NEWS HIGHLIGHTS

EST. 2007

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

MARCH 1, 2021

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Ares Management Corporation – plans to buy 60% of the private markets business of AMP Limited's asset management arm for AU$1.35 billion (US$1.06 billion), weeks after scrapping a bid for all of the Australian company. Under the deal, the Australian wealth manager will retain 40% of AMP Capital Investors Limited' private markets business, worth AU$900 million, which deals in infrastructure and real estate investments. The whole joint venture is valued at AU$2.25 billion. Earlier in February, AMP said Ares had withdrawn an AU$6.36 billion takeover proposal for the whole company, instead continuing talks over AMP Capital - considered its most valuable unit. Through the joint venture, AMP will be able to leverage the global presence of Ares, which had US$197 billion in assets under management (AUM) at the end of December.

Berkshire Hathaway Inc. – Warren Buffett issued his annual letter to investors, in which he assured investors that he and his successors would be careful stewards of their money at Berkshire, where "the passage of time" and "an inner calm" would help serve them well. During 2020, Berkshire bought back a record US$24.7 billion of its stock in 2020. Buffett also signalled a long-term commitment to Apple Inc., where Berkshire ended 2020 with $120.4 billion of stock despite recently selling several billion dollars more. He called Apple and the BNSF railroad (The Burlington Northern Santa Fe Railway Company) Berkshire's most valuable assets - "it's pretty much a toss-up" - other than its insurance operations, and ahead of Berkshire Hathaway Energy. He called those four investments "the family jewels," . Berkshire reported net income of $35.84 billion in the fourth quarter, and $42.52 billion for the year, both reflecting large gains from its stocks. Operating income, which Buffett considers a more accurate measure of performance, fell 9% for the year to $21.92 billion. The stock buybacks have continued in 2021, with Berkshire repurchasing more than $4 billion of its own stock. It ended 2020 with $138.3 billion of cash. Buffett also said Berkshire's annual meeting will be held in Los Angeles rather than Omaha, allowing 97-year-old Vice Chairman Charlie Munger, a Californian, to re-join him and answering about 3 and a half hours of shareholder questions. Vice Chairmen Greg Abel, 58, and Ajit Jain, 69, who are widely considered frontrunners to succeed Buffett as chief executive, will also be available to answer questions.

Facebook, Inc. - On Thursday, Australia passed a world-first law aimed at forcing Google LLC and Facebook, Inc. to pay for news. But after a forceful intervention from the world's biggest social network, the reality is Silicon Valley's titans are paying a small price for cementing their influence over the media industry. In a high-stakes gambit, Facebook blocked the sharing of news links in Australia and from Australian publishers, sapping traffic to their websites and putting pressure on the government to soften its proposed legislation. Lawmakers did exactly that, and while it's too early to declare a clear winner from the confrontation, Facebook is walking away satisfied that it didn't have to cede too much ground. The last-minute compromise means Google and Facebook have avoided what they feared most - forced arbitration that would dictate how much they pay publishers. Instead, they get to choose which commercial deals to pursue, and will only face arbitration as a last resort. While the threat of legislation has forced the tech giants to the table, the concessions mean Facebook can essentially follow a template it's already used in the U.S. and U.K., and pay Australian publishers to populate its news tab. In a blog post celebrating the compromise, Facebook Vice President of Global Affairs Nick Clegg said the company plans to spend US$1 billion globally over the next three years supporting the news industry. Analysts say such deals will likely favour the top end of town, with smaller publishers missing out. Australia's government started with a stark take-it-or-leave-it stance for

