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NEWS HIGHLIGHTS

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

JUNE 28, 2021

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Brookfield Business Partners L.P. Announced an agreement to acquire UK-based Modulaire Group, which is backed by private equity firm TDR Capital, for US$5 billion. Brookfield's investment will be funded with about $1.6 billion of equity in addition the company intends to fund about $500 million, with the balance funded by institutional partners. Modulaire Group ("Modulaire"), an infrastructure services company, said the transaction is expected to close in the fourth quarter. Modulaire said that its current management team will remain with the company following its acquisition by Brookfield Business Partners L.P.

SoftBank Group Corp. (SoftBank) - Nvidia Corporation's(Nvidia) US$40 billion proposed acquisition of U.K. semiconductor group Arm Ltd. (Arm) got a boost after three of the world's largest chipmakers expressed support for the controversial deal. The Sunday Times reported that Broadcom Corporation, MediaTek Inc., and Marvell Technology Group Ltd. are the first customers of the Cambridge, U.K.-based Arm to publicly support the takeover, which has raised concerns on national security grounds. The endorsement comes as the U.K. Competition and Markets Authority prepares to deliver a review that may oppose the takeover. The potential deal is also being reviewed in the U.S., European Union and China. Qualcomm Incorporated and Microsoft Corporation have voiced fears that Nvidia could limit the supply of the company's technology to its competitors or raise prices. Arm, sold by Softbank, offers its designs to more than 500 companies that make their own chips.

SoftBank Group Corp. – SoftBank's Masayoshi Son responded to a question at the company's annual shareholders meeting as to whether he's considering a "slow-motion" buyout with an awkward, no-comment. "Many things are possible, but it's hard to comment on it. I shouldn't comment on it. No comment," Son said. Bloomberg News reported in December that SoftBank has discussed the idea of such a buyout. Essentially, the company would buy back its own shares and push up the percentage of the company that Son himself owns. The billionaire founder now holds about a third of the equity in SoftBank, a percentage that climbed after the conglomerate bought back retired stock in its 2.5 trillion yen repurchase program. Son was asked about potential plans for another stock buyback, and responded that it could be at anytime and did not commit to a timetable.

Facebook, Inc. (Facebook)– Facebook's Instagram is adding new shopping tools, like letting people search for products using an image, as it expands E-commerce offerings across its family of apps. When users click on the images they view on Instagram, Facebook will direct them to similar-looking products for sale. A user could click on a floral dress on the social media network and find similar outfits being sold in Instagram Shops, which are the stores the app hosts from third-party businesses, according to a company spokesperson. The test will begin later this year in the U.S. In the future, Instagram plans to enable users to take a photo from their phone to start a visual search, similar to technology already offered by Pinterest Inc. (Pinterest), Google and Snap Inc. Instagram will also make it easier for some companies to offer augmented reality-powered try-on, so people can see how products such as makeup and shoes look on their actual bodies and faces, a behavior that competitor Snapchat brought more mainstream during the COVID-19 pandemic. The option will be open to companies that already use ModiFace or PerfectCorp technology to offer such experiences elsewhere on the internet. Facebook said it's testing the capability in Instagram Shops and in Facebook advertisements with a handful of brands, and plans to expand access later this summer.

Facebook has prioritized making E-commerce tools to ensure that the small businesses that had to shut down their brick-and-mortar shops during the pandemic build a habit of selling their goods online, especially on Facebook properties. Increasingly, major retailers are setting up digital stores, creating virtual try-on shopping experiences or using augmented-reality advertising to reach younger consumers on apps like Facebook, Pinterest, ByteDance Ltd.'s TikTok and Snap Inc. The company also announced it was adding virtual shops to WhatsApp and Facebook Marketplace.

