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NEWS HIGHLIGHTS

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OUR VIEWS ON ECONOMIC AND OTHER EVENTS AND THEIR EXPECTED IMPACT ON INVESTMENTS

NOVEMBER 16, 2020

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Ares Management Corporation announced that a fund managed by its Real Estate Group has converted a CHF 155 million (EUR145 million) subordinated mandatory convertible bond (MCB) holding in Peach Property Group AG, a Swiss owner and manager of residential rental assets with approximately 23,000 residential units located across Germany. Ares subscribed to its investment in the MCB in early October. The MCB was part of a CHF 230 million (EUR213 million) capital increase that Peach sought in order to strengthen its capital base and finance the acquisition of two substantial residential portfolios. Following the conversion, Ares is now the largest single shareholder of Peach with an approximate 30% interest in the company. In conjunction with Ares' investment, Klaus Schmitz, Managing Director in the Ares Real Estate Group, was elected as a new member to the Board of Directors of Peach. The investment is a continuation of Ares' long-term commitment to the German residential market, in which it has been investing since 2013. Peach is a vertically-integrated owner and manager of German residential assets. Since 2011, Peach has acquired and managed affordable housing in Germany and to date has accumulated a portfolio valued at close to CHF 2.0 billion (EUR1.9 billion), consisting of high-yielding investment properties in medium-sized cities in the larger metropolitan areas of Western Germany. Peach has been listed on the SIX Swiss Exchange since 2010.

D.R. Horton Inc. reported a better-than-expected quarterly profit and forecast 2021 home sales above estimates on record low mortgage rates, while warning of risks to the market from coronavirus infections and restrictions. The National Association of Realtors last month said U.S. existing home sales surged in September to levels not seen in more than 14 years, with wealthier buyers seeking to move out of cities as the COVID-19 pandemic fuels demand for upscale housing. D.R. Horton said it expects home sales in fiscal year 2021 to be between 77,000 and 80,000 units, compared with analysts' average estimate of 75,981. It also declared a quarterly cash dividend of $0.20 per share, a 14% jump compared to its last payout, as net income attributable to the company rose to $829 million, or $2.24 per share, in the quarter from $505.3 million, or $1.35 per share, a year earlier. Home sales rose 26% to 20,248 units. Analysts on average had expected a profit of $1.76 per share. The company, however, also warned of the impact of the pandemic on underlying demand. "There is significant uncertainty regarding the extent to which and how long COVID-19 and its related effects will impact the U.S. economy," Horton warned in its statement.

Nomad Foods Ltd. has entered into an agreement to acquire Findus Switzerland, a frozen food brand, from Froneri International Limited, a supplier and retailer of dairy products, for aggregate consideration of approximately EUR110 million on a debt-free, cash-free basis. Goldman Sachs International acting as financial advisor and Norton Rose Fulbright LLP and Lenz & Staehelin AG are acting as legal advisors to Nomad Foods. The purchase price is expected to be funded through cash on hand, and the transaction is expected to be completed in the beginning of 2021. The transaction will enable Nomad Foods to expand its reach into an attractive frozen food market.

Oracle Corporation – Federal officials granted TikTok and its Chinese parent ByteDance Limited a 15-day extension of a deadline for completing a divestiture deal, according to a court filing. The deadline extension to Nov. 27 was granted by the Committee on Foreign Investment in the U.S., a U.S. panel that oversees cross-border mergers and acquisitions, according to the filing by TikTok in the U.S. District Court in Washington, D.C. The video-sharing app has challenged the legality of a Trump administration order requiring the shutdown of TikTok if it isn't sold. The U.S. has argued that it is trying to prevent data on

American TikTok users from being shared with China's authoritarian government, which TikTok says it would never do. The Commerce Department also said last week that it wouldn't be able to enforce its order, effectively forcing the Chinese-owned TikTok video-sharing app to shut down pending the outcome of litigation. The Commerce order would have barred companies from providing internet-hosting or content-delivery services to TikTok; moves that would effectively make it inoperable in the U.S. TikTok first disclosed the extension earlier in a court filing, saying it now has until Nov. 27 to reach an agreement. ByteDance has been in talks for a deal with Walmart Inc. and Oracle to shift TikTok's U.S. assets into a new entity.

