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NEWS HIGHLIGHTS

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

JULY 12, 2021

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

SoftBank Group Corp. ("SoftBank") - A SoftBank Group Corp. fund is leading a US$215 million investment in Clear Finance Technology Corp a Canadian growth capital start-up that provides money to small online businesses. Clear Finance, which operates under the name Clearco, provides funding to technology entrepreneurs in exchange for revenue-sharing agreements. It pitches itself as an alternative to venture capital for owners who don't want to give up equity. In April, the Toronto-based company was valued at nearly $2 billion after a Series C capital raise. Tokyo-based SoftBank is leading this latest round through its Vision Fund 2. According to a statement Thursday, Intuit Inc., Bow Capital and Park West also participated. Entrepreneurs apply for growth capital on Clearco's platform without having to network or formally pitch. The company explains that investment decisions are based on a data-driven evaluation of performance metrics, which results in a greater diversity of founders backed. In 2020, 13% of Clearco's funding went to companies led by Black and Latino founders, compared to 2.6% across the venture capital industry, according to a company statement. The startup says it also backed eight times more female-founded businesses than the industry average for venture capital firms. Clearco has invested $2.4 billion in 5,500 businesses, with individual investments of as much as $10 million, Chief Executive Officer Andrew D'Souza said. It plans to use the new money to pay for expansion abroad and product development. Having launched in the U.K. last October and the Netherlands in May, the company is planning to expand into Asia by the end of 2021. Clearco has hired two new executives to lead product and technology development in the last two months, including Katrina Shackelford, a former director of product at Amazon.com Inc. Clearco is part of a growing list of Canadian tech companies that have achieved unicorn status this year. In the first quarter, Canadian companies raised $2.5 billion in venture capital funding, according to KPMG.

SoftBank - SoftBank Group Corp. plans to invest an additional US$5 billion in Latin American companies, according to people familiar with the matter. The board is close to approving the new capital allocation, which would double its commitment to the region to $10 billion, one of the people said, who asked to remain unnamed because the details are private. SoftBank will also expand the scope of its investments in the region to span from seed and Series-A startup rounds to taking stakes in public companies, according to the person. The additional infusion may be used to create a SoftBank Latin America Fund 2 or to extend the existing one, launched in 2019, according to the people. SoftBank's Chief Operating Officer Marcelo Claure will continue to lead the effort. SoftBank founder Masayoshi Son is stepping up his investments in technology companies after a number of high-profile debuts in recent months including Coupang Inc. and DoorDash Inc. helped push the company's profit to an all-time high last fiscal year. Son also doubled the pot for Vision Fund 2, where the company is a sole investor, to $40 billion since the end of March. SoftBank's portfolio across three different funds totals over 220 companies. The Japanese investment firm has a long history in Latin America. In 2000, it created SoftBank Latin America Ventures to support the group's companies in the region and invest in startups. In 2017, the parent plowed $100 million into Brazilian ride-hailing app 99. In 2018, the first Vision Fund invested $100 million in delivery startup Loggi. The pace of investments quickened when Son created the $5 billion Latin America fund in March 2019 and put Claure in charge of it. Claure has tapped industry veterans from Dan Loeb's Third Point LLC. ("Third Point") and JPMorgan Chase & Co. (JPMorgan) to help oversee the fund. Paulo Passoni joined as investment partner from Third Point to work alongside SoftBank's Shu Nyatta. The Latin America portfolio produced a 62% net equity internal rate of return as of the end of March. That compares with a 39% Internal Rate of Return ("IRR") for the first Vision Fund and 119% for Vision Fund 2. The returns have risen sharply since March to rival those of Vision Fund 2, one of the people familiar said.

Samsung Electronics – Samsung Electronics Co. reported better-than-expected profit as memory prices and shipments rose on strong server demand and its foundry business bounced back from disruptions at its Austin plant. South Korea's largest company posted operating profit of 12.5 trillion won (US$11 billion) in the three months ended June, beating the 11 trillion won average of estimates. Sales were 63 trillion won, according to preliminary results that were released Wednesday. The company said the earnings reflected a one-time gain related to its display business, without breaking out divisional performance any further. It will provide net income and finalized figures when it releases full results on July 29. The one-time gain is likely a payment from Apple Inc. The company's mobile phone sales may have been weaker than normal over the past three months following supply chain disruptions in Vietnam and an early launch of its flagship models in January. Its next-generation Galaxy Fold 3 and Galaxy Flip 3 are expected to debut in early August. The smartphone business was affected by the COVID-19 impact on demand in India and output disruptions in Vietnam as well as a processor shortage of some models. 2Q smartphone shipments are expected to fall to 59 million units in Q2 from 76 million in Q1. The company has benefited from an increase in online activity that's boosted demand for its memory chips for personal electronics like PCs and smartphones. Data center clients have also been pouring orders in to expand their capacity as well as protect against a widespread chip shortage. The Austin, Texas plant that was responsible for manufacturing chips for outside clients has returned to full operational capacity after a power failure. The average selling price of Dynamic random-access memory "DRAM" modules rose 15% in the second quarter while that for NAND storage increased 3%. Samsung is preparing for a major technology transition to its next generation of memory chips in the latter half of this year. Double Data Rate 5 memory modules are expected to be twice as fast as the current Double Data Rate 4 while improving power efficiency, to begin with they will also cost significantly more and be available in limited quantities.

