Market Commentary

PORTLAND INVESTMENT COUNSEL™

August 9, 2010

News Highlights on Current Holdings

Financial Services Companies

- Standard Chartered Pre-tax profit was $3.1bn vs $3.06bn consensus. It is worth noting that this result was equivalent to the group's full year 2006 performance (US$3,178mn).The beat was driven by slightly slightly lower impairments. The dividend per share was 23.35 cents, up 10%. Core Tier 1 ratio improved modestly to 9% from 8.9% at FY09. Business outlook remains positive, with Wholesale Banking client income 'strong' and 'robust' deal pipeline. Consumer Banking should benefit from continued balance sheet growth. The interest rate cycle will improve margins in 2011, according to the company. Net Interest Margin was 2.3% versus 2.27% in 2H09. Management had guided to a fractionally lower margin in the pre-close statement. As expected cost growth exceeded revenue growth by 8%, resulting in a 9% fall in YoY pre-provision profits. Offsetting this decline was a sharp fall in bad debts which fell to US$487mn albeit with their bad debts-rate normalizing faster than other banks, StanChart will be under more pressure to maintain operating profit growth. For now, Wholesale (circa 80% of group PBT) clearly dominates the profits for StanChart with the Consumer Banking turnaround geared into rising rates.
- Barclays : delivered 1st Half 2010 profit before tax of £3.947 billion, an increase of 44% on 1H 2009. Excluding gains on own credit (of £851m ..effectively recovering the loss of £893 million which had been taken in 2009) , gains on acquisitions and gains on debt buy-backs ... and group profit before tax increased by 22% to £2.963 billion from £2.425 billion as a drop in provisions for bad loans mitigated a decline in investment banking revenue. Underlying group revenues of £15.7bn clean of own debt were as expected whereas costs are higher in BarCap (revenue related, as it continues build-out of its investment banking franchise) and Head Office (one-off regulatory costs). Impairment charges of £3.080 billion, down 32%, were lower than expected despite a £0.4bn addition to Spanish provisions. Group loan loss rate was 1.18% compared to full year 2009 1.56% … normalization of losses will, we believe be lower than 0.80% and non performing loan coverage has improved to 52% (from 48%).. effectively enabling further potential growth in earnings per share as the loan loss rate normalizes over course of next year.
- Barclays Capital's underlying profit was £2.5 bn (2009 £1.9bn); Global Retail Banking was £901m (2009 £845m) and ABSA bank (its S. African 60% owned subsidiary) was £318 m (2009 £259 m). Group's Cost/income was reported at 59% and with its core tier 1 ratio at 10% and tier 1 capital ratio at 13.2% - it is one of the world's strongest large cap banks – as evidenced in the recent European stress test results. Of some disappointment was that Net interest income was flat ex the impact of the product hedges (where fixed returns will be stable for next 2 years). Asset spread increases were insufficient to offset liability pressure as rates remain low. 1st half earnings per share was 20.9p vs. full year consensus of 30.6p The Dividend per share was 2p, in line with expectations. Return on equity was 9.8% and Management believe they can achieve a 13-15% ROE in Global Retail Banking and a 15-20% ROE in BarCap which suggests to us a 15% Group ROE is doable. Finally, with reported net asset value per share of £4.12, this strong and growing franchise remains priced well below book value - abnormally cheap in our view.
- Unicredit reported 2Q10 earnings at E 148m vs. consensus at 225m but these were impacted by goodwill impairments at E 162m so, on underlying earnings, this is a clear beat. Revenues quality was positive with Net Interest Income and fees robust albeit, as expected, trading was poor at E 58m (560m 1Q10). Importantly, loan losses were down 29% yoy (-4% qoq) and management did not shy away from guiding to sustainable improvements. We view UCG as well positioned to fast track loan loss normalisation due, inter alia, to its high stock of provisions (potential for higher write-backs) and lower weight of substandard customer loans than peers. UCG is also well placed, in our view, for long-term growth thanks to its unrivalled position in CEE economies. The group's strength in Germany also places it in pole position to benefit from the burgeoning European recovery and we think it has the opportunity to gain market shares from the German 'Landesbanks' several of which failed or nearly failed the stress tests and so – at best – are constrained from winning new or even holding onto existing attractive clients – similar to how Santander and BBVA stand to exploit the weakness of the 'cajas' savings banks in Spain. In Italy management has commenced reshaping the business model (lower structural costs, improving sales productivity) to tackle margin pressure caused by the current low rates environment.
- Lloyds Bank : 'Combined business' (i.e, after Debt Fair Value unwind, before exceptionals) Profit before tax at £1.6bn vs. consensus of £0.9bn - well ahead, driven by better revenues. Revenues came in 5% ahead of consensus, and up 5% on 1H09 levels with Net Interest Income a significant driver of this - 1H Net Interest Margin came in at 2.08%, versus their previous Full Year guidance of 2.00%. The Retail margin was 244bps (2H09 208bps), Wholesale 185bps (2H09 152bps) and Wealth & International 165bps (2H09 161bps).