U.S. internet giants to share revenue with local media, and Alphabet Inc.'s Google has indeed struck a series of multiyear deals with publishers like News Corp. However, Facebook has consistently argued that news and media content on its platform is voluntarily shared by its users and the publishers themselves, so it shouldn't be charged for the practice. The government's concession leaves open the question of how smaller publishers will fare under the law. The country's Public Interest Journalism Initiative warns of "unintended consequences by allowing any small to medium media outlets to fall through a gap," owing in part to "a lack of sufficient expertise in complex negotiations with digital platforms." Both Facebook and the Australian government have spoken of the need to preserve and promote smaller journalistic organizations, without detailing concrete steps. There's no doubt the law has "changed a conversation from technical, legal considerations to a much more holistic view of what is going on online and in the sharing of that pool of revenue that is generated by advertising," said Daniel Gervais, a professor of law at Vanderbilt University. At the heart of the dispute is the distribution of online ad dollars. "There is only so much online income available for everybody," Gervais said. In acceding to pay some news publishers, and securing for itself the freedom to choose which ones, Facebook is making a small sacrifice to keep its larger ad empire intact. The company had more than $85 billion in revenue last year, almost all of it coming from online advertising. Its net income in the fourth quarter alone was sufficient to fund 10 of the billion-dollar three-year plans the company has announced. Australia sought to and succeeded in nudging the platforms to share a slice of the revenue. And while the law may not be as tough as originally intended, it sets a model that other global regulators may seek to emulate as they continue efforts to curb the market power of Google and Facebook. Australia's Treasury department will review the new law within one year to ensure it is working as intended.

Nomad Foods Limited reported fourth quarter and full year 2020 financial results, which included organic revenue growth of 9.5% and 8.7%, respectively, and full year adjusted EPS of €1.35 representing 10% growth, ahead of guidance. The company anticipates a fifth consecutive year of organic revenue, adjusted EBITDA and adjusted EPS growth in 2021. For 2020, reported revenue increased 8.2% to €2,516 million, organic revenue grew 8.7%, reported profit for the period was €225 million, adjusted EBITDA increased 8% to €467 million and adjusted EPS was €1.35. Stéfan Descheemaeker, Nomad Foods' Chief Executive Officer, stated, "2020 was an unprecedented year for Nomad Foods. I am proud of our collective response to the COVID-19 pandemic, especially our commitment to servicing our customers while prioritizing the health and safety of our employees. The business delivered another year of strong financial performance, establishing a new foundation which we will build on during 2021 by delivering another year of growth across all key metrics. This includes our expectation to grow organically in 2021 which will be complemented by accretion from the Findus Switzerland acquisition and a significant reduction in our share count compared with last year as a result of our active buyback activity since March 2020." Noam Gottesman, Nomad Foods' Co-Chairman and Founder, commented, "We are pleased to report another strong year of growth with financial results ahead of our expectations. Nomad Foods has established itself as a uniquely positioned food company with a sustainable growth profile following four consecutive years of organic revenue growth and a series of complementary acquisitions." For the full year 2021, management expects revenue and adjusted EBITDA growth of approximately 3-5%. Adjusted EPS is expected to be approximately €1.50 to €1.55, representing 11-15% growth. Full year guidance assumes organic revenue growth of approximately 1-2%.

Reliance Industries Limited - Reliance Industries Ltd. has started carving out its new oil-to-chemicals operation into an independent unit with a US$25 billion loan from the parent, as billionaire Mukesh Ambani steps up efforts to unlock the value of his businesses. The wholly owned unit's assets will be funded by the interest-bearing loan, which will be an "efficient mechanism to upstream cash, including any potential capital receipts," in the unit, according to a company presentation filed with the stock exchanges. Oil-to-chemicals contributed more than 60% in the last financial year to the group's revenue that's been lately pivoting toward consumer businesses such as technology and retail. Splitting the business will make it easier for Ambani to bring in investors and help expedite a proposed stake sale to Saudi Arabian Oil Co. With this reorganization, Reliance Industries will be able to showcase four growth engines - digital, retail, new materials and new energy, according to a February 23 research note from Morgan Stanley. Creating the unit "facilitates participation by strategic and financial investors for value discovery and unlocking," Reliance Industries explained in the presentation. It expects the separation to be completed by September. Approvals have already been received from the market's regulator and stock exchanges In addition the company said it will seek a nod from shareholders and creditors in the first quarter of the year starting April,. The spinoff won't dilute earnings or restrict cash flows for Reliance Industries and it expects to retain its investment grade international and domestic credit ratings, according to the presentation. Reliance Industries advised that it plans to accelerate hydrogen production and invest in carbon capture and storage technologies to convert carbon dioxide into useful products and chemicals. Reliance Industries has floated separate units twice earlier for funding two refineries on India's west coast. The entities were merged with the parent on the completion of the plants, which can together now process 1.4 million barrels of crude daily, making it the world's biggest oil refining complex.

