Portland Investment Counsel®
Buy. Hold. And Prosper.®

NEWS HIGHLIGHTS

EST. 2007

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

JULY 11, 2022

The views of the Portfolio Management Team contained in this report are as of July 11, 2022 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. This research and information, including any opinion, is compiled from various sources believed to be reliable but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice. The contents of this Newsletter reflect the different assumptions, views and analytical methods of the analysts who prepared them.

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Berkshire Hathaway Inc. ("Berkshire") – Warren Buffett's Berkshire said it bought another 12 million shares of Occidental Petroleum Corporation ("Occidental"), giving it an 18.7% stake in the oil company. Buffett's company had also purchased 9.9 million Occidental shares last week. It is by far the largest shareholder of Houston-based Occidental, owning 175.4 million shares worth US$10.8 billion. Berkshire also owns US$10 billion of Occidental preferred stock, and has warrants to buy another 83.9 million common shares for US$5 billion, or US$59.62 each. Berkshire's growing stake has prompted market speculation that Buffett's company might eventually buy all of Occidental. If the stake reached 20%, Berkshire could consider an accounting change that would let it record its proportionate share of Occidental's earnings with its own results. Berkshire uses the equity method of accounting for its 26.6% stake in Kraft Heinz Co, the packaged food company. Occidental has been reducing debt since purchasing Anadarko Petroleum Corporation for US$35.7 billion in 2019. Berkshire's preferred stock investment helped finance that takeover.

Amazon.com, Inc. ("Amazon") - Amazon unveiled its first micromobility hub in London, England as part of its goal to deliver half of its shipments with net-zero carbon emissions by 2030. Beginning in the London borough of Hackney, the company says it will deliver more than a million packages per year by cargo e-bikes, walkers and electric vans within a portion of London's ultra-low emissions zone, in which vehicles are charged a fee based on the amount of emissions they produce. Amazon intends on opening additional hubs in the coming months, and the company also noted that it has plans to introduce a new Rivian-made lineup of vans in the U.S. later this year. "Our new e-cargo bikes, walkers and growing electric vehicle delivery fleet will help us make more zero-emission customer deliveries than ever before across London and the UK in the coming months," said John Boumphrey, the UK country manager at Amazon.

SoftBank Group Corporation ("SoftBank") – Rajeev Misra is stepping back from his main roles at SoftBank, marking the exit of one of the key architects of the Japanese conglomerate's evolution into the world's largest technology investor. Misra will retain a senior position with the group's first US$100 billion Vision Fund, but relinquish other roles, people familiar with the matter said. Misra recently held talks with Masayoshi Son in Tokyo, during which he told his boss of his plans to leave to pursue his own venture, according to the people, who asked not to be identified discussing confidential information. He's already secured more than US$6 billion in backing for a new fund that'll target a mix of strategies, the people said. Akshay Naheta, a former colleague of Misra, alongside SoftBank managing partners Yanni Pipilis and Munish Varma, have held discussions to join Misra's venture, some of the people said. Abu Dhabi conglomerate Royal Group, which is led by Sheikh Tahnoon Bin Zayed Al Nahyan, and Abu Dhabi Developmental Holding Company PJSC ("ADQ"), one of the emirate's sovereign wealth funds, have committed money to Misra's fund, separate people said. Deliberations are ongoing and no final decisions on the fund's size or the timing of its launch have been made. A representative for SoftBank confirmed Misra's decision to step back. Misra will continue as Chief Executive Officer ("CEO") of the initial Vision Fund, and become vice chairman of SoftBank's wider investment arm, with Son taking over Misra's positions, according to an internal memo seen by Bloomberg.

Altice USA Inc. ("Altice") – Patrick Drahi's deal for an 18% stake in Britain's former phone monopoly is being scrutinized under the National Security and Investment Act, which came into effect in January and gives ministers the options of clearing or blocking deals, imposing conditions or even unpicking them retrospectively. These early probes are seen as important test cases as the UK takes a closer interest in major industries. Representatives for BT Group plc ("BT") and Drahi's investment vehicle, Altice UK, declined to comment. In May, Kwasi Kwarteng, Business Secretary, announced probes into the Altice investment into BT. Kwarteng has remained in his Cabinet post despite a mass exodus of fellow ministers and the resignation of Prime Minister Boris Johnson. After one extension the government can request more time to investigate deals, but only with the buyer's agreement.