Management guidance is now for a further increase in net interest margin in 2H10, and approximately 250bps by 2014.

- Impairment levels in line with consensus £6.5bn vs consensus £6.7bn. Additional guidance includes a 40% cost/income ratio and a 50-60bps impairment charge over time. Coverage has improved 1% HoH to 45%. Lending volumes increased by approximately 7% over the period, outpacing a 4% growth in deposit volumes. Total assets were flat. Core tier capital at 8.1%. Revenue beat driven by not deleveraging as expected so volume and revenue strong. Concerns about the near-term funding requirements remain - with £57bn due in the next 3 months albeit post the stress tests the market has reopened and Lloyds is expected to be an active participant. Net Asset Value per share is approximately 58p – and with the relaxed Basel rules, which for Lloyds are significant in the context of life assurance deduction and stable funding ratio combined with management now guiding to an ROE of >15% over the medium to longer term we expect the UK Govt. will be looking to shed its 40% ownership over the next 12 months.
- Royal Bank of Scotland - RBS delivered underlying PBT of £869mn, versus market expectations of a loss of £700mn. Core PBT was £2.2bn and Non core loss was £1.3bn. Excluding Gain on own debt PBT was £250mn, driven by approximately £800m lower bad debts and £200mn better costs with a better than expected performance in UK Retail, US Retail &Corporate and Global Transaction Services offset by a weaker performance in Ulster Bank and £241m reserve additions in RBS Insurance. We think it is increasingly difficult for RBS to stick with the view that they are loss making for the year, which is what is in consensus. Core loan/deposit now 102% vs. 2013 100% target; tangible book value at 52.8p and; net interest margin up 11bps - in our view these are further encouraging signs that this banks' core business is trading profitably with increasing momentum.
- Schroders - reported 1H10 profit before tax of £188.2mn. Relative to same period last year PBT has increased by +144%. Funds under Management have increased from £148.4bn Dec09 to £164bn in 1H10. Net Fund Flows came in at £16.1bn. This is an improvement from $15bn in Dec 09 and £1.8bn in 1H09. Asset Management PBT £177.3mn, Private Banking PBT £6.6mn. The group maintained a strong investment performance across most asset classes. Interim dividend was 11p and with a franchise evidently geared towards equity markets it remains significant that the group's excess capital is still approximately 30% of its marketcap. Schroders expect markets to maintain volatility however inflows in to its private banking should continue to higher levels than seen in the past.
- St. James' Place - Interim results' operating profit at £162m came in well ahead of consensus expectations. This allowed the company to raise the interim dividend by 10% to 2.025p. The company confirmed that additional cashflows of £50m p.a will come from the existing book of business in the coming five years. For investors with a medium term time horizon, AuM growth and operational leverage should rapidly improve earnings and cashflow.
- First American Financial Corp had a solid quarter with Operating Earnings per share of $0.30 below consensus of $0.33. The company was able to hold mortgage volumes in relatively weak environment by taking market share in the agent segment. Mortgage premiums down by only 5% for the quarter. While volumes were down by 30%, average dollars per policy were up by 20%. This reflects a shift particularly in the early part of the quarter towards purchase volumes. In addition, market share gain helped agency revenues to be flat for the quarter. Volumes are solid with orders up 8% in July, but premiums are expected to soften in 4Q as the purchase market has softened after the expiration of the tax credit. In addition, expense control was strong during the quarter as the company has reduced salary expenses by 9%. Financial flexibility is increasing. By the end of the year, FAF expects to have roughly $40mm in cash. However, their ownership stake in CoreLogic is worth over $250m. We expect the company to be cautious in the near term in utilizing the excess capital. However, we believe acquisitions and at least a moderate level of buyback are likely in 2011.
- BME (Bolsas y Mercado- Spain's Stock Exchange) reported Q2 net income of €48.4mn, 7% ahead of company derived consensus (€41.0mn). Whilst we believe BME faces longer term secular threats, from growing competition, cyclical conditions remain supportive. Q3 volumes are pacing up 42% YoY (-5% QoQ) beating weaker trends on other European platforms this quarter. We assume volumes moderate in August reflecting seasonality but we need to see increased signs of cost controls.
- Santander - agreed a preliminary deal to buy $4.3bn of (US) car loans from HSBC, part of HSBC's wind-down of its troubled American consumer finance arm. Santander is also to inject £4.45bn into its UK operations to increase the local Core Tier 1 to 13.3% from 6.8%. At the same time this reduces the pro-forma ROE from 20% to 11%. This follows their announced completion of the acquisition of the 318 UK branches from the Royal Bank of Scotland for £ 1.65bn a £350m premium to book. In our view this price looks better