SoftBank Group Corporation – WeWork former CEO and co-founder, Adam Neumann, reached a legal settlement with SoftBank Group that will cement control of the real estate start-up with its largest investor. The pact announced on Friday that they ended a legal fight over a stock transaction that collapsed and eliminated the need for a March 4 trial in Delaware. Terms of the settlement were not disclosed. According to people familiar with the agreement, Neumann will give up his role for a year on the board of the co-working company he helped create, while cashing out roughly US$480 million in stock to SoftBank Group. Additionally, SoftBank Group will pay Neumann $50 million to cover legal fees and another $50 million as part of a non-compete fee he was previously promised. In addition, they will give him a five-year extension on a $430 million loan he owes the Japanese investor. Neumann could have an option to return to the board as an observer or designate someone in his place, but this would require SoftBank Group's approval. The settlement shows all parties are "doing what is best for the future of WeWork," Marcelo Claure, WeWork's executive chairman and chief operating officer of SoftBank Group, said in a statement.

Neumann led WeWork to a failed attempt at an initial public offering in 2019 and was shortly after ousted. As part of the original bailout effort, SoftBank Group had agreed to buy $3 billion in stock from WeWork investors, including close to $1 billion from Neumann. That generous exit offer angered many of his employees, especially when thousands of them were dismissed weeks later. Early last year, SoftBank Group declined to complete the transaction, even though it secured control of

WeWork's board in the deal, and Neumann and WeWork sued. In the end, SoftBank Group will buy half of the initial agreed upon purchase, at the same price as in 2019. The deal clears the way for the company to explore a second attempt at going public, potentially by merging with a blank-check company. SoftBank Group is settling with WeWork directors' claims that the Japanese conglomerate wrongfully reneged on promises to consummate the stock purchase because of "buyer's remorse" in the wake of the economic havoc tied to the COVID-19 pandemic. SoftBank Group countered that it pulled out because WeWork couldn't meet some of the deal's closing conditions. Delaware Chancery Court Judge, Travis Laster, was slated to start hearing evidence about how the WeWork stock deal imploded at a trial on Thursday in Wilmington, Delaware. The suit was filed in Delaware, because it's the corporate home to WeWork, and more than 60% of Fortune 500 companies. Laster and other Chancery judges hear cases without juries and can't award punitive damages.

SoftBank Group's telecom arm, which on Monday completed the merger of its Japanese internet business with messaging service owner Line Corp., plans to combine the payment apps of those two entities. In April 2022,the company will fold Line Pay into PayPay, which is backed by SoftBank Group, its Yahoo Japan unit and India's Paytm, provided it secures all the relevant regulatory approvals, according to a joint statement from the two payment operators. SoftBank Group had kept quiet on the possibility of a payments merger, claiming that it only aimed to extract synergies from the overlapping businesses. Under a complex transaction that will take effect on Monday, SoftBank Group and Line's parent Naver Corp.will each own half of a newly created A Holdings Corp. That company in turn controls 65.3% of publicly traded Z Holdings Corp., which will acquire SoftBank Group's Yahoo Japan and Line's operations under its umbrella. The deal was targeted for completion by October but it was delayed by pandemic-induced market disruptions. It has also come under attack from overseas hedge funds stating that the tender offer price was too low.