Samsung Electronics Co., Ltd. - Samsung Electronics is challenging Sony Corporation's stronghold in the global market for image sensors used in smartphones at a time when geopolitical risks involving Chinese technology player Huawei Technologies Co., Ltd. are changing the competitive landscape. Sony, which commands more than half of the market, has prioritized the supply of image sensors to Huawei and other leading smartphone manufacturers. But the strategy has backfired. While competition for 5G smartphones is increasing, the struggles for leadership in the image sensor market are also intensifying. The comment followed several large orders the supplier won in August and September, all of which were from South Korea's Samsung. Sony's tiny image sensor contributes to the high performance of smartphones. The new restrictions imposed by the U.S. Department of Commerce on exports to Huawei on Sept. 15 were not expected by Sony management. The company has been granted licenses by the U.S. government to resume some shipments to embattled Huawei. Sony, however, remains cautious about the future of its business with Huawei, a source close to the Japanese company told Nikkei, as the Chinese telecoms giant still needs to secure reliable sources for many other chips and components for its smartphone business. Huawei is the second-biggest user of Sony-made sensors after Apple. While Sony chalked up some $9.58 billion in image sensor sales before the restrictions, supplies to Huawei are estimated to have accounted roughly for 20% of the total. Sony has requested a waiver from the U.S. government that would allow it to supply the devices to Huawei. But it is uncertain whether its shipments to the Chinese telecommunication equipment maker would return to the pre-restriction level. With its complementary metal-oxide semiconductor (CMOS) image sensors, Sony captured a 53.5% share of the global market in value terms in 2019, trailed by Samsung at 18.1%, according to British research company Omdia.

Sony developed a high-performance "laminated" image sensor ahead of rivals and has been supplying products primarily in a high price range. Seen as having technology superior to Samsung, Sony has been chosen by Apple Inc. and Huawei to supply image sensors for high-performance cameras in their smartphones. But the Huawei problem risks upsetting the market structure. As a late comer to the image sensor market, Samsung has been doing business with Apple and Huawei on a limited scale while attracting smaller customers such as China's Xiaomi Corporation and Vivo, which are boosting smartphone production in expectation of demand for alternatives to Huawei versions. Samsung, therefore, is highly likely to benefit from the rise of smaller Chinese smartphone makers. One analyst familiar with the matter said it will be difficult for Sony to fully make up for a drop in supplies to Huawei with an increase in sales to other companies this business year. As its biggest strength, Samsung is an integrated electronics producer covering memory chips all the way to electronics manufacturing, while Sony focuses on image sensors in its semiconductor business. Samsung logs 10 times more in sales in its chip business while applying its cutting-edge production technology to image sensors. In procurement of production equipment and materials, furthermore, it enjoys the advantage of scale. Producing electronic parts for use within its group, Samsung is also improving entire camera module quality including for image sensors. In addition, Samsung produces high-definition organic electroluminescent panels, indispensable to smartphones, on its own and offers them in a wide price range under the Galaxy brand. Samsung, as the biggest smartphone maker in terms of global market share in 2019, can also adjust supply and demand for image sensors and make them friendlier to users through combination with smartphones.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND

GO TO PORTLAND GLOBAL BALANCED FUND

National Grid PLC reported 1st Half March 21 results - Group underlying EBIT was £1,147 million (company-supplied consensus £1,195 million) and underlying EPS was 17.2 pounds (consensus 16.9 pounds). The interim dividend is a formulaic 35% of the prior year full amount, making for approximately 17 pounds/share. Net debt was £30.1 billion versus £30.2 billion consensus (the result itself a record high, reflecting lower USD/GBP hedging and low scrip take-up for the final). Capital investment was £2.56 billion. The 1st Half COVID-19 impact was £117 million, and the company continues to anticipate the full-year impact at £400 million for the Income Statement, and £1 billion higher net debt. Most of the impact was in the U.S. The COVID-19 impact is generally 2nd Half loaded given much of the gas distribution revenue comes in the second half. Guidance: Income statement technical outlook appears to be in-line with guidance issued in June, albeit with slightly higher profits in the non-regulated businesses. The company still expects asset base growth at the top-end of the 5-7% range. Net debt guidance is £31.6 billion; slightly higher than the £31 billion forecast. Scrip dividend take-up for the final was exceptionally low, at just about 5%, reflecting the weak performance of the stock between setting the reference price and the deadline for dividend elections. Hence the share count will be low, but even with a high take-up for the interim, the dividend will still likely cost approximately £1.5 billion; the highest on record.