than the market expected.

- HSBC Bank Australia is set to expand its retail footprint and institutional business in Australia after reporting a 28 per cent jump in pre-tax first half profit. The Sydney-based subsidiary of the London-based global banking giant said its interim 2010 pre-tax profit was $152 million in the six months to June 30.
- MasterCard (MA) reported results a little better than expected with EPS of $3.49 exceeding consensus of $3.33. Lower expenses were the primary driver of upside, though a higher tax rate partially offset. Net revenue grew 8% constant-FX to $1.37 billion, in line with consensus $1.38 billion. Operating margins increased 910bps yoy. Underlying metrics seem to have stabilized which is consistent with other industry commentary from Visa and Global Payments.
- Cross-border volume (drives ~25% of revenue) +15% in July (similar to Q2).
- Purchase volume (~35% of revenue) decelerated mildly in the US, on an underlying basis, but Rest of World growth remained +13% (consistent with Q1/Q2 growth).
- Processed transactions (~30% of revenue) and debit volume growth remain more muted, due to well-known, ongoing deconversions in the US/UK (growth likely bottoms in Q3). Ex-conversions, both in double-digit growth mode.
- AXA (CS) Better than expected figures, plus quality improvement with underlying profits of €2.1bn (-2% YoY) which were 10% above forecast. These are good results given €400m of positive one-offs appeared in last year's figure. This, plus a reduction in property/casualty (p.c.) reserve releases means that the quality of the result have improved significantly.

- In the US the switch from variable annuity (VA) with fixed guarantees to VA with variable guarantees gained some momentum in Q2, with new products representing 42% of new business (vs. 16% Q1). AXA's total market share in VA in the US has stopped decreasing, having reached a floor in Q4 09/Q1 10 at 4.7% (down from 9% before the crisis); at 5% in Q2 AXA ranked #6;

- Within the split of businesses, the life business was up 7% YoY and p-c was down only -6% YoY which was 19% ahead of forecast. As expected AXA has booked €1.4bn one off good will write down from the previously announced disposal of a significant part of its UK life business. This brought the net earnings figure down to €944m. Headline shareholders equity came in at €48.6bn, €2bn or 4% above forecast. This is €2.4bn or 5% ahead of the end-09 figure (€46.2bn).
- The Hartford (HIG) reported core EPS of $0.17 vs. consensus of $0.71 cents. Core EPS included several unusual items including a $0.34 deferred asset charge, $0.22 for an asbestos reserve addition, $0.22 for goodwill, $0.18 of unusually high catastrophe losses, and $0.19 of favorable reserve development. Adding these back would yield an adjusted core EPS result of $0.92. Relative to 1Q:10, book value per share was flat excluding any other comprehensive income (AOCI) and up 6% including AOCI. Net realized investment losses were $16 million, down sharply from $226 million of losses in 1Q:10.

- A leading positive in the quarter was the strong asset growth in parts of Retirement. Specifically, the 401(k) posted net flows of $432 million (up 68% from 2Q:09), led by sales growth of 36% over the same period. For the first half of 2010, 401(k) has produced net flows equal to 8% of beginning of period assets, a growth rate that would be considered very strong as a full year figure in many cases. P&C, underwriting performance held up reasonably well. In particular, the overall P&C combined ratio of 93.5% (excluding prior year development and catastrophic losses) was within the company's full year range of 91.5-94.5%.