The name is designed to symbolize everything as in "from A to Z," which is reminiscent of Amazon.com, Inc's motto, explained SoftBank. The letters also signify its focus on artificial intelligence and plans to expand in Asia. PayPay had 36 million users in Japan as of the end of February, while Line Pay had about 39 million. The merger gives PayPay access to over 80 million Japanese users on Line Pay's messaging service. The former rivals are already combining their respective businesses and Line Pay users will be able to make payments at PayPay locations where QR (Quick Response) codes payments are accepted starting second half of April. Masayoshi Son, the SoftBank founder who backs some of the world's largest start-ups, engineered the deal to create a Japanese tech champion that can compete with global rivals like Google, Amazon and Tenecent Holdings Ltd. The combined company aims to spend 100 billion yen (US$939 million) annually on development of AI-powered products.

Brazilian delivery start-up Loggi Tecnologia Ltda, which is backed by SoftBank Group and Microsoft Corp., raised 1.15 billion reais ($205 million) in its latest funding round that now values the company at close to $2 billion. The firm stated that this new round, the company's largest yet, was led by CapSur Capital Gestão de Recursos Ltda. which included renowned Brazilian hedge fund manager Luis Stuhlberger's Verde Asset Management among the backers for the first time.. Sao Paulo-based Loggi, which competes in Brazil with Colombian delivery startup Rappi SAS, plans to use the funds to boost its investments in technology and expand its network with new logistic centers, explained Chief Financial Officer Thibaud Lecuye in an interview. The startup, founded in 2013 by Fabien Mendez and Arthur Debert, has been building a Brazil-wide logistics service that's thrived amid the increase of online sales during the pandemic. Loggi is currently able to reach about 54% of Brazil's 210 million people and more than tripled the number of deliveries per day in the past two years to 350,000. The funding round shows the new interest by local asset managers to make private-equity bets. Firms like Constellation Investimentos e Participacoes and Velt Partners Investimentos Ltda, which focus on public companies, have been investing in private firms. Velt is also an investor in Loggi, while Constellation recently invested in e-commerce software provider VTEX, also backed by SoftBank. Loggi is the first non-publicly traded company that Verde Asset Management has invested in. Verde, which manages about 54.5 billion reais, primarily focuses on fixed-income and public equities. Its flagship fund has a total return of over 18,800% since its inception more than two decades ago. "We've been in touch with Verde for years and their track record speaks for itself. They'll help prepare Loggi for its next steps," said Lecuye. "Going public is one of the options ahead."

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Bank of Montreal reported Q1 2021 adjusted EPS of CA$3.06 vs consensus CA$2.15. This was primarily attributable to lower provisions for credit losses (PCLs) (+36 cents), higher net trading revenues (+14 cents), higher other income (~ 30 cents) and lower expenses (+10 cents), offset by a higher tax rate (-8 cents). Although boosted by Capital Markets, 6% consolidated revenue growth reflected positive contribution from all segments; with negative year-over-year expense growth; and with gross impaired loans (GILs). $3.4 billion down 5% quarter-over-quarter. And 14 basis points PCL ratio (versus 31 basis points at Q1 2020 and 37 basis points at Q4 2020). CET 1 capital ratio of 12.4% up from 11.9% last quarter. The 50 basis points increase from Q4 2020 was the result of +38 basis points of internal capital generation, +7 basis points from lower risk weighted assets, +6 basis points from favorable pension benefits and 10 basis points from lower deductions and other factors. Segment Highlights: Canadian personal and commercial banking (P&C) adjusted earnings up 5% year-over-year. PCLs were down 3% year-over-year (down 23% quarter-over-quarter). Net Interest Margin (NIM) increased 6 basis points quarter-over-quarter. Segment loan growth was 3% year-over-year, led my mortgages (+9%); U.S. P&C reported 67% year-over-year earnings growth (USD basis). Pre tax pre provision profit up 24% year-over-year. BMO released $25 million of PCLs versus loan losses of $113 million last year (and $135 million in Q4 2020). NIM was up 17 basis points quarter-over-quarter to 3.51%. Segment loan growth was 1% year-over-year with commercial loans were up 2% year-over-year and quarter-over-quarter; Capital Markets adjusted net income up 35% year-over-year. Total trading revenues (teb) were $759 million, compared to analysts' estimate of $526 million. Advisory revenues were $258 million versus analysts' forecast of $298 million; and wealth adjusted net income up 22% year-over-year. This figure included a 35% increase year-over-year in Traditional Wealth and 12% decline in Insurance earnings compared to a year ago.