Reliance Industries Ltd. (Reliance)- Reliance Industries will appoint the chairman of Saudi Aramco Company (Aramco) to its board as the Indian conglomerate expects to finalize an investment deal with the world's biggest oil producer this year. Yasir Al-Rumayyan, Aramco's chairman and governor of the kingdom's sovereign wealth fund, will join as an independent director, Chairman Mukesh Ambani said Thursday at the Reliance annual general meeting, adding it will mark the beginning of Reliance's international plans. Reliance, the operator of the world's biggest refining complex, agreed to sell a 20% stake in its oil-to-chemicals business to Aramco, but the sale was delayed after the pandemic eviscerated energy demand. The deal was initially expected to be concluded by March 2020 and valued at US$15 billion. Now that the global recovery from COVID-19 is accelerating and oil prices rebounding, the appetite for big deals may be returning. Saudi Arabia has a history of tie-ups with India, which is the fourth-biggest buyer of the kingdom's crude, importing almost 700,000 barrels a day in May. The kingdom's $430 billion wealth fund, the Public Investment Fund, recently invested about $1.3 billion in Reliance's supermarket unit, Reliance Retail Ventures Ltd. Oil-to-chemicals is Reliance's key business, contributing about 60% of the firm's revenue in the year through March. The Jamnagar refining complex, in western India, has the capacity to process about 1.36 million barrels of oil a day.

Reliance Industries Ltd. - Reliance Industries unveiled the much-awaited JioPhone Next co-developed with Alphabet Inc.'s Google, a handset designed to target India's hundreds of millions of first-time smartphone users. Ambani told shareholders at Reliance's annual general meeting on Thursday that having an ultra reliable 4G smartphone is essential, outlining the capabilities of the device that will run a re-engineered version of the Android operating system. Alphabet Chief Executive Officer Sundar Pichai joined remotely to say that the JioPhone was "built for India" and would deliver translation features, a voice assistant and a great camera. Neither company leader disclosed a price for the handset, which will debut in the market on September 10, ahead of the country's peak shopping and gifting season. Both indicated plans to achieve a breakthrough price.

The new 4G-capable device will try to entice users of basic phones, those "trapped in the 2G era," in Ambani's words, to make the transition to more advanced hardware. For Google, it marks another effort toward making Android friendlier to more frugal devices and thus accessible to a wider audience of potential users of its services. Ambani explained that Google Cloud technologies will form the basis for Jio's upcoming 5G wireless solutions as well as serving the internal needs of online services such as Reliance Retail and JioMart.

Engineers from the two companies worked for more than nine months to co-develop the JioNext hardware specifications in sync with a modified version of Android that would maintain a high-end experience without recourse to expensive components. The launch comes nearly a year after Google agreed to buy a US$4.5 billion stake in Jio Platforms Ltd., the digital arm of Reliance Industries. Global tech leaders like Google and Facebook. have jumped on the Reliance bandwagon as they look for ways to grab a slice of the Indian market where an estimated 300 million first-time smartphone users are expected to start accessing the internet by 2025, according to the Internet and Mobile Association of India.

DIVIDEND PAYERS

Bunzl PLC: 1^{st} Half reported revenue growth of +1% is ahead of -2% forecast. Organic growth, stated as being +6% versus 1^{st} Half 2019, is implied to be ~3.5% in 1^{st} Half 2021. Foreign Exchange (a circa 5-6%) drag and Mergers & Acquisitions (+circa 4%) are broadly in-line with forecasts. Organic growth implied for the Q2 is circa 5%. No figures are given on base business versus COVID-19 orders split, but the commentary flags a strong recovery in the base business (including in foodservice & retail), and the margin guidance of ~7.5% for the 1^{st} Half 2021 (i.e. just under +1 point on 1^{st} Half 2019 at constant currency) suggests small COVID -19 orders are not declining as quickly as analysts expected, giving positive mix effects to margin. Management's full year revenue outlook is unchanged from the first quarter, still implying a cautious approach to the second half. Organic growth guidance at that time was for a moderate net increase excluding large COVID-19 orders (a circa 5% drag), overall around a 2-3% decline. This implies a 2^{nd} Half organic decline in the mid-to-high single digits given a sharp decline in COVID-19 orders. The higher margin in the 1^{st} Half is likely to be carried through to the fiscal year, however, with slightly increased margin expectations. Current company compiled consensus for fiscal year 2021 estimated EBITA is £674 million; factoring in a slight margin upgrade (to just above 7%), with all else being equal, this week's update implies a moderate upgrade to EBIT levels according to our view.