- In terms of business trends, the variable annuity business continued to be under pressure, posting net outflows of roughly $2.5 billion, with deposits down 45% to $386 million (their lowest level in the past several quarters). In fixed annuities, HIG saw a similar pattern, with deposits down 87% and net outflows widening out to $373 million. With regard to VAs, HIG's new product (Personal Retirement Manager) is now nationally rolled out (as of June) and initial results are tracking around management's expectations.
- Prudential Financial (PRU) reported operating EPS of $1.51 vs. consensus of $1.32. Book value increased 10% sequentially to $59.94 and book value ex. AOCI increased to $55.61, up 3% from 1Q10. Realized investment losses were very modest. Prudential Financial turned in what could well be viewed as its best quarter in years. It was a three month period: marked by exceptionally strong net flows into Prudential's variable-annuity coffers; by continued progress by Prudential's 401K business to remain cash-flow positive; and by supercharged growth into both the institutional and retail coffers of Prudential's money-management business.

Meanwhile, revenue surged at Prudential's Gibraltar Life operation, another positive surprise since Gibraltar has until recently been a drag on growth at Prudential.

- Great-West Lifeco (GWO) reported Q2/10 earnings of $433mn, or $0.46 per share, compared with earnings of $413mn, or $0.44 per share, in the year-ago period. The headline number was slightly ahead of consensus EPS of $0.45 but below our $0.51 estimate due largely to net losses at Putnam, and a slightly weaker than expected top line in Q2/10. This is another strong and steady quarter for Great-West. The company's more modest exposure to interest rates and equity markets continues to prove to be an advantage given the ongoing market volatility, and the market should continue to pay a premium for Great-West's more stable earnings stream.

- Management indicated that they do not expect to take any goodwill impairment upon conversion to IFRS in Q1/11. In Q4/08, Great-West Lifeco wrote down 100% of the goodwill associated with the Putnam acquisition. The remaining goodwill is associated primarily with the London Life and the Canada Life acquisitions, and Great-West Lifeco does not expect to impair the goodwill stemming from those business combinations.
- Sun Life (SLF) reported Q2 EPS of $0.37 vs. consensus of $0.27. ROE was 5.4% in the quarter, while the dividend was unchanged at $0.36 per share and its regulatory capital ratio was at a comfortable level (MCCSR was 210%). Investment activities added $0.07 per share to earnings. SLF deployed cash into investments earning a higher yield than what was initially expected. Management confirmed that this related to private placement investments where yields are fairly attractive. For the second quarter in a row credit experience was favourable with SLF recording a $6m gain versus credit loss expectation.

- Sun Life's Asian division had a good quarter. Earnings were above expectations, and individual life sales (ex India) increased 72%. Sustainability is questionable since earnings were bolstered by lower new business strain driven by lower sales in India due to regulatory changes around a certain product. The company indicated it anticipates it will record a net goodwill impairment charge of approximately $1.7 billion ($3 per share) to be recognized in opening retained earnings upon transition to IFRS. SLF expects to take the charge in January 1, 2011 rather than2013/2014 when IFRS Phase II is expected to be implemented. The impairment relates to a portion of the goodwill associated with the Keyport acquisition in the U.S. in 2001 and the Clarica acquisition in Canada in 2002. The goodwill will not impact the company's MCCSR.
- Manulife Financial (MFC) reported a headline loss per share of $1.36 vs. consensus loss estimate of $0.60. Lower equity markets and interest rates had a bigger negative impact than anyone expected. It should be noted that Canadian GAAP incorporates a more mark-to-market present valuation of liabilities which dictates the present value of the impact of equity market or long-term interest rate movements flow through earnings much more rapidly than U.S. GAAP. While this results in the book value of Canadian life insurers being closer to their underlying "economic" value, it can also cause considerably greater swings in quarter-to-quarter earnings. Under US GAAP management would have expected to report a small profit for the quarter and add an additional $7 billion to shareholders' equity.

- On a positive note, adjusted earnings, which removes most noise, was essentially in line with expectations. As well, insurance sales in Canada and Asia were solid.

- The loss in the quarter significantly reduced MFC's MCCSR ratio. It came in at 221%, down from the 250% reported at the end of the first quarter. MFC MCCSR is still higher than both Sun Life's and Great West's, however both of these companies have less exposure to equity markets and interested rate movements.

