



**PORTLAND**  
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PORTLAND ADVANTAGE FUND  
**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

MARCH 31, 2015

PORTFOLIO  
MANAGEMENT TEAM**Michael Lee-Chin**Executive Chairman, Chief Executive  
Officer, Chief Investment Officer and  
Portfolio Manager**Robert Almeida**

Senior Vice President and Portfolio Manager

## Management Discussion of Fund Performance Portland Advantage Fund

This interim management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-888-710-4242, by writing to us at 1375 Kerns Road, Suite 100, Burlington, ON L7P 4V7 or visiting our website at [www.portlandic.com](http://www.portlandic.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

The views of the portfolio management team contained in this report are as of March 31, 2015 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. For current information please contact us using the above methods. All references to performance relate to Series F units. The performance of other units may be different than that of the Series F units due to differing fees.

### INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Portland Advantage Fund (the "Fund") remains as discussed in the prospectus. The Fund's objective is to provide positive long-term total returns by investing primarily in a portfolio of Canadian equities. The Fund seeks to provide capital growth and income while moderating the volatility of equities by investing in a portfolio of equities/ADRs, and which may include exchange traded funds. A current strategy of the Fund is to invest in the financial services sector including insurance, securities brokering, banking and wealth management. The Fund may invest up to 49% in foreign securities in a manner consistent with its investment objective.

### RESULTS OF OPERATIONS

For the six month period from October 1, 2014 to March 31, 2015, the Fund's benchmark, the S&P/TSX Composite Total Return Index, had a return of 1.08%. Over the same period, the Fund had a return of 2.5%. The net asset value per unit increased from \$12.54 at September 30, 2014 to \$12.78 at March 31, 2015. Unlike the Index, the Fund's return is after the deduction of its fees and expenses.

The Fund's net asset value as at March 31, 2015 was \$6.1 million. On a cumulative basis since its inception, the Fund has experienced both positive net sales and positive investment performance.

The 5 holdings that contributed most to Fund performance were Cable & Wireless Communications PLC, Brookfield Asset Management Inc, Brookfield Infrastructure Partners LP, CK Hutchison Holdings Limited (ADR) (formerly Cheung Kong Holdings Ltd.(ADR)), and Brookfield Property Partners LP. These businesses hold a substantial amount of property and infrastructure assets globally.

The Fund's holdings of wealth management companies and banks also contributed positively to Fund performance.

The main detractors from Fund performance were holdings of oil and gas companies including Canadian Oil Sands Limited, Baytex Energy Corporation, Pacific Rubiales Energy Corporation, Crescent Point Energy Corporation, and Suncor Energy Inc. We believe that oil prices have declined about as far as they will go and look for a rebound in the future. In the interim, we are comfortable earning what we perceive as attractive dividend yields.

On a per unit basis during the period, the Fund's units generated \$0.24 of revenue, \$0.06 of realized gains (losses) and \$0.28 of unrealized gains (losses).

During the six month period ending March 31, 2015, the following holdings were added to the Fund:

- Cable & Wireless Communications PLC, a telecommunications company with a focus on Latin America and the Caribbean;
- Hertz Global Holdings Inc., the holding company of a global automobile rental business.

while the following holdings were divested from the Fund:

- Dundee Corporation;
- Affiliated Managers Group, Inc.;
- Bancolumbia S.A.;
- Grupo Aval Acciones y Valores;
- Grupo de Inversiones Suramericana .

The majority of the Fund's holdings of cash and cash equivalents were deployed during the period to take advantage of the decline in energy sector holdings by adding to these holdings. The Fund's foreign currency denominated holdings were increased in the period, primarily as a result of the additions of Cable & Wireless Communications PLC and Hertz Global Holdings.

At March 31, 2015, by asset class the Fund's net asset value was invested 99% in 23 equity securities. By geography, the Fund's net assets were invested 58% in cash and securities of issuers based in Canada. We believe that the Fund is well positioned to continue to meet its investment objectives as outlined above.

### RECENT DEVELOPMENTS

The Fund's exposure to the financial services sector has been reduced as the Manager sees better opportunities in certain select investment opportunities like Cable & Wireless Communications PLC.

### RELATED PARTY TRANSACTIONS

The Fund's manager is Portland Investment Counsel Inc. (the "Manager"). The Manager is responsible for the day-to-day operation of and for providing investment management services to the Fund. The Manager receives a fee for providing these services. This is calculated daily based on the net asset value of the Fund and paid monthly. During

the period ended March 31, 2015, the Manager received \$39,696 in management fees from the Fund compared to \$13,023 for the period ended March 31, 2014.