Bank of Nova Scotia (BNS) reported adjusted cash EPS of CA$1.88 (+3% year-over-year; +30% quarter-over-quarter), above consensus of $1.57. BNS's beat primarily reflected higher total revenues, lower non-interest expenses and lower provisions for credit losses, partially offset by higher income taxes. Total bank provisions for credit losses were $764 million, lower than consensus of $963 million. Total PCL ratio came in at 0.49% (-2basis points year-over-year; -24 basis points quarter-over-quarter), mainly due to lower performing loans driven by a macro-economic outlook. The firm reported a CET 1 ratio of 12.2% (+40 basis points quarter-over-quarter). This increase is due to strong internal capital generation (+23 basis points quarter-over-quarter; net of organic growth in risk weighted assets), additional benefits from pension re-measurement (+10 basis points) and book quality improvements primarily in retail, partially offset by the impact of foreign currency translation. Segment highlights: **Canadian Banking**. Adjusted Net Income was up 1% year-over-year (+17% quarter-over-quarter) primarily driven by credit. PCLs of $215 million were down 14% year-over-year due to lower retail delinquencies. Net Interest Margin (NIM) was flat quarter-over-quarter at 2.26% (-10 basis points year-over-year). In fiscal Q1, BNS experienced loan growth of 4% year-over-year (e.g., residential mortgages +7% year-over-year; business loans +5% year-over-year); **International Banking**. Adjusted earnings of $398 million were down 24% year-over-year (on constant currency basis and exclude divestitures) mainly due to lower total revenue (-10%) and higher PCLs (primarily non-performing). Loans increased 2% year-over-year, while NIM came in at 4.03% (+6 basis points quarter-over-quarter) driven by lower funding costs, partially offset by lower volumes. On a sequential basis, adjusted earnings increased 47% quarter-over-quarter; **Global Wealth Management**. Adjusted earnings increased 34% year-over-year (+14% exclude Q1 2021 performance fees) due to higher mutual funds fees, brokerage revenues, and elevated performance fees, partially offset by higher non-interest expenses. AUM were up 5% and assets under administration increased by10% as a result of strong net sales and market appreciation; **Global Banking and Markets**. Adjusted earnings rose 20% year-over-year (+18% quarter-over-quarter) due to higher net interest income (+10%) and non-interest income (+4%), partially offset by higher PCLs (+11%). The increase in revenue (+5% year-over-year) was primarily driven by strong fixed income trading, mergers and acquisitions, and equity underwriting.

Bunzl plc - Revenues circa 1% ahead, due to higher PPE (personal protective equipment) sales, EBIT in-line with estimates, with North America ahead. EBIT circa 2% ahead of company compiled consensus. FY margin up circa 70basis points year-over-year, in-line with estimates. Free cash flow circa 16% ahead with working capital neutral versus analysts' forecast outflow. Leverage at year end 1.5x. Outlook for 2021 is broadly unchanged with small COVID-19 orders expected to offset lower sales in the base business, but with large COVID-19 orders contribution (circa £540 million in FY20 estimate) expected to be far lower. The management team stated on the earnings call: "Overall, the foodservice and retail sectors, which were more heavily impacted by pandemic-related restrictions in 2020, are expected to demonstrate recovery in the second half of 2021 but will remain below 2019 levels for the year". "Consequently, the Group has taken an additional net charge of approximately £10 million in the year relating to aged receivables and customer specific inventory for those customers identified as having a high or medium credit risk". "The Group has seen an increase in the level of slow moving inventory as the COVID-19 pandemic and the associated government imposed control measures have continued to impact customer demand across a range of market sectors. This has resulted in a net charge of approximately £15 million in the year to increase slow moving inventory provisions." A further three acquisitions have been announced (albeit fairly small deals). "Sustainability is a vital part of the Bunzl equation and integral to our strategy and the Group will be refining its ambitions against each of these key areas over the course of 2021."