- Q3may also be a very messy quarter for MFC and they could record total charges of $1.3b. Post the completion of a LTCI morbidity study by the end of Q3/10, management anticipates taking a charge to true up reserves that could equal MFC's quarterly adjusted operating earnings expectations of $700-$800m. As a result of the LTCI review the recoverability of a related deferred tax asset of $700m could be questionable.
- Aviva (AV): Aviva's profit after tax improved strongly from GBP747m to GBP1,505m in H110, as higher operating earnings of GBP1,049m (H109: GBP1,270m) were boosted by investment variances stemming mostly from interest rate movements affecting the Dutch business. Operating earnings growth was almost entirely generated by life insurance through increasing new business income and investment returns. Sales in long-term business were up 12% to GBP18.0bn, continuing the first quarter trend.

- In Europe, double-digit growth stemmed from increased demand for guaranteed products, compensating for the declining business in Spain, the non-recurrence of a one-off effect in Poland and the reduction of US sales to support profitability. The resulting business mix changes especially in the UK and France pushed the new business margin upward from 1.3% to 1.7%. The non-life combined ratio remained stable at 97%, which is a strong performance given the high weather-related claims in France and Ireland in H110.

- One of the constraints to Aviva's share price performance has been a concern that the current level of dividend is unsustainable – hence the stubbornly high yield. However, the improved capital generation in 1H10 opens up some dividend cover and should increase confidence that distributions can increase from here.

Dividend Paying Companies

- Hutcheson Whampoa : Hutchison Whampoa is a multinational conglomerate with interests in five core businesses including ports & related services, telecommunication, property & hotels, retail, and infrastructure & energy. It also has a 35% stake in Husky Energy of Canada. The group reported strong 1H10 net earnings of HK$6.45 bn which was somewhat negatively 2nd Half –skewed because of timing of China property development profits, nonetheless most other divisions did better than expected (except a lackluster Husky which made a flat contribution) and demonstrate that the group's cyclical businesses are showing a nice rebound that should continue into the second half of this year and beyond. In our (and the market's) view, the key positive from the results was the lower-than-expected loss before interest and taxation (LBIT) of the telecommunications 3G operation. The reported LBIT was HK$998 mn. If we exclude the one-time contribution from the suppliers, the LBIT of the 3G operation would have been about HK$2,010 mn – a loss rate which is still narrowing at a pace faster than most expected. In reality, the reported loss of HK$2 bn is rather insignificant in the context of the overall group. Free cash flow was HK$6.5bn in 1H10 vs. HK$5.2bn in FY09. As 3G starts to stand on its own two feet, the group's overall free cash flow profile should therefore improve substantially. Hence, with over 50% of the group's asset values in cyclical industries (property, energy, ports & retail), and with the improving 3G operations, if , as we believe, we are seeing a bottoming out of the global economy, then this group's strengths represents one of the best proxies to gain from recovering global demand for goods and services.
- BMW: BMW's Q2 revenues increased by 26% while its autos margin came in at 9.6% - ahead of expectations so that while this level of "momentum" is hard to sustain, the underlying earnings power is increasingly attractive.
- Toyota Motor Corp. First-quarter operating profit was ¥211.6bn (compared with a loss of ¥194.9bn in 1Q last year) with the Asia/emerging countries business exceeding expectations. While the catalyst for a substantial share price rise is likely to be yen depreciation, we believe the shares are undervalued on a P/BV of 1x. July US overall demand and the company's market share recovery are positives and the new strategy of cutting production capacity in Japan and Europe also merits attention in our view. The company has revised its operating profit target for the first half of its year from ¥100bn to ¥270bn and for the full year from ¥230bn to ¥330bn although it expects 2nd half global new car sales to fall 10% YoY.

Economic Activity, Consumer and Business Conditions

- US nonfarm payrolls fell 131,00- compared to expectations of a reduction of 70,000 jobs – weakness was largely in the government sector and not just temporary Census workers being laid off. Also the May and June revisions were net down 97,000. However, the unemployment rate was unchanged at 9.5%, and there were productivity gains in workweek and earnings – with both goods producing and services-providing sectors posting 33,000 and 38,000 job gains respectively.

- Canada's employment fell by 9,300 jobs in July – the first decline this year – following the surprisingly high 93,200 increase in June. The jobless rate rose from 7.9% to 8% … reflecting the drop in full-time jobs at schools and in the finance industry. Canada's economic growth has presumably slowed this quarter and although this is an unwelcome return to job losses it probably is mostly attributable to a pull back from earlier strong growth numbers, albeit the slowdown may caution the central bank to resist further rate increases in the short term.

