<b>Total</b>	–	<b>10,895,413</b>	<b>10,895,413</b>	–	<b>1,089,541</b>	<b>1,089,541</b>
<b>% of net assets attributable to holders of redeemable units</b>	–	<b>100.9%</b>	<b>100.9%</b>	–	<b>10.1%</b>	<b>10.1%</b>

June 30, 2022	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary (\$)	Non-monetary (\$)	Total (\$)	Monetary (\$)	Non-monetary (\$)	Total (\$)
United States Dollar	5	11,016,104	11,016,109	1	1,101,610	1,101,611
<b>Total</b>	<b>5</b>	<b>11,016,104</b>	<b>11,016,109</b>	<b>1</b>	<b>1,101,610</b>	<b>1,101,611</b>
<b>% of net assets attributable to holders of redeemable units</b>	–	<b>104.0%</b>	<b>104.0%</b>	–	<b>10.4%</b>	<b>10.4%</b>

**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 quarterly cash redemptions and may borrow on margin to make investments. The Manager monitors the Fund's liquidity positions on an ongoing basis.

The Fund has the option to pay redemptions through the issuance of Redemption Notes. As at December 31, 2022, the Fund does not have any Redemption Notes outstanding.

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 EPSO4 quarterly upon 95 days' notice. As a result, the Fund may not be able to quickly liquidate its investment in EPSO4 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 EPSO4 can be called within a notice period as outlined in the subscription agreement between the Fund and EPSO4. The Manager manages the capital calls through cash flow management. As at December 31, 2022, the Fund's total commitment to EPSO4 was US\$8,500,000 for Class A units and US\$100,000 for Class D units and commitments are paid in full. The Fund has indirect exposure to liquidity risk through its investment in EPSO4. EPSO4 may invest in Portfolios that may be subject to a lock-up and redemption policies, and may not be able to sell investments quickly or at fair value.

**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, 2022 and June 30, 2022, the Fund did not have significant exposure to credit risk. The Fund has indirect exposure to credit risk through its investment in EPSO4 through its direct investments with counterparties or those investments through a portfolio with other counterparties that may not be able to fulfill contractual obligations. As at December 31, 2022, approximately 10% and 3% of the portfolio of EPSO4 Class A and Class D units, respectively, are held in a credit strategy (June 30, 2022: Class A units 16%, Class D units 7%).

**(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; and

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. Fair values are 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, instruments are 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. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The following tables illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2022 and June 30, 2022.

December 31, 2022	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Underlying Funds	-	10,895,413	-	10,895,413
<b>Total</b>	<b>-</b>	<b>10,895,413</b>	<b>-</b>	<b>10,895,413</b>

June 30, 2022	Assets (Liabilities)			Total (\$)
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	
Underlying Funds	-	11,016,104	-	11,016,104
<b>Total</b>	<b>-</b>	<b>11,016,104</b>	<b>-</b>	<b>11,016,104</b>

### (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 EPSO4 to be an investment in an unconsolidated structured entity. EPSO4 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 EPSO4 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 EPSO4 at fair value as at December 31, 2022 and June 30, 2022 are 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 EPSO4 (in Canadian dollars) is the fair value below.

June 30, 2022	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
EnTrustPermal Special Opportunities Fund IV Ltd. Class A	10,766,611	1,182,100,176	0.9%
EnTrustPermal Special Opportunities Fund IV Ltd. Class D	128,802	46,894,364	0.3%

June 30, 2022	Investment at Fair Value (\$)	Net Asset Value (\$)	% of Net Asset Value
EnTrustPermal Special Opportunities Fund IV Ltd. Class A	10,892,348	1,123,780,944	1.0%
EnTrustPermal Special Opportunities Fund IV Ltd. Class D	123,756	44,580,430	0.3%

## 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 or on such other date as determined by the Manager (each, a Valuation Date). 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 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 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 making a minimum investment of \$500,000. The Fund has not yet issued any Series O Units.