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Canadian Imperial Bank of Commerce (CIBC): announced that it has completed a strategic investment in Loop Capital which is based out of Chicago, providing investment banking, brokerage, asset management and wealth management services to clients. The financial services firm has offices in 20 U.S. cities, with more than 175 team members globally. CIBC believes this transaction furthers the bank's growth opportunities in the U.S. market, and investment in Loop Capital will enable greater collaboration on future client activity in areas such as capital markets and wealth management. The financial terms were not disclosed.

JP Morgan Chase & Co. (JP Morgan Chase) / Citigroup Inc. (Citigroup): The U.S. Federal Reserve further loosened restrictions on dividends and buybacks imposed on America's biggest banks during the COVID-19 pandemic, as it released an analysis showing the lenders could suffer almost $500 billion in losses and still comfortably meet capital requirements. Twenty-three banks, including JPMorgan Chase and Citigroup underwent the annual test.

LIFE SCIENCES

Telix Pharmaceuticals Limited (Telix) - announced that a first patient has been dosed in a Phase I study of TLX250-CDx (89Zr-DFO-girentuximab) in patients with urothelial carcinoma or bladder cancer at Fiona Stanley Hospital in Perth, Western Australia. The objective of the Zirconium-girentuximab PET in Urothelial Cancer Patients (ZiP-UP) study is to evaluate the feasibility of using TLX250-CDx Positron Emission Tomography/Computed Tomography (PET/CT) in the detection of localised and metastatic urothelial carcinoma or bladder cancer. Carbonic anhydrase IX (CA9) is a target that is over-expressed in many solid tumours, including urologic malignancies. ZiP-UP is an investigator-led study conducted by Professor Dickon Hayne at the Fiona Stanley Hospital in Perth, Australia with the goal of evaluating how CA9 imaging can be utilised for cancer diagnosis and staging, and to develop a deeper understanding of the utility of CA9 as a therapeutic target in this patient population. The trial will recruit 20 patients over 12 months: ten patients with known metastatic urothelial carcinoma or bladder cancer; and ten patients that require primary staging of localised urothelial carcinoma or bladder cancer. ZiP-UP is the first in a series of studies that will harness TLX250-CDx to evaluate CA9 expression in cancers other than renal cancer, currently the focus of the ZIRCON (imaging) and STARLITE (therapy) studies. Other collaborative studies are in development for ovarian, triple negative breast, colorectal, head and neck, lung, and pancreatic cancers. Principal Investigator for the ZiP-UP study, Professor Dickon Hayne stated, "In a cancer where outcomes are worsening throughout Australia, better staging and therapy planning are absolutely essential. We are therefore pleased to have dosed a first patient in this important diagnostic study, which has potential to extend into therapy via the 'theranostic' companion investigational asset, TLX250 (177Lu-DOTA-girentuximab)." Telix Chief Executive Officer, Dr. Christian Behrenbruch added, "We are pleased that a first patient has been dosed in this study exploring the clinical utility of TLX250-CDx to image other cancers, beyond renal cancer, and in indications where conventional imaging has limitations. This candidate has been granted Breakthrough Therapy designation by the US FDA for renal cancer imaging and therefore it is meaningful to test the potential of CA9 targeting in other cancers with the goal of rapid indication expansion beyond the initial kidney cancer application. We wish to express our gratitude to Professor Dickon Hayne and his clinical team, as well as the patients that will contribute to the study."

ECONOMIC CONDITIONS

Canadian Retail sales plunged in April and May, as shops and other businesses were shuttered amid a third wave of COVID-19 infections, indicated by Statistics Canada data. Retail trade fell 5.7% in April, the sharpest decline in a year, missing analyst forecasts of a 5.0% drop. In a preliminary estimate, Statistics Canada said that May retail sales likely fell by 3.2% as store closures continued to drag on. Statistics Canada said that 5.0% of retailers were closed at some point in April. Sales decreased in nine of the 11 subsectors, while core sales, which exclude gasoline stations and motor vehicles, were down 7.6% in April. Clothing and accessory store sales fell 28.6%, with sales at building material and garden equipment stores falling for the first time in nine months, by 10.4%.