DIVIDEND PAYERS

JPMorgan Chase & Co. ("JP Morgan") has made 33 acquisitions so far in 2021, compared to 34 in the whole of 2020, according to data from Refinitiv. The acquisitions, mostly of smaller companies ranging from Nutmeg, a U.K. digital wealth management platform, Campbell Global LLC., a forest management and timberland investment company, a 10% stake in China Merchant Bank's wealth management business for about US$410 million and a minority stake in a Brazilian digital bank C6. The focus appears to be on supporting the group's digital strategies and Environmental, Social, Governance (ESG) investing (source Financial Times).

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Visa: Nearly 5 months after the termination of the Plaid merger, Visa recently announced a definitive agreement to acquire Tink for €1.8 billion (~$2.15 billion, inclusive of cash and retention incentives), a strategic acquisition boosting its open banking position, aligned with its network of network strategy. While Tink's global presence is mostly limited to Europe, we believe the combination will allow Visa to move into additional markets over time. We see the deal accelerating Visa's growth into new payment verticals by deepening its relationship with consumers and Financial Institutions with open banking in more markets driving incremental account-based funding for wallets, opportunities around services, data, and Visa Direct connectivity as Visa's focus continues to be on payment, money movement, and other use cases. While open-banking presents both risks and opportunities for Visa we believe this deal positions Visa well to participate in these money flows. Tink is a Swedish based open banking company founded in 2012, connecting FinTechs and third-party payment providers to European Financial Institutions. Tink's single platform and easy-to-use applications allow customers to securely access aggregated financial data, differentiated by its technology, offerings, market presence, and quality management team. The company connects with more than 3.4 thousand Financial Institutions in Europe, serving 300+ enterprise customers having initiated 1 million+ payments/month, processed 1 billion+ account information requests in 2020, and 10 billion+ transactions processed per year. Tink reaches 250 million+ bank customers and 10 thousand developers across 18 European countries. Key partners include PYPL, Klarna, Tribe, BNP Paribas, Nordea, ABN AMREO, among others. Core products offerings include Account check (instant verification), Transactions (real-time financial data), Income check, Money Manager (personal financial management as-a-service), and Payment initiation.

ECONOMIC CONDITIONS

Unicorns gallop …. The number of US$1 billion unicorn start-ups took off in the second quarter, as venture capitalists stepped up their investments after several blockbuster public listings. Private investors assigned $1 billion-plus valuations to a record 136 companies between April and June, according to the data service CB Insights, more than the total for last year. The U.S. produced the most with Asia contributing 33, compared with 29 for the full year in 2020 (source Financial Times).

Canada – Employment according to the Labour Force Survey, has almost wiped away the third wave of the pandemic in one fell swoop. After posting back to back declines due to more severe sanitary measures, employment surged in the month of June by 231,000 and largely surpassed consensus expectations calling for a 175,000 increase. This increase, combined with an increase in the participation rate (65.2%), translated into a decline in the unemployment rate from 8.2% to 7.8%. The surge of employment in June was driven by workers in the private sector (+250,500) and public sector (+43,200) while self-employed (-63,000) posted a pullback. Employment in the goods sector was down

(-48,000) stemming losses in construction (-23,000), manufacturing (-12,000) and natural resources (-9,800) among others. Agriculture and utilities jobs were essentially flat. Services-producing industries, for their part, expanded by 278,600 jobs on increases in accommodation/food services (+100,900), wholesale/retail trade (+78,000), educational services (+26,000), other services (+23,800), professional services (+18,300) among others while transportation/warehousing (-17,600) posted a decline. Full time employment was down 33,200 while the ranks of part-timers leapt by 263,000. On a regional basis, the three largest provinces experienced surges in employment. Ontario (117,000) posted the largest jump while Quebec (+72,000) and B.C. (+42,000) posted respectable increases for their part. Alberta was essential flat (-200) in the month. On a 12-month basis, hourly earnings for permanent workers rose from -1.6% to -0.1%.

FINANCIAL CONDITIONS

The European Central Bank ("ECB") revealed their new policy mandate last week and it will target a new symmetric 2% inflation target. In theory, this could be more dovish given the previous mandate had an inflation target at just below 2%. The review represents the next steps in breaking with the conservative monetary policy of the Bundesbank, the German central bank that was imported into the institution. The ECB will now have a symmetric inflation target; inflation that is either below or above 2% will be 'equally undesirable' in President Christine Lagarde's words. Additionally, the central bank will tolerate a transitory period of 'overshooting' if a sustained period of near-zero interest rates threatens the central bank's credibility in hitting its inflation target. (source Financial Times)

Chinese officials announced a 50 basis points Reserve Rate Reduction and said they will inject CNY 1 Trillion in the banking system effective July 15. The China State Council had telegraphed this move on July 7th but the markets were surprised it was enacted just 2 days later. Chinese officials look concerned about a possible second half slowdown in the economy after peaking in Q1. The domestic consumption remains sluggish and the move looks to be a pre-emptive move.

The U.S. 2 year/10 year treasury spread is now 1.12% and the U.K.'s 2 year/10 year treasury spread is .55%. 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 2.90%. 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 which we believe is a more normal range of 4-7 months.

The VIX (volatility index) is 16.31 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 is encouraging for quality equities.

And finally ….

"Risk is what's left when you think you've thought of everything" ~Carl Richards

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

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Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel.:1-888-710-4242 • www.portlandic.com • info@portlandic.com

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