The Walt Disney Company - Quarterly results revealed 73.7 million subscribers to Disney Plus, well ahead of expectations, with noteworthy net additions of 16.2 million (9.8 million India/Indonesia / 6.4 million Rest Of World). ARPU (average revenue per user) in India is approximately $2.20/month, roughly in-line with Netflix. We assume ARPU will continue to tick modestly lower as subscribers track towards 100 million over the next year or two, helped by the Latin American launch in fiscal Q1 and incremental investments as Disney leans in. ESPN subscribers are down but overall pricing increased 8%, with same store subs down 6%, consistent with the cable universe, but better than the High Speed Data declines posted by other public Regional Sports Networks. As expected, Parks results were ugly with a $1.1 billion Operating income loss but could have been worse, with Walt Disney World Florida, , Shanghai, and Hong Kong all generating positive contributions. Walt Disney Land remains an issue, with the re-opening in 2021. The lack of the box office window is starting to flow into home entertainment and TV/SVOD (subscription video on demand), with comparison of last year's Toy Story 4 and Star Wars vs. nothing of note in fiscal Q1.

LIFE SCIENCES

Nothing significant to report.

ENERGY SECTOR

CES Energy Services Corp. announced Q3 2020 financial results which demonstrated the resiliency of its business model and the realization of benefits related to initiatives undertaken in response to the impact of the coronavirus ("COVID-19") pandemic on industry activity. While overall oil and gas industry activity levels remained at depressed levels during the third quarter of 2020, the North American market realized stabilization when compared to trough levels experienced in the second quarter of 2020. As a result, throughout the third quarter and to date, CES has benefited from the reversal of temporary production shut-ins across major basins and more recently, a modest improvement in drilling and completion activity. CES generated revenue of $166.3 million during Q3 2020 and Adjusted EBITDAC of $18.2 million. CES exited the quarter with a net cash position of $29.4 million and an undrawn Senior Facility with full availability of $236.7 million, driven by strong cash flow generation achieved through a combination of working capital harvest, continued inventory management and cost containment measures. CES has been able to reduce total debt, net of cash from $426.6 million at March 31, 2020 to $292.4 million at September 30, 2020, of which $289.0 million relates to the company's Senior Notes which don't mature until October 21, 2024.

Enbridge Inc. – Minnesota regulators approved key permits for Enbridge's Line 3 crude pipeline replacement project, paving the way for federal permits from the U.S. Army Corps of Engineers after years of delays. Line 3, built in the 1960s, ships crude from a Canadian oil hub in Edmonton, Alberta, to U.S. Midwest refiners. It currently carries less oil than it was designed for because of age and corrosion. Replacing it would allow Enbridge to roughly double its capacity to 760,000 barrels per day. The project still needs final permits and authorizations before construction can begin. The Canadian portion is complete, but Enbridge has run into repeated obstacles in Minnesota, where reviews have lasted about five years. Environmental groups challenged the draft water permits for the pipeline's construction, which were approved by Minnesota Pollution Control Agency in February. A shortage of pipelines has weighed on Canadian oil prices and pushed it to trade at deep discounts compared with benchmark futures in recent years, but capacity became ample this year after steep oil production cuts during the COVID-19 pandemic.

ECONOMIC CONDITIONS

U.S. consumer prices were quite muted in October. Following four months of gains, headline CPI was unchanged in October (or +1.2% year/year), and up just 0.012% when excluding food & energy. There were, however, a few areas where there was some modest increases including new cars and trucks, alcoholic beverages at home (+0.4%, the biggest since May.....), pet services, sport vehicles including bikes, and reading materials. But the downward pressure came most notably from medical care. Medical care costs were down a sharp 0.4%, the biggest monthly decline in 49 years! Specifically, hospital services (-0.6%), Then there was apparel.... clothing prices were down 1.2% in October, the largest drop since May, thanks to earlier seasonal discounting.