Reliance Industries Ltd ("Reliance") – Reliance Retail Limited ("Reliance Retail"), India's largest retailer, has entered a long-term partnership with The Gap, Inc. ("Gap") to bring iconic American fashion brand Gap to India. Through the long-term franchise agreement, Reliance Retail has become the official retailer for Gap across all channels in India. Reliance Retail will introduce Gap's latest fashion offerings to Indian consumers through a mix of exclusive brand stores, multi-brand store expressions and digital commerce platforms. The partnership is aimed at leveraging Gap's position as a leading casual lifestyle brand, and Reliance Retail's established competencies in operating robust omni-channel retail networks and scaling local manufacturing and driving sourcing efficiencies. Reliance Retail brings Gap's shopping experience to customers in India, offering the brand's fashion for men, women, and kids.

Samsung Electronics Co., Ltd. ("Samsung") - Samsung reported a better-than-anticipated 21% jump in revenue, assuaging investors' worst fears about the impact of weakening consumer demand and soaring materials costs on the US$550 billion chip industry. The results, among the first major tech firms to report earnings, helped drive a rally in Asian stocks Thursday. While concerns linger about the longer-term impact of a potential global recession, investors seized on Samsung's top-line expansion as a sign that chip stocks may have been oversold. Samsung gained 3.2% in Seoul, while fellow memory maker SK Hynix Inc. ("SK Hynix") rose 2%. Taiwan Semiconductor Manufacturing Co. Ltd. jumped 5% and smaller rival United Microelectronics Corporation surged 7.3% in Taipei. The four Asian chipmakers gained about US$30 billion of market value collectively in the morning. Despite that rally, they remain down for the year, reflecting uncertainty about the longer term. Samsung's narrow sales beat offset weaker-than-expected operating profit, reflecting margin pressures from rising inflation. Operating profit grew at its slowest pace in more than two years to 14 trillion won (US$10.7 billion) in the June quarter, versus the 14.6 trillion won (US$11.2 billion) projected. It posted sales of 77 trillion won (US$58.9 billion), helped by a weakening of the Korean won. Samsung will provide net income and split out divisional performance with its full report at the end of this month. Smartphone shipments in the second quarter might have fallen by more than 10 million units to 63 million compared to the previous three months. Sales of televisions and personal computers also fell significantly compared to the first quarter as people spent less on pricey information technology products. South Korea's chip stockpiles jumped more than 50% in May, according to the national statistics office, signaling sluggish consumer demand is directly impacting the memory chip industry. Samsung and compatriot SK Hynix are two of the leading trio of memory makers supplying the world's data centers and electronics makers. Both have seen their share prices slump by over 20% this year as worries over a potential recession grow.

Samsung warned of an "immense" challenge over its business outlook during its last earnings call as global macro risks like inflation and the Russia-Ukraine war threatened ripple effects. Consumers and enterprise clients are cutting their spending to hunker down before a potential recession, while rising interest rates and costs are directly hitting their disposable income.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Compass Group plc ("Compass") - Compass, the world's largest food services group, launched its Sustainable Financing Framework, enabling the business to issue green, social and sustainability bonds, as well as other types of financing in support of its environmental, social, and governance ("ESG") objectives, including its Net Zero commitment. In October 2021, Compass became the first international company in the contract catering industry to announce a global commitment to a 2050 Net Zero emissions economy, underpinned by approved 2030 Science Based Targets and a further commitment to be carbon neutral worldwide across its own operations by 2030. The Sustainable Financing Framework further aligns the company's financing strategy with its "Planet Promise", Compass' commitment to a sustainable future for all, encompassing its values as an ethical, sustainable, and inclusive business, together with its ambition to positively impact the world. Proceeds of financing raised under this new Framework will be used to finance or refinance new or existing eligible green and/or social expenditure projects which provide clear benefits to the environment and to society. Dominic Blakemore, Group Chief Executive Officer of Compass, said:

"As the world's largest food services company, we are in a unique position to drive real change in the industry as it transitions to a more environmentally friendly and sustainable global food system. Our new Sustainable Financing Framework will support our progress towards reaching Net Zero by 2050, reducing food waste, sourcing more sustainable products, switching to more plant-forward menus and educating consumers about the nutritional and environment impact of their options. Our investment in sustainability is one of the drivers of growth for Compass as we help our clients meet their environmental and social commitments."