The number of units issued and outstanding for the six-months ended December 31, 2022 and December 31, 2021 was as follows:

December 31, 2022	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series A Units	18,370	-	-	-	18,370	224,082
Series F Units	224,082	-	-	-	224,082	224,082

December 31, 2021	Beginning Balance	Units Issued Including Switches from Other Series	Units Reinvested	Units Redeemed Including Switches to Other Series	Ending Balance	Weighted Average Number of Units
Series A Units	18,669	-	-	299	18,370	18,519
Series F Units	225,282	287	-	489	225,080	225,181

## 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 Fund has \$53,492 of unused capital losses which can be carried forward indefinitely by the Fund. The following chart presents the amount of non-capital loss carry forward available to the Fund by year of expiry:

	2037 (\$)	2038 (\$)	2039 (\$)	2040 (\$)	2041 (\$)	2042 (\$)	Total (\$)
Non-Capital Loss	45	23,674	90,074	12,044	50,740	284,754	461,330

## 8. FEES AND EXPENSES

Pursuant to the Fund's offering memorandum, the Fund agrees to pay management fees to the Manager, calculated and accrued on each Valuation Date. The annual management fee rate of the respective series of units are 1.85% for Series A Units and 0.85% for Series F Units.

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.

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, operating expenses and organization 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 broker dealers 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 broker 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 broker 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 six-month periods ended December 31, 2022 and December 31, 2021. The table includes the amount of operating expense reimbursement that was paid to affiliates of the Manager. All of the dollar amounts in the tables below exclude applicable GST or HST.

	Management Fees (\$)	Operating Expense Reimbursement (\$)	Operating Expense Reimbursed to Affiliates of the Manager (\$)
December 31, 2022	51,985	28,183	645
December 31, 2021	60,131	32,564	936

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, 2022	109,208	59,197	10,905
June 30, 2022	219,527	118,006	24,146

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. As at December 31, 2022, Related Parties held 11,014 units of the Fund (December 31, 2021: 11,014).

## 11. RECONCILIATION OF NAV PER UNIT AND 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, 2022 and June 30, 2022.

December 31, 2022	NAV per Unit (\$)	Net assets attributable to holders of redeemable units per Unit (\$)
Series A Units	42.34	42.33
Series F Units	44.74	44.73

June 30, 2022	NAV per Unit (\$)	Net assets attributable to holders of redeemable units per Unit (\$)
Series A Units	47.84	41.72
Series F Units	50.26	43.83

## 12. COMMITMENTS

On March 16, 2018, the Fund committed to invest US\$8,300,000 in EPSO4 Class A units. Following the close of business on July 31, 2020, Portland Value Plus Fund merged into the Fund and the Fund acquired a US\$200,000 commitment of EPSO4 as a result of the merger. As at December 31, 2022, the Fund's total commitment to the EPSO4 Class A units was paid in full.

On May 22, 2019, the Fund committed to invest an additional US\$100,000 in EPSO4 Class D units. As at December 31, 2022, the Fund's total commitment to the EPSO4 Class D units was paid in full.

## 13. SUBSEQUENT EVENTS

On January 31, 2023, the Fund received a distribution of US\$227,647 from EPSO4 Class A Units.

## 14. 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.

*This page is left blank intentionally.*



**Portland Investment Counsel<sup>®</sup>**

Buy. Hold. And Prosper.<sup>®</sup>

---

PORTLAND SPECIAL OPPORTUNITIES FUND (the Fund) is not publicly offered. It is only available under offering memorandum and other exemptions to investors who meet certain eligibility or minimum purchase requirements such as "accredited investors". Information here in pertaining to the Fund is solely for the purpose of providing information and is not to be construed as a public offering in any jurisdiction of Canada. 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.

Commissions, service fees, management fees and expenses may be associated with investment funds. The Fund returns are not guaranteed, their value changes frequently and past performance may not be repeated. Please read the Offering Memorandum before investing. Consent is required for any reproduction, in whole or in part, of this piece and/ or of its images and concepts. Portland Investment Counsel is a registered trademark of Portland Holdings Inc. The Unicorn Design is a trademark of Portland Holdings Inc. used under license by Portland Investment Counsel Inc. Buy. Hold. And Prosper. is a registered trademark of AIC Global 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 • [www.portlandic.com](http://www.portlandic.com) • [info@portlandic.com](mailto:info@portlandic.com)

---