The number of Americans filing for Unemployment Insurance (UI) benefits for the first time took a bigger-than-expected drop in the first week of November, down 48,000 to 709,000, the lowest since mid-March. The number of people who remain on UI continued to slide as well.... **continuing claims** dropped 436,000 to 6,786,000, also the lowest since mid-March. Yes, some of this reflects the fact that a larger number of those who are out of work have seen their regular benefits expire and have moved over to the **emergency programs** that expire at year-end. Those on Pandemic Unemployment Assistance (PUA) rose in the week of October 24th, as did those on Pandemic Emergency Unemployment Compensation (PEUC), although the increases have slowed. But some of the improvement also reflects the fact that the labour market is still growing, as evidenced by the steady increase in nonfarm payrolls. Nonetheless, we will very likely see more pressure return as more states have begun to introduce restrictions, again, as the number of COVID cases surge.

Asian leaders have signed a mammoth trade deal that has been nearly a decade in the making. It includes the ten members of the Association of Southeast Asian Nations (ASEAN), plus China, Japan, South Korea, Australia and New Zealand. Covering 2.2 billion people, the members make up nearly a third of the world's population and account for 29% of global gross domestic product. The new free trade zone will be bigger than both the U.S. -Mexico -Canada Agreement and the European Union. The Regional Comprehensive Economic Partnership will see tariffs progressively lowered across nations in the coming years and likely benefit overall growth in the Asian areas. China will also likely play an increasing role in the region after the U.S. pulled out of Trans-Pacific Partnership and took on tough trade polices under the Trump administration. Overall, it looks like Japan and South Korea will have the most to benefit. (Source: BBC)

Chinese Industrial Production came in at +6.9% year/year, matching last month's read. Chinese Retails sales also grew 4.3% year/year beating last month's read of +3.3% and October's fixed assets (ex-rural investments) climbed to 1.8% year/year from last month +0.8% year/year mark. The People's Bank of China also injected net 600 Billion Yuan of liquidity as well.

China's October Consumer Price Index (CPI) came in at 0.5% year/year, below expectations (consensus 0.8%). The culprit was a high base from October last year and lower pork prices. Pork prices have plunged in recent months (-7% month/month, -2.8% year/year in Oct.) as African Swine Fever pressures and supply constraints have disappeared. Consequently, food prices fell to their lowest (2.2% year/year in Oct.) since Feb. 2019. Core inflation (ex-food and energy) also remained benign at 0.5% year/year. Producer Price Index (PPI) remained in deflation falling 2.1% year/year (cons. -1.9%). Looking ahead analysts expect the soft path of inflation to continue over the months ahead. None of this will likely alter the path of monetary policy, in analysts' view, with chances of any further easing now having receded sharply.

U.K. labour market data saw the unemployment rise from 4.5% to 4.8% in September, in line with expectations. Wage growth was stronger, but we're seeing more impact now from the mix of workers (i.e. more low-wage workers getting laid off), as opposed to just the furlough impact (workers only getting max 80% of their salaries). But historical data doesn't matter as much in analysts' view, now that the furlough scheme has been extended to the end of March, pushing back the data for a potential big surge in unemployment.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 0.73% and the U.K.'s 2 year/10 year treasury spread is 0.38%. A narrowing gap between yields on the 2 year and 10 year Treasuries is of concern given its historical track record that when shorter term rates exceed longer dated ones, such inversion is usually an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 2.84%. Existing U.S. housing inventory is at 2.7 months supply of existing houses - well off its peak during the Great Recession of 9.4 months and we consider a more normal range of 4-7 months.

The VIX (volatility index) is 23.43 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

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Glossary of Terms: 'boe' barrel of oil equivalent, a measurement of a unit of energy, 'boed' refers to barrel of oil equivalent per day, 'CET' core equity tier, 'EBITDA' earnings before interest, taxes, depreciation and amortization, 'EPS' earnings per share, 'FCF' free cash flow, 'GDP' gross domestic product, 'netback' is a measure of oil and gas sales revenues net of royalties, production and transportation expenses and is used to compare performance in the oil and gas industry, 'ROE' return on equity, 'ROTE' return on tangible equity, 'ROTCE' return on tangible common equity.

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