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Guardant Health Inc. ("Guardant") – Guardant and Chinese clinical laboratory firm Adicon Clinical Laboratories Ltd. ("Adicon") said that they have signed a strategic partnership under which Adicon has licensed

Guardant's tissue and blood-based genomic cancer assays, which it will now be able to offer to biopharmaceutical companies conducting clinical trials in China. Financial terms of the agreement were not disclosed. The deal includes Guardant's liquid biopsy assays Guardant360 and GuardantOmni, the more recently launched Guardant360 TissueNext, and the firm's minimal residual disease test Guardant Reveal. According to Adicon, Lawrence Wang, Chief Financial Officer ("CFO"), cancer has become a higher priority in China in recent years due to increasing incidence rates. "With our CAP-accredited laboratory in Shanghai, we are delighted to partner with Guardant Health to make its cancer tests available for biopharmaceutical partners," he said in a statement. The firms said that more than 4.5 million people in China were diagnosed with cancer in 2020, and 3 million died from the disease, making it the leading cause of death in the country.

Guardant — Guardant announced the appointment of Steve E. Krognes to its board of directors. Mr. Krognes is a professional independent board member in the biotech and life science sector. He currently serves as a director at Denali Therapeutics Inc. ("Denali"), Gritstone bio Inc. and RLS Global AB, and previously served on the board at Corvus Pharmaceuticals Inc. Before becoming a board member of the company, Mr. Krognes was the CFO of Denali Therapeutics. In this role he led the company's initial public offering ("IPO") efforts and built the corporate finance, information technology and site organizations to enable the company to reach greater scale. Prior to Denali, he served in a variety of roles at large multinational corporations, including CFO at Genentech, Inc. ("Genentech") where he led the integration of Genentech and Roche Holding AG Genussscheine ("Roche") in the U.S. and the integration of Genentech and InterMune, Inc. He chaired the Genentech Access to Care Foundation and represented Genentech on the board and executive committee of the California Life Science Association. Prior to Genentech, Mr. Krognes was global head of mergers and acquisitions at Roche. He also worked as an investment banker at Goldman Sachs Group Inc., as a management consultant at McKinsey & Company and as a venture capitalist in Scandinavia. Mr. Krognes holds a Master of Business Administration ("MBA") from Harvard Business School and a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania. "We are very pleased to welcome Steve Krognes to our board of directors," said Helmy Eltoukhy, Guardant chairman and co-CEO. "With over 20 years in the biotech and life science industry, Steve brings a wealth of knowledge and expertise in financial management and corporate strategy. These insights will be extremely valuable as we continue to shape the company's next chapter."

Telix Pharmaceuticals Ltd. ("Telix") – Telix announced that Kevin Richardson, a senior global executive with a career focus on sales, marketing and business operations in the oncology and radiopharmaceutical markets, will commence in the role of CEO, Telix Americas, on July 11, 2022. Kevin is an accomplished business leader with 25 years' experience in the healthcare industry and a proven track record in building and leading successful sales, marketing and commercial teams while working cross-functionally to develop and deliver effective growth strategies to support new and emerging medical devices and therapies to healthcare providers, including the field of nuclear medicine. Most recently, Kevin was the Chief Operating Officer of UroShape Medical, a technology company which has developed and successfully commercialized a medical device for a large, undertreated segment in the women's health market. Prior to this, he spent seven years in the America's division of Sirtex Medical Limited, an Australian-founded radiopharmaceutical company which commercialized a device for the treatment of liver cancer. During his tenure, firstly as Head of Sales, and then subsequently in the roles of General Manager and CEO Americas, Kevin oversaw a five-fold increase in sales for the U.S. region. Kevin has also held senior sales roles with St. Jude Medical and Boston Scientific. He holds an MBA from the University of Texas. Dr. Christian Behrenbruch, Group CEO and Managing Director said, "Kevin brings a new depth of commercialization, sales and marketing experience to our U.S. operations along with a solid understanding of the intricacies of the radiopharmaceutical industry. His experience will be extremely valuable as we maximize the opportunity of our first commercial product and as we prepare to bring additional products to market. I have confidence that Kevin brings the leadership skills and track record that will drive our growth in the region."