Canadian Imperial Bank of Commerce (CIBC) reported adjusted EPS of CA$3.59 versus consensus at $2.81. EPS was up 11% year-over-year, and pre-tax pre-provisions earnings was up 5% year-over-year and 7% above estimates. Net interest income was in line with estimates, but market-sensitive revenue came in higher due to better-than-expected trading revenue and securities gains. Earnings across all segments came in higher than expected, with notable beats at Canadian Personal and Business Banking, Wholesale, and U.S. Banking. The bank's CET 1 ratio climbed 16 basis points quarter-over-quarter to 12.27%. The increase was mostly due to 37 basis points of internal capital generation, partially offset by risk weighted asset growth amounting to 24 basis points. Core return on equity was 17.2%, and Book Value Per Share came in at $85.24, up 5% year-over-year. Total Provisions for Credit Losses came in at $147 million (including a recovery in provisions on performing loans of $89 million) versus consensus at $387 million.

Red Eléctrica de España reported a 2020 net profit of €621 million or 8% below Bloomberg consensus forecast at €675 million. Nevertheless, Red Electrica included a write-off at Hispasat level, resulting in adjusted net profit of €703 million or 4% above Bloomberg consensus. 2020 EBITDA was in line with expectations at €1,569 million. Net debt was also reported at €6.3 billion or 3% below Bloomberg consensus forecasts. Overall, results were better than expected due to lower net financing costs. Management has announced a new capex plan of €4.4 billion over the next five years. Of that plan, €2.85 billion, or €670 million p.a., will be spent in the core activities – below the capex cap of ~€900 million. The company attributes this slow ramp-up in capex (from ~€300 million per annum currently) to the permitting process of big transmission projects in Spain. In order to offset the slowdown in its capex plans, Red Electrica has boosted investment in satellites (€620 million over five years) and telecoms (€115 million).

Royal Bank of Canada reported adjusted EPS of CA$2.69, versus consensus at $2.28. This result was up 19% quarter-over-quarter and 10% year-over-year. The beat was driven by credit and a 16% sequential increase (and 7% year-over-year increase) in other fee income. PCLs this quarter came in at $110 million (down 74% year-over-year) versus consensus at $540 million. On a segmented basis Canadian Banking delivered the biggest beat, but Capital Markets and Wealth Management also reported solid beats. Insurance and Investor and Treasury Services came in modestly below expectations. Net Interest Margin declined only 2 basis points quarter-over-quarter in Canadian Banking and 12 basis points in U.S. Wealth. Core Return On Equity was 18.8%, up 101 basis points year-over-year. The bank's CET 1 ratio came in marginally higher quarter-over-quarter at 12.48%. Record internal capital generation of 41 basis points was offset by a 46 basis points decline due to risk weighted assets growth (up 2% quarter-over-quarter).

Toronto-Dominion Bank (TD) reported adjusted EPS of CA$1.83 versus consensus at $1.50. This result was up 10% year-over-year and includes a US$76 million in store optimization costs. Pre tax pre provision earnings were down 4% year-over-year as better-than-expected revenue growth of 2% year-over-year was more than offset by higher than expected net interest expense growth of 7% year-over-year. The EPS beat was due to lower-than-expected provisions for credit losses PCLs, partially offset by a higher-than-expected tax rate. Total PCLs came in at $313 million, below consensus at $1,032 million. Capital was once again a key positive as the bank's CET 1 ratio remained at the top of the sector and increased 49 basis points quarter-over-quarter to 13.57%. The increase was mostly due to internal capital generation (37 basis points). core return on equity was 14.7% and book value per share came in at $49.44, up 8% year-over-year.