Any administrative services paid for or provided by the Manager are charged to the Fund and are grouped and presented by expense type in the statements of operations. Depending on their nature, some expenditures are allocated to the Fund based upon the net asset value or actual costs incurred. During the period ended March 31, 2015, the Manager was reimbursed \$13,648 for operating expenses incurred on behalf of the Fund, including amounts paid to affiliates. This compares to \$3,594 for period ended March 31, 2014. In addition to the amounts reimbursed, the Manager absorbed \$40,840 of operating expenses during the period ended March 31, 2015 compared to \$41,250 during the period ended March 31, 2014.

Affiliates of the Manager provide administrative services associated with the day-to-day operations of the Fund. These affiliates of the Manager were reimbursed \$2,182 during the period ended March 31, 2015 by the Fund for such services, compared to \$1,296 during the period ended March 31, 2014.

The Board of Directors of the manager is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

#### Notes

*Certain statements included in this Management Discussion of Fund Performance 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.*

## Summary of Investment Portfolio as at March 31, 2015

## Top 25 Investments\*

	% of Net Asset Value
Cable & Wireless Communications PLC	10.6%
Brookfield Asset Management Inc. 'A'	9.0%
Invesco Limited	5.6%
Brookfield Infrastructure Partners Limited Partnership	5.5%
Northland Power Inc.	5.5%
IGM Financial Inc.	5.2%
Baytex Energy Corporation	5.1%
Crescent Point Energy Corporation	4.7%
Suncor Energy Inc.	4.6%
Canadian Oil Sands Limited	4.5%
BCE Inc.	4.4%
The Bank of Nova Scotia	4.1%
The Toronto-Dominion Bank	4.0%
Brookfield Property Partners Limited Partnership	3.7%
CI Financial Corporation	3.6%
Hertz Global Holdings Inc.	3.6%
Franklin Resources Inc.	3.5%
Cheung Kong Holdings Limited	3.4%
TransAlta Renewables Inc.	2.9%
Berkshire Hathaway Inc. 'B'	2.6%
Copa Holdings SA 'A'	2.2%
iShares India 50 ETF	0.8%
Pacific Rubiales Energy Corporation	0.6%
Cash	0.4%
<b>Grand Total</b>	<b>99.7%</b>
<b>Total net asset value</b>	<b>\$6,063,977</b>

\* Where the Fund holds less than 25 holdings, all investments have been disclosed. There may be other assets and liabilities which are not included, and therefore the summary does not add up to 100%.

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end by visiting [www.portlandic.com](http://www.portlandic.com) or contacting us at 1-888-710-4242.

## Portfolio Composition

## Sector

Asset Management and Custody Banks	17.9%
Integrated Telecommunication Services	10.5%
Oil and Gas Exploration and Production	9.7%
Integrated Oil and Gas	9.7%
Diversified Real Estate Activity	9.0%
Real Estate Development	8.8%
Diversified Banks	8.0%
Regulated Power Generation	5.5%
Telecom Carriers	4.4%
Real Estate Operating Companies	3.7%
Trucking	3.6%
Renewable Energy	2.9%
Property and Casualty Insurance	2.6%
Air Freight Transportation	2.2%
Exchange Traded Fund	0.8%
Cash and Other Assets	0.7%

## Geographic Region

Canada	58.0%
Bermuda	14.7%
Great Britain	10.5%
United States	10.5%
Hong Kong	3.4%
Panama	2.2%
Cash and Other Assets	0.7%