Telix – Telix announced that it has dosed the final patient and completed recruitment into the Phase III pivotal study ZIRCON (Zirconium in Renal Cancer Oncology, NCT03849118) of its investigational renal (kidney) cancer imaging agent TLX250-CDx (89Zr-DFO-girentuximab). This global study has dosed 300 patients to date, exceeding the target enrolment of 252 patients, announced on March 8, 2022. TLX250-CDx, which has received "Breakthrough Designation" from the U.S.A. Food and Drug Administration ("FDA"), is being developed as an imaging agent for use in the characterization of indeterminate renal masses previously identified on computed tomography ("CT") or magnetic resonance imaging ("MRI") as clear cell renal cell cancer ("ccRCC") or non-ccRCC. If the study is successful, TLX250-CDx may provide a non-invasive method to aid in diagnosis and staging of ccRCC and the identification of metastatic disease through whole body imaging, ultimately leading to improved patient management by minimizing the need for surgical intervention for diagnosis and guiding treatment decisions. In addition to its potential use as a diagnostic and staging tool, Telix is considering the potential for TLX250-CDx to also be used as an active surveillance tool for patients not deemed surgical candidates. Renal cell carcinoma ("RCC") is the deadliest of all urological cancers with a late-stage 5-year survival rate of 14%. ccRCC is the most common sub-type and accounts for approximately 80% of all renal cell carcinoma cases. RCC is also an increasingly frequent cancer, having more than doubled in incidence in the developed world over the last 50 years. Worldwide, there were more than 400,000 new cases in 2020, and more than 175,000 people died from their disease.

ECONOMIC CONDITIONS

Canadian employment registered a 43,000 loss in June, a first drop in five months. This loss comes as a surprise as consensus was expecting a 23,000 increase. However, despite June's job loss, the unemployment rate dropped two tenths to 4.9% as the participation rate registered a massive decline of 4 ticks (64.9%). This is the lowest jobless rate since 1970. The decline in employment stemmed mostly from part-time jobs (-39,000) but full-time jobs also posted a decline (-4,000). Self-employed category (-59,000) posted a significant decline while the private sector increased by 17,000 and the public sector was essentially flat (-1,000). The services sector posted a significant decline (-76,000) in June. Trade (-61,000) posted major losses but other sectors also registered steep declines: Healthcare (-20,000), Information/recreation (-14,000), educational services (-14,000) and accommodation services (-11,000). On the flip side, public administration (+15,000) and transportation/warehousing (+11,000) were the top performers.

Meanwhile, employment in the goods-producing sector (+33,000) posted an increase due to manufacturing (+26,000) and construction (+23,000) while resources (-20,000) posted a decline. Regionally, Quebec (-27,000) and Ontario (-25,000) posted steep losses while employment was still up in Alberta (+2,000) and in BC (+6,000).

Canada's merchandise trade surplus widened to CAD$5.3 billion in May from CAD$2.2 billion (revised up from CAD$1.5 billion) in April. This marks the country's fifth straight month in surplus and its largest since August 2008. Exports rose 4.1%, led by energy products (5.7%, thanks to higher crude oil prices), though gains were broad-based as non-energy exports increased a sizeable 3.5%. Gains in the latter were supported by aircraft and other transportation equipment (+34.2%) as well as metal ores and non-metallic minerals (+17.2%, thanks in part to demand for fertilizer amid the war in Ukraine). Auto exports (-3.8%) were a weak spot as supply chain issues continue to weigh on production. Meantime, imports edged down 0.7%, driven by consumer goods (-4.7%) as clothing imports fell after three months of sizeable gains. On a volumes basis, exports increased just 0.65%, while imports declined a larger 2.3%. It still looks like trade will weigh on growth in the second quarter, though the magnitude could change with June data and revisions.

Canada's service trade deficit narrowed to CAD$1.1 billion in May from CAD$1.3 billion in April. Travel imports (+9.2%) continued to surge as more Canadians travelled abroad, which brought the travel account back into deficit for the first time since March 2020. Looking ahead, delays and cancellations could weigh on tourism activity in the summer months, though we expect travel flows to return to more normal patterns in the medium term.

