Market Commentary

PORTLAND INVESTMENT COUNSEL™

August 12, 2013

News Highlights

Special Meeting of Unit holders of Global Banks Premium Income Trust, Copernican British Banks Fund and Copernican International Premium Dividend Fund

Attached are the details of our press release announcing forthcoming meetings to be held on August 22, 2013 to consider the recommendations to approve the conversion of the funds into open-end mutual funds. This Notice and Information Circular and Forms of Proxy were mailed to Unitholders on July 29th and the details were filed on Sedar on July 29th.

NOTE: Replacement Voting Instruction Form (VIF) for Copernican British Banks Fund, Copernican International Premium Dividend Fund and Global Banks Premium Income Trust

It has come to our attention that online voting instructions were not included in Step 1 – Review Your Voting Options on the VIF. Investors will be receiving a revised VIF in the mail within the next few days. The VIF can be voted by using one of the following methods:

1. If you have access to the Internet, go to www.proxyvote.com and enter your Control Number when requested. If there is more than one control number on your VIF, please vote each control number individually. Complete your vote.

2. Vote by telephone at 1-800-474-7493.

3. Vote by mail by completing the VIF ensuring that it is properly dated and signed and returning in the enclosed business reply envelope.

To ensure there is sufficient time for processing, voting instructions must be received at least one business day before the proxy deposit date stated on the VIF.

Please disregard the above notice if you have already provided your voting instructions. We regret any inconvenience that this may have caused.

If you have any questions or how to vote or about the merger, please contact us at 1-888-710-4242 or info@portlandic.com

Financial Services Companies

Barclays has added nine additional banks to the syndicate running its £5.8bn rights issue as it attempts to raise the largest amount of money by a UK bank in four years. The new banks are ABN Amro, Banco Santander, BNP Paribas, ING, JP Morgan Cazenove, Mediobanca, Morgan Stanley, RBC Capital Markets and SMBC Nikko Capital Markets. Barclays is raising the money from shareholders from the rights issues as well as a £2bn sale of convertible bonds to help plug a £12.8bn capital hole. (The Telegraph.)

ING – Dutch financial group beat second-quarter profit forecasts at its banking business and said it could announce more cost savings later this year as it continues to slim down in a drive to recover from the financial crisis. Since its rescue in 2008, ING has dismantled its once-fashionable banking and insurance model and announced thousands of job cuts and other cost savings. The group reiterated on Wednesday it was on track for its next big divestment, its European insurance unit, in 2014. Outgoing chief executive Jan Hommen, 70, said he would give more details about the various options - initial public offering, spin-off, trade sale or some combination - on Sept. 19. ING has raised about €23 billion euros ($30.6 billion) in total from divesting insurance, investment management and other assets in order to repay state aid.

ING posted a 39% drop in second-quarter net profit to €788 million, hit by a €98 million loss from Asian operations, which it said was due to guarantees and related hedges at its insurance business in Japan. However, underlying pretax profit at ING's banking operations rose 13.5$ to €1.15 billion, beating the average forecast for €989 million. That was driven by cost cutting and a higher net interest margin. ING's cost/income ratio improved slightly to 54.3%, from 55.2% in the first three months of the year. But against the backdrop of a weak European economy, demand for lending remained lacklustre, while non-performing loans increased to 2.8% of outstanding credit, up from 2.6% at the end of the first quarter, with a significant increase in the real estate sector. ING's European insurance business turned to an underlying pretax profit of €182 million, at the lower end of forecasts, from a loss a year ago of €110 million.

JPMorgan is preparing to admit wrongdoing in a civil settlement with authorities in the US and UK over its "London whale" trading losses, in what would be a departure from the controversial practice of banks neither admitting nor denying culpability. (Financial Times)

Royal Bank of Scotland - Britain's biggest taxpayer-owned lender, agreed to sell part of its Indian operations to Ratnakar Bank after talks with HSBC Holdings collapsed last year. (Bloomberg)

UBS has agreed to pay $US120mn to settle a lawsuit by investors who accused the Swiss bank of misleading them about the financial condition of Lehman Brothers Holdings in connection with the sale of structured notes.