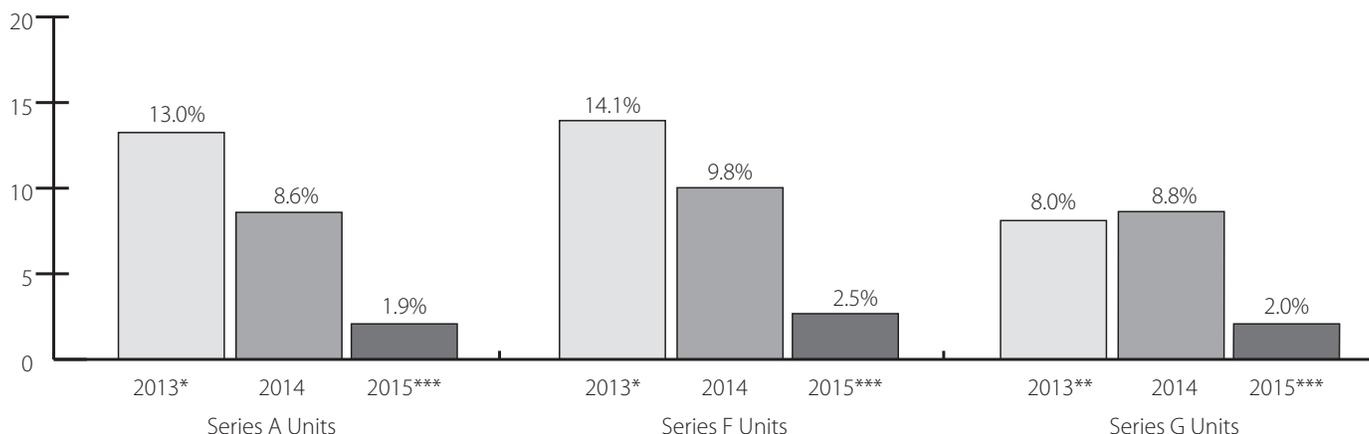
Cash and Other Assets refers to cash on hand plus all other assets and liabilities in the Fund excluding portfolio investments.

### Past Performance

The past performance information shown in this section is calculated using the net asset value per unit and assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. The past performance information does not take into account sales, redemptions, distribution or other optional charges or income taxes payable by the unitholder that would have reduced returns or performance. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

### Year-By-Year Returns

The graphs show the annual historical returns of the applicable series of units, which change each year. Annual return is the percentage change in the value of an investment from October 1 to September 30 (unless otherwise stated).



\*Return for 2013 represents a partial year starting October 31, 2012 to September 30, 2013.  
 \*\*Return for 2013 represents a partial year starting March 14, 2013 to September 30, 2013.  
 \*\*\*Return for 2015 represents a partial year starting October 1, 2014 to March 31, 2015

### Management Fees

The Manager is responsible for the day-to-day management and administration of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the investment adviser and arranges for the administrative services required to be provided to the Fund. As compensation for its service, the Manager is entitled to receive a fee, payable monthly, calculated based on the daily net asset value of the Fund.

Series of Units	Management Fee (%)	Expenses Paid Out of the Management Fee (%)		
		Dealer compensation	General administration, investment advice and profit	Absorbed expenses
Series A	2.00%	86%	-	14%
Series F	1.00%	-	-	100%
Series G	2.00%	50%	-	50%

## Financial Highlights

The following tables show selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past 5 years or, if shorter, the periods since inception of the Fund. For the current year, information in the table below is for the period from October 1, 2014 to March 31, 2015. For all other years, the information in the table below is for the period from October 1 to September 30, or inception date to September 30 in the inception period.

### Series A Units - Net Assets per unit<sup>(a)</sup>

For the periods ended	2015	2014	2013
Net assets, beginning of the period	\$12.27	\$11.29	\$10.00 <sup>(b)</sup>
Increase (decrease) from operations:			
Total revenue	0.23	0.36	0.24
Total expenses	(0.18)	(0.35)	(0.28)
Realized gains (losses)	0.06	0.03	(0.02)
Unrealized gains (losses)	0.16	0.54	1.10
Total increase (decrease) from operations <sup>2</sup>	0.27	0.58	1.04
Distributions to unitholders:			
From income	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions <sup>3</sup>	-	-	-
Net assets, end of period <sup>4</sup>	\$12.50	\$12.27	\$11.29

### Series A Units - Ratios/Supplemental Data

For the periods ended	2015	2014	2013
Total net asset value	\$3,063,011	\$2,658,899	\$948,044
Number of units outstanding	244,981	216,622	83,890
Management expense ratio <sup>5</sup>	2.82% *	2.83%	2.79% *
Management expense ratio before waivers or absorptions	4.51% *	7.41%	26.73% *
Trading expense ratio <sup>6</sup>	0.10% *	0.04%	0.05% *
Portfolio turnover rate <sup>7</sup>	9.30%	1.48%	3.61%
Net asset value per unit	\$12.50	\$12.27	\$11.30