U.S.A., nonfarm payrolls rose 372,000 in June, a lot more than the +265,000 print expected by consensus. This positive surprise was partly offset by a 74,000 downward revision to the previous months' results. Employment in the goods sector jumped 48,000, with gains in manufacturing (+29,000), construction (+13,000) and, to a lesser, extent, mining/logging (+6,000). Services producing industries, meanwhile, expanded payrolls by 333,000, with notable increases for education/health (+96,000), professional/business services (+74,000), leisure/hospitality (+67,000), transportation/warehousing (+36,000) and information (+25,000). Employment in the public sector edged down 9,000. Average hourly earnings rose 5.1% year over year ("y/y") in June, two ticks less than in May but still a tad stronger than the median economist forecast (+5.0%). Month on month, earnings progressed 0.3%. Released at the same time, the household survey painted a much less upbeat picture of the situation prevailing on the labour market, with a reported 315,000 drop in employment. When combined with a one-tick decrease in the participation rate (to 62.3%), this decline left the unemployment rate unchanged at a post-pandemic low of 3.6%. Full-time employment retraced 152,000, while the ranks of part-timers shrank 326,000.

And so the two employment reports conveyed starkly different messages. While the establishment survey signaled a continuation of strong employment gains, the household poll reported losses. Such discrepancies between the two reports are not particularly uncommon. These are, after all, rather imprecise indicators whose methodology differs greatly. The problem is that, even over a longer period, the two surveys appear out of tune. In fact, the household survey points to much weaker year-to-date employment gains (+1.72 million) than the establishment poll (+2.74 million). "Soft" indicators, meanwhile, are signaling that demand for workers has moderated recently. To be sure, the percentage of respondents to the Conference Board's consumer confidence survey who deem jobs are plentiful has declined lately, as did the number of job openings at the national level. A slowdown in hiring was to be expected given the dwindling number of workers still on the sidelines, but we also believe these indicators reflect a deterioration in operating conditions for American companies. These currently have to deal with surging input costs, rising wages and an increase in debt servicing costs linked to higher interest rates. All this is putting pressure on their bottom lines. To defend their margins some employers seem to be squeezing real wages. On a 3-month annualized basis, average hourly earnings increased 4.2% in June, lower than the 6.3% pace recorded late last year. Inflation, meanwhile, has continued to increase over that period. Real wages are thus on pace to decline for the 15th month in row in June. This in turn will reduce the purchasing power of households and force them to dip further into their savings. The end result should be a less buoyant labour market, and a slowdown in domestic demand. Mind you, there is yet no reason to expect the employment slowdown will turn into something worse, especially considering payroll data published today. But it seems clear that the solid employment gains that followed the reopening of the economy are well and truly behind us, in our view.

Inflation in Hungary climbed by 1 percentage point ("ppt") to 11.7% y/y in June, 0.2 ppt above consensus. At the same time, month-on-month inflation increased by 1.5%, which is slightly less than was observed in the prior two months.

Inflation in Turkey is rising at their fastest rate in 24 years, according to the latest official figures. The annual rate of inflation, the pace at which prices rise, hit 78.62% in June, which was slightly higher than expectations. Transport costs and housing saw some of the sharpest price rises, worsened by the Ukraine war.

The Nordstream pipeline shuts down for 10 days of maintenance and the surrounding European nations dependent on Russia for gas all brace to see if Russian President Putin uses the opportunity to cut off gas supplies to the West for good. Germany has already suggested that it may need to implement emergency measures of rationing and bailout of energy companies if Putin decides to do so.

FINANCIAL CONDITIONS

The Bank of England has hinted at further interest rate rises as it vows to bring inflation back down to 2%. The central bank's focus was getting prices down and making life more affordable again, its chief economist Huw Pill said in a speech on Wednesday. In May, UK inflation hit 9.1%, its highest level in 40 years.

Romania raised its benchmark interest rate by a full percentage point -- more than forecast -- as the country sought to catch up with eastern European peers who have battled inflation with a sweeping round of hikes. The central bank raised the key interest rate by 100 basis points to 4.75%, the largest one-time move since the financial crisis in 2008.

The U.S. 2 year/10 year treasury spread is now -0.05% and the UK's 2 year/10 year treasury spread is 0.30%. 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 5.30%. Existing U.S. housing inventory is at 2.6 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 26.28 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: "I am an optimist. It does not seem too much use being anything else." ~ *Winston Churchill*

Portland Investment Counsel Inc. currently offers Mutual Funds & Private/Alternative Products - visit www.portlandic.com

Individual Discretionary Managed Account Models - SMA

Net Asset Value:

The Net Asset Values (NAV) of our investment funds are published on our Portland website at www.portlandic.com/prices

We want to share our insights with you and welcome your feedback. Our website has the latest, as well as archived videos, company profiles, and press articles. Please visit us at www.portlandic.com

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

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

PIC22-035-E(07/22)