Dividend Payers

Rio Tinto - Mining group Rio Tinto has put on hold efforts to sell its loss-making Pacific Aluminium business, because of poor market conditions. Rio's first half profit was 18% dragged down by weaker iron ore, copper and coal prices. The company has put a handful of assets up for sales as it concentrates on core operations. Chief Executive Sam Walsh said there had been a number of offers for the business but all had been below the price Rio wanted. Instead it will bring Pac Al back into the fold of Rio Tinto Alcan, its main aluminium business. Rio has so far this year announced or completed $1.9 billion of sales, but these have been copper mines and projects.

Underlying earnings for the group fell 18% to $4.23 billion in the first six months of the year, in line with forecasts. Weaker prices, particularly iron ore, took $1.3 billion off the earnings. Net profit fell to $1.7 billion, hit by a non-cash currency exchange loss of $1.9 billion and a $300 million write-off after a landslide at Bingham Canyon copper mine in the United States. In iron ore, the main driver for Rio's business, underlying earnings fell 14% - a steeper drop than expected. But the group said it was on track with its expansion in Australia's Pilbara mines to capacity of 290 million tonnes a year, up from forecast production of 265 million in 2013.

On its closely watched campaign to slash $5 billion in costs over two years, Rio said it had cut $1.5 billion in the first half of this year at its operations and in exploration spending. That includes $977 million from operating cost savings - putting it on track to hit a $2 billion target for 2013. Spending for the year is expected to be around $14 billion, 20 percent below 2012's peak but above some forecasts. It raised the dividend 15 percent to 83.5 cents a share, the lowest increase since it cut the payout after the financial crisis.

Mondelez - Packaged food company Mondelez International Inc dramatically raised its share buyback authorization and posted higher-than-expected earnings on Wednesday. Mondelez said it is now authorized to buy back up to $6 billion of its stock through 2016, up from $1.2 billion previously. It expects to purchase $1 billion to $2 billion worth of stock annually. The company reported a 40% drop in second-quarter earnings compared with a year earlier, before the company spun off Kraft Foods. Net income was $616 million, or 34 cents per share, in the second quarter, down from $1.03 billion, or 58 cents per share, a year earlier. Excluding one-time items, including costs related to last year's spin-off of Kraft Foods Group Inc, earnings were 37 cents per share. On that basis, analysts on average were expecting 34 cents. The company also stood by its full-year outlook, which calls for earnings per share of $1.55 to $1.60, excluding items. Net revenue rose slightly to $8.60 billion, just below analysts' average estimate of $8.62 billion. Organic revenue, which strips out the impact of acquisitions and other items, rose 3.8 percent. That is below the company's long-term target of 5 to 7 percent growth. The company also raised its dividend by 8 percent.

Emerson Electric reported a 75% drop in quarterly earnings on Tuesday, hurt by an impairment charge for its embedded computing and power business, and said it was selling a majority stake in the unit for about $300 million. The St. Louis-based company is taking a $503 million pretax goodwill impairment charge for the business, which it said was no longer a strategic fit. Profit and sales mildly missed Wall Street targets. The diversified U.S. manufacturer of industrial controls, power supplies and home-storage equipment said earnings were trending toward the low end of its forecast, which it had cut in May. Emerson also plans to increase its share buybacks by $600 million to offset earnings dilution from the deal, which it expects to close in three to six months.

Emerson's net income fell to $194 million, or 27 cents per share, in the third quarter ended June 30, from $770 million, or $1.04 per share, a year earlier. Excluding charges for goodwill impairment and repatriating cash from the embedded computing unit, Emerson reported earnings of 97 cents per share. That was a penny below the analysts' average estimate. Revenue was off 2.2% to $6.34 billion, about $100 million below Wall Street's target. US sales were down 3%, while revenue in Europe slumped 6%. The company expects fiscal-year earnings, excluding items, around the lower end of its target range of $3.48 to $3.55 per share. Analysts targeted $3.49. Emerson forecast a rise of about 1 percent in fiscal-year sales, slightly below prior expectations.

Ares Capital Corp – For the quarter ended June 30, 2013, Ares Capital reported GAAP (generally accepted accounting principles) net income of $133.5 million or $0.50 per share (basic and diluted), Core EPS (earnings per share) of $0.38 per share (basic and diluted), net investment income of $93.6 million, or $0.35 per share (basic and diluted), and net realized and unrealized gains of $39.9 million or $0.15 per share (basic and diluted). As of June 30, 2013, total assets were $7.1 billion, stockholders' equity was $4.3 billion and net asset value per share was $16.21. In the second quarter of 2013, Ares Capital made approximately $1,203.2 million in new commitments, including commitments to eight new portfolio companies, eight existing portfolio companies and six additional portfolio companies through the Senior Secured Loan Fund, through which Ares Capital co-invests with GE Global Sponsor Finance and General Electric Capital Corporation to fund first lien senior secured loans. Of these new commitments, 15 were sponsored transactions. Of the $1,203.2 million in new commitments made during the second quarter of 2013, approximately 58% were in first lien senior secured debt, 25% were in second lien senior secured debt, and 17% were in subordinated certificates of the SSLP. Of these commitments, 93% were in floating rate debt securities, 81% of which contained interest rate floors, and 18% were in the subordinated certificates of the SSLP.