Financial Conditions

- Bank Funding …. With US regulatory reform and European Stress Tests now behind them, US and European banks have been very quick to return to the markets to fund ongoing medium term needs and reduce the potential risk of investor appetite being insufficient later on. Santander, BBVA, Barclays, HSBC, BNP Paribas Credit Suisse, UBS and Royal Bank of Scotland have all issued bonds at pricing lower than they were required to pay during the credit crisis …. and so their net interest margins will be widened – or at least sufficient to compensate for an extended period of low interest rates.

- The International Accounting Standards Board has proposed, the first time, a single accounting system for insurers, making their accounts comparable across more than 120 countries around the world (expected to come into force 2013 or 2014). Crucially, the IASB proposes insurers, including life and general, direct insurance and reinsurance, measure their liabilities using the same approach; proposing insurance liabilities should be measured using a "building block approach"; making a best estimate of their liabilities plus a risk adjustment

- Policymakers continue to accommodate a recovery in bank profits. The U.S. 2 year/10 year treasury spread is 2.31% and the U.K.'s 2 year/10 year treasury spread is 2.46% - enabling financial services companies' assets booked at these levels, to be very profitable.
- Our concerns are mostly focused around the later cycle issues facing financial services companies – particularly commercial real estate and unsecured consumer loans/credit card loans. However, commercial real estate exposure is more acutely held by US, Spanish and German regional banks (as identified in the European stress tests) – rather than larger more diversified global financial services companies. The number of small U.S. banks failing continues to grow (109 to-date in 2010) and we expect will exceed last year's 140 which was the highest annual tally since 1992. This supports our view that franchises are being acquired/absorbed as convergence of the financial services industry accelerates – favouring we believe the stronger, better managed banks. Typically banks acquiring collapsed bank franchises from the Federal Deposit Insurance Corporation (FDIC) are paying little or no premium for deposits, assets are purchased at a discount and are covered by loss sharing agreements – so that such deals can be expected to be immediately accretive to earnings per share. The FDIC changed the loss share arrangement on assisted deals from absorbing 95% of losses down to absorbing 80% although this is still attractive to acquiring banks it does probably lower the Internal Rate of Return.

- The U.S. 30 year mortgage market has remained low and has now fallen back to 4.49% - the rate marks another record low over the last 39-years, the lowest since Federal Reserve began tracking rates in 1971. The last time home loan rates were lower was during the 1950s, when most mortgages lasted just 20 or 25 years A year ago, rates for 30-year mortgages averaged 5.20%. Existing U.S. housing inventory has increased to 8.9 months supply of existing houses – but that is still higher than what we believe is a more normal range of 4-6 months. We believe it remains premature to consider a recovery in house prices but a measure of stability from which to build is welcomed…. particularly for those financial services companies holding such assets in their portfolios.
- A concern which remains is the extent to which loan modifications are an exercise in loss deferral but for the larger franchises the quantum of proactive provisioning continues to act as a differentiator of quality which we believe has still to be fully appreciated.

- The VIX (volatility index) is 21.74, which is below the levels experienced prior to the ECB bail out and substantially lower than last August/September. While, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 augurs well for quality equities.

- We believe the next few years will highlight the growing polarization between strong and weak institutions. Companies that have capital strength will buy assets from those required to divest. Companies that have a strong presence in emerging markets will likely grow quicker than those that do not. Banks that have strong retail deposit franchises will take market share from those that rely on wholesale markets to fund loan growth at attractive margins. Financial services companies that have breached client trust will keep losing business to those reputations that have been enhanced by the crisis. We believe the Funds we manage are extremely well positioned to benefit from the strength of their portfolios of strong, dominant, attractively priced financial services companies.

Closed-End Funds

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

The Portland Investment Counsel Inc. 2009 Closed End Annual Reports are now available on the web site. Below you can find the link to access the closed end annual report.
http://www.portlandic.com/Info.aspx?disp=Financial_Reports

At the close of business on Fridays and at the end of each month we publish the Net Asset Values (NAV) of our funds onto our Portland website at http://www.portlandic.com/Funds/WeeklyPricing.aspx. The NAV for the AIC Global Financial Split Corp. can be found on the AIC/Manulife website at http://www.aic.com/EN/PricePerformance/AICClosedEndFunds/Pages/Price.aspx and the Copernican World Financial Infrastructure Trust, Copernican World Banks Split Inc. and the Copernican International Financial Split Corp. can be found on the Copernican website at http://www.copernicancapital.com/Funds/WeeklyPricing.aspx.

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