### Series F Units - Net Assets per unit<sup>(a)</sup>

For the periods ended	2015	2014	2013
Net assets, beginning of the period	\$12.54	\$11.40	\$10.00 <sup>(b)</sup>
Increase (decrease) from operations:			
Total revenue	0.24	0.41	0.26
Total expenses	(0.11)	(0.20)	(0.21)
Realized gains (losses)	0.06	0.01	(0.02)
Unrealized gains (losses)	0.28	(0.25)	1.12
Total increase (decrease) from operations <sup>2</sup>	0.47	(0.03)	1.15
Distributions to unitholders:			
From income	-	-	-
From dividends	(0.07)	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions <sup>3</sup>	(0.07)	-	-
Net assets, end of period <sup>4</sup>	\$12.78	\$12.54	\$11.40

### Series F Units - Ratios/Supplemental Data

For the periods ended	2015	2014	2013
Total net asset value	\$2,994,021	\$2,022,327	\$151,658
Number of units outstanding	234,338	161,307	13,288
Management expense ratio <sup>5</sup>	1.69% *	1.69%	1.65% *
Management expense ratio before waivers or absorptions	3.37% *	5.39%	49.36% *
Trading expense ratio <sup>6</sup>	0.10% *	0.04%	0.05% *
Portfolio turnover rate <sup>7</sup>	9.30%	1.48%	3.61%
Net asset value per unit	\$12.78	\$12.54	\$11.41

Series G Units - Net Assets per unit<sup>1(a)</sup>

For the periods ended	2015	2014	2013
Net assets, beginning of the period	\$11.35	\$10.42	\$10.00 <sup>†(b)</sup>
Increase (decrease) from operations:			
Total revenue	0.21	0.30	0.14
Total expenses	(0.16)	(0.32)	(0.14)
Realized gains (losses)	0.05	0.04	(0.02)
Unrealized gains (losses)	0.13	0.91	0.44
Total increase (decrease) from operations <sup>2</sup>	0.23	0.93	0.42
Distributions to unitholders:			
From income	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions <sup>3</sup>	-	-	-
Net assets, end of period <sup>4</sup>	\$11.57	\$11.35	\$10.42

## Series G Units - Ratios/Supplemental Data

For the periods ended	2015	2014	2013
Total net asset value	\$6,945	\$6,808	\$6,257
Number of units outstanding	600	600	600
Management expense ratio <sup>5</sup>	2.68% *	2.64%	2.59% *
Management expense ratio before waivers or absorptions	4.38% *	7.96%	23.29% *
Trading expense ratio <sup>6</sup>	0.10% *	0.04%	0.05% *
Portfolio turnover rate <sup>7</sup>	9.30%	1.48%	3.61%
Net asset value per unit	\$11.57	\$11.35	\$10.43

<sup>†</sup> Initial offering price

\* Annualized

## Explanatory Notes

1. a) The information for March 31, 2015 and September 30, 2014 is derived from the Fund's unaudited semi-annual financial statements and audited annual financial statements, respectively prepared in accordance with International Financial Reporting Standards ("IFRS"). The information for prior years is derived from the Fund's audited annual financial statements prepared based on Canadian GAAP. An explanation of the effect of the Fund's transition to IFRS can be found in the notes to the financial statements.  
 b) The following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first purchased by investors.
 

Series A Units	October 31, 2012
Series F Units	October 31, 2012
Series G Units	March 14, 2013
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted daily average number of units outstanding over the financial period.
3. Distributions are paid out in cash/reinvested in additional units of the Fund, or both.
4. This is not a reconciliation of the beginning and ending net assets per unit. The information for years prior to September 30, 2014 is derived from the Fund's annual audited financial statements prepared based on Canadian GAAP. Prior to September 30, 2014, for the purpose of processing unitholder transactions, net assets were calculated based on the closing market price, while for

financial statement purposes net assets were calculated based on bid/ask price. For the periods ended March 31, 2015 and September 30, 2014 the information provided for processing unitholder transactions is consistent with the information provided for reporting purposes.

5. The management expense ratio ("MER") is based on total expenses (excluding foreign withholding taxes, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager may absorb certain expenses otherwise payable by the Fund. The amount of expenses absorbed is determined annually at the discretion of the Manager.
6. The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value of the Fund.
7. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Portfolio turnover rate is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.



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Historical annual compounded total returns as at March 31, 2015 include changes in unit value and distributions reinvested and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Commissions, service fees, management fees and expenses may be associated with investment funds. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. PORTLAND, PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc. Used under licence by Portland Investment Counsel Inc.

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