LIFE SCIENCES

Telix Pharmaceuticals Limited reported full year 2020 results, which included significant investments into a growing team. The low point of the year has been recruitment in clinical trials. Across all of the company's programs Telix managed to continue to collect further clinical data and operationalise new studies around the globe, but progress has been slower than ideal. The company experienced many months of hospital shutdowns that prevented patient recruitment, but also worked proactively with its clinical partners. However, by focusing on its most important and highest value clinical customers, Telix increased revenue for the year despite a significant reduction in procedure volume, particularly for the company's prostate cancer imaging agent. More positively, Telix made good progress with its product commercialisation activity, regulatory processes for product approval and preparing for first product launch of the Illuccix, prostate cancer imaging product. There is excitement about this product in the company's major markets and Telix, along with its key partners, is ready to go. During the year, Telix welcomed the opportunity to work with the United States Food and Drug Administration (FDA) to bring Illuccix (68Ga-PSMA imaging) to the vast majority of prostate cancer patients not fully served through the limited institutional approvals at University of California, Los Angeles (UCLA), and University of California, San Francisco (UCSF). For business development, 2020 was a good year. Telix entered into a whole range of new partnerships with important companies that should not only help develop new markets and indications for its technology, but also enable the combination of capabilities in ways that have the potential to profoundly affect cancer care. Telix's partnership with Varian Medical Systems (now a part of Siemens Healthineers AG) is helping to understand how advanced prostate cancer imaging may affect traditional radiation oncology. The exciting 'Imaging and Robotics in Surgery' or 'IRiS' Alliance with Mauna Kea Technologies is one of several important forays into the use of MTR technology in the operating theatre, that delivers new tools and techniques to surgeons. Telix also continues to work closely with key partners such as Cardinal Health, Inc., the Eckert & Ziegler Group, PharmaLogic Holdings Corp., IRE ELiT, Eczacıbaşı Monrol Nuclear Products, JFE Engineering Corp. and GE Healthcare, to name but a few. At the time of launch, Telix focused on Australia, U.S., EU and Japan. This has expanded to include many other countries where Telix is clinically and commercially active, either directly or through partnerships. Its acquisition of the Swiss-German company TheraPharm GmbH significantly expands Telix's pipeline into hematologic (blood) cancers and rare diseases, but also delivers an approved product into the portfolio with sales in approximately 30 countries. Perhaps the company's most exciting new partnership of 2020 is the long-term clinical and commercial partnership with China Grand Pharmaceutical and Healthcare Holdings Limited for the Greater China region, a partnership that will likely continue to evolve in the coming years.

ECONOMIC CONDITIONS

U.S. personal spending rose 2.4% in January, a bit lighter than expected, but an impressive start to the year nonetheless. Real spending jumped 2.0%, more than erasing the prior month's 0.8% decline, and now up 5.2% annualized so far in the quarter.

U.S. Core PCE (personal consumption expenditure) prices unexpectedly rose 0.3% (0.25%) for a second straight month (contrasting with a flat core CPI last month). However, just over two-thirds of the core price increase stemmed from a 1.04% leap in health care services prices, which contributed to 0.17% of the monthly increase. The yearly core rate rose a notch to 1.5%, right in line with its six-month trend. The core PCE rate is now above the core CPI rate for the first time in a decade, which will catch the Fed's attention in our view, though it's still a long way from moving above the 2% target, as now desired.

U.S. goods trade deficit rose slightly to $83.7 billion in January, with exports up 1.4% and imports rising 1.1%. Trade will subtract again from quarterly growth, however consumer (and business) spending should be able to continue to fuel growth.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 1.29% and the U.K.'s 2 year/10 year treasury spread is 0.68%. 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 could be an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 2.97%. Existing U.S. housing inventory is at 1.9 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 24.85 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And finally

"If you are going through hell, keep going" – Winston Churchill

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Glossary of Terms: 'CET' core equity tier, 'EBITDA' earnings before interest, taxes, depreciation and amortization, 'EPS' earnings per share, 'FCF' free cash flow, 'GDP' gross domestic product, 'ROE' return on equity, 'ROTE' return on common equity, 'ROTCE' return on tangible common equity. 'conjugate' a substance formed by the reversible combination of two or more others.

1.Not all of the funds shown are necessarily invested in the companies listed

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