U.S. Existing home sales continued to pull back from those 14½-year highs reached in late 2020, as homeowners are deterred by surging prices and lack of supply. Overall sales slipped 0.9% to 5.80 million units annualized in May, better than what consensus had expected. In addition, it was the fourth consecutive drop but the smallest of the bunch. Sales fell everywhere except for the more affordable Midwest. Sales of single-family homes were down for the fifth straight month, or the sixth in the past seven, while condominiums steadied after two months of gains. There's only about 2.5 months' supply of available homes. What is considered to be normal is in the neighborhood of 6.The share held by first-timers was steady at 31% (which is about 10 percentage points below normal times), but more experienced buyers, with perhaps deeper wallets, accounted for 46%, the largest share in three months. Longer-term demand factors are still holding up, but currently rapid price growth, mortgage rates that are well off the lows (but still very, very low) and the lack of options are all discouraging would-be buyers. The increase in inventories is a positive move for future sales.

U.S. New home sales unexpectedly dropped 5.9% to 769,000 annualized in May, following notable downward revisions to the prior three months. While most regions posted modest gains, the all-important South fell for the second straight month, down 14.5%. After strong sales activity last year (reaching near the million mark in January), recent figures are further proof that momentum is moderating amid rising prices. The median sales price rose 18.1% to $374,400 from a year earlier. There were 330,000 new homes for sale, the most since July 2019. And, at the current sales pace, it would take 5.1 months to exhaust the supply of new homes, compared with 4.6 months in April but still below what is considered "normal". Meantime, the number of homes sold with construction underway dropped again to the lowest level since last June, underscoring the difficulty builders are having amid supply issues, and still-high building material costs (though lumber prices have eased).

U.S. Personal spending was flat in the month, but revised up to a 0.9% advance in April. Real spending fell 0.4% in May, which was weaker than expected, but the miss was more than offset by solid upward revisions to the prior two months (0.3% and 4.4%). This leaves real spending 1.9% above pre-pandemic levels, and, assuming a modest advance in June, will keep it on track for a near 11% annualized gain in the second quarter. Spending is clearly rotating from goods to services as more states fully re-open restaurant dining and in-person entertainment (with New York and California now taking final steps as of mid-June). Real goods spending fell 2.0% in May after a modest retreat in April, while real services spending rose 0.4%, moderating from the pace of the prior two months, and still down 4.2% from February 2020.

U.S. Personal income fell 2.0% in May amid the further unwinding of March's stimulus payments and a decline in unemployment insurance benefit payouts. But worker compensation rose 0.7% after back-to-back increases of 0.9%, and is now up a solid 4.8% from pre-virus levels.

U.S. Saving Rate slid further to 12.4%, though the $2.3 increase in the level of saving is still nearly double the norm prior to the pandemic, adding to the massive horde accumulated during the crisis (now well above $2 trillion). This will go a long way to supporting pent-up demand for services.

Core Personal Consumption Expenditures Prices increased another 0.5% in the month, only slightly less than expected, **raising the yearly rate to 3.4%, the highest since 1992.** The 3-month annualized rate is 6.6%, though the 2-year rate is a more moderate 2.2%. It's expected a portion of the recent price pressure will stick, keeping the core rate in the high-3s later this year, before drifting down to 2 1/2% later next year.

FINANCIAL CONDITIONS

The Czech National Bank raised rates by +25 basis points to 0.5%, inline with consensus expectations; this came after the Hungarian central bank (MNB) had also raised rates (+30 basis points to 0.9%).

The U.S. 2 year/10 year treasury spread is now 1.22% and the U.K.'s 2 year/10 year treasury spread is 0.66%. 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 can typically be an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 3.02%. 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 what we consider to be a more normal range of 4-7 months.

The VIX (volatility index) is 16.07 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 could be encouraging for quality equities.

And finally …… *"Nothing is as obnoxious as other people's luck."*
– F. Scott Fitzgerald

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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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