Archer Daniels Midland (ADM) -, one of the world's top agricultural trading houses, on Tuesday warned that a delayed U.S. corn harvest will prolong the hardship of the drought that devastated crops last year. ADM said that ongoing tightness in crop supplies will make for a challenging third quarter after it reported on Tuesday lower earnings in the second quarter ended June 30. The late harvest means the third quarter, which will run through September, "presents a lot of challenges" for ADM, which profits by buying, selling, transporting and processing crops, Chief Operating Officer Juan Luciano said.

ADM reported net earnings of $223 million for the second quarter, or 34 cents a share, down from $284 million, or 43 cents a share, for the same quarter a year ago. Adjusted earnings were 46 cents a share, above the 44 cents expected by analysts. Revenue was $22.54 billion, below Wall Street's expectations of $22.87 billion. Revenue a year earlier was $22.68 billion. ADM is on track to complete a deal by the end of the year to buy Australia's GrainCorp Ltd for nearly A$3.0 billion ($3.1 billion), Chief Executive Patricia Woertz told analysts. The takeover, announced in April, is the latest move in the rapid consolidation of the global grains sector amid intense competition to feed fast-developing countries like China. ADM also is exploring a sale of its cocoa business, which lost money in the second quarter.

Ensign Energy Services - recorded revenue of $437.9 million for the second quarter of 2013, 6% lower than revenue of $463.9 million recorded in the second quarter of 2012. Revenue for the six months ended June 30, 2013 was $1,019.0 million, 11% lower than revenue of $1,141.5 million for the six months ended June 30, 2012. Net income for the six months ended June 30, 2013 decreased 45% to $68.3 million ($0.45 per common share) compared to net income of $124.2 million ($0.81 per common share) for the first six months of 2012. Second quarter earnings were negatively impacted by $21.8 million of foreign exchange and other charges in the quarter primarily due to the effect of a weakening AUS dollar on US dollar debt in the Company's Australian operations. Reduced operating activity in North America weakened operating and financial results for the three and six months ended June 30, 2013. Consistent with prior years, the second quarter reflects the seasonal impact of spring break-up weather conditions which restricted activity levels for the Company's Canadian operations. Additionally, second quarter operating and financial results were hampered by weakened demand for oilfield services and slightly lower revenue rates in the United States. Increased activity in Latin America and the eastern hemisphere helped to partially offset these reductions.

Nippon Telegraph and Telephone (NTT) - NTT reported operating profit of ¥348.9 per share, ahead of the consensus of ¥322.4bn. The overshoot left a positive impression (although with no real surprises), and was due in part to solid progress in reducing costs at the regional communications businesses (focused on NTT East and NTT West in particular). NTT Docomo's (NTT's mobile business) strong performance against consensus (announced July 26) also contributed to the overshoot. NTT made no new announcements about shareholder returns, but management explained that treasury stock acquisitions are progressing well, at ¥153.1bn at end-July versus a full-term target of ¥250bn. Overseas sales at the global cloud service business—an area of focus for NTT—grew to ¥267bn (+¥38.7bn YoY). Although the growth was largely due to yen depreciation (forex impact ¥33bn), sales still grew by 3% on a local currency base.

Economic Activity, Consumer and Business Conditions

US – After a deluge of data for the prior weeks, last week was relatively light in macro-economic updated in the US, punctuated by the international trade report, which showed a larger than expected narrowing of the US goods and services trade deficit, to $34.2Bn from $44.1Bn and compared to an expected $43.5Bn deficit. The result was driven by a 2.2% advance in US exports, with a 3.2% advance in volumes only partly offset by a pull-back in export prices, while the imports fell 2.5%, also driven by a change in volumes, 3% on the negative side. Another notable report last week was the June consumer credit report, which showed a smaller than expected increase in consumer credit, by $13.82Bn, compared to $15Bn, which may translate in a more muted retail activity.

Canada – The Canadian employment report for the month of July surprised on the downside as 39,400 jobs were lost in the month, way short of an expected 10,000 jobs gain. The drop was chiefly caused by a 72,000 public sector jobs loss, while the private sector actually added to the tally. Some of the drop, though not all, could be explained by the seasonality in the education sector. The construction sector lost 6,100 jobs in the month. The headline unemployment rate moved higher by one tenth, to 7.2%, while the participation rate actually moved lower, to 66.5%.

News out of the closely watched Canadian housing sector were dominated by a 10.3% drop in building permits for the month of June, way lower than the expected 3.2% pull-back, and more than offsetting the 5.8% pop in the month prior. The actual housing starts, however, suffered a milder pull-back, to a 192,900 units annualized in July, from June's 193,800 level, while new housing pricing kept creeping up by 0.2%, higher than the expected 0.1%, which also matched May's 0.1% improvement.

Greece - the unemployment rate rose further in May despite the start of the tourist season, to 27.6% up from 27% in April, according to ELSTAT. Labour ministry data also showed an increase in layoffs in some tourist areas. Kathimerini explains these developments with a rise in uninsured work in the tourism sector, the widespread use of apprenticeships and mutually agreed termination of work contracts for employees.

Swiss Franc Peg - The Swiss National Bank will continue to enforce its cap on the Swiss franc for as long as it is necessary, the bank's vice chairman said in a newspaper interview on Sunday

Financial Conditions

US – UK: US Federal Reserve policymakers remain determined to flatten the yield curve as much as possible, having indicated they expect 'exceptionally low levels of interest rates until the unemployment rate falls below 6.5% (July 7.4%) which is likely to be through 2014. Fed Reserve Chairman, Ben Bernanke has indicated 1% or less would be considered exceptionally low. In September 2012, the Fed announced it would buy $40 bn per month of agency mortgage-backed securities and in December 2012 that it would also buy $45 bn per month of treasuries (4 year maturity and above) which means all parts of the yield curve will benefit from a near-zero anchor until late 2014. The U.S. 2 year/10 year treasury spread is now 2.26% and the U.K.'s 2 year/10 year treasury spread is 2.10 % - meaning investment banks can no longer profit from a steep yield curve and instead are seeking operational efficiencies, including job cuts and lower compensation, to maintain acceptable levels of profit, i.e. above their costs of capital. It seems the top tier 8-10 investment banks will continue to command their market and possibly increase their share – as barriers to entry for newcomers have in our view been raised.

Influenced by the possibility of the withdrawal of quantitative easing, the U.S. 30 year mortgage market rate has recently increased at 4.40% - (3.31%, end of November the lowest rate since the Federal Reserve began tracking rates in 1971), as the Federal Reserve effectively continues to give priority to incentivising home ownership. Existing U.S. housing inventory is at 4.7 months supply of existing houses. So the combined effects of record low mortgage rates, near record high affordability, a more promising economic recovery, job creation, and low prices are finally supporting the housing market with housing inventory well off its peak of 9.4 months and we believe now in a more normal range of 4-7 months.

The VIX (volatility index) is 13.41 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 augurs well for quality equities.

Open-End Mutual Funds

Portland currently offers 4 Open-end products:

Portland Advantage Fund

Portland Canadian Balanced Fund

Portland Canadian Focused Fund

Portland Global Income Fund

Private/Alternative Products

Portland also currently offers 4 private/alternative products:

Portland Focused Plus Fund LP

Portland India Select Business Portfolio

Portland Private Income Fund

Portland CVBI Holdings LP

Net Asset Value:

At the close of business each day we publish the Net Asset Values (NAV) of our funds onto our Portland website at http://www.portlandic.com/prices/default.aspx

Closed-End Funds

Spreads on the closed-end funds remain, in our view, very attractively priced to purchase.

The Portland Investment Counsel's 2013 Second Quarter Fund updates are now available on the website.

At the close of business each day we publish the Net Asset Values (NAV) of our funds onto our Portland website at http://www.portlandic.com/prices/default.aspx

The price details published are replicated here below from which you can see we also highlight whether the funds share prices are trading at a pre mium or discount to their respective NAV.

Source: Thomson Reuters, Bloomberg, Company reports

Certain statements included in this document 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. The forward-looking statements are not historical facts, but reflect the Portfolio Management team’s current expectations regarding future results or events. 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.

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