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NEWS HIGHLIGHTS

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

JULY 22, 2022

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Amazon.com, Inc. ("Amazon") announced that it is acquiring One Medical in an all-cash deal that values the health-care provider at roughly US$3.9 billion. One Medical is a human-centered, technology-powered primary care organization that aims to make the quality of healthcare more affordable and accessible through a combination of in-person, digital, and virtual care services. One Medical has roughly 767,000 members on its network, and the company oversees 188 medical offices in 25 markets. Chief Executive Officer ("CEO") Amir Dan Rubin will remain with the company in his current role, and according to Neil Lindsay, senior vice president of Amazon Health Services, the ecommerce giant hopes to enhance the experience for booking appointments and being seen by a physician as health care is "high on the list of experiences that need reinvention."

Amazon: During its Alexa Live developer event, announced a slew of new Alexa features, including a collection of Application Programming Interface ("APIs") and software development kits ("SDKs") aimed at making Alexa more versatile and user friendly. For instance, Alexa's Routines solution is receiving an overhaul designed to make it easier for developers to work in functions to the key phrase or words being said to Alexa. "Jaguar Land Rover is using the Alexa Routines Kit to make a routine they call 'Goodnight,' which will make sure the car is locked, remind customers about the charge level or fuel level, and then also turn on Guardian mode," Aaron Rubenson, a vice president ("VP") on the Alexa team explained. Other features include "Universal Commands", which enables Alexa to utilize other virtual assistants to accomplish third-party tasks and Matter, which is essentially a bridge to connect Alexa with other smart devices, such as Google Assistant or Apple Homekit.

Meta Platforms, Inc. ("Meta") CEO Mark Zuckerberg announced Tuesday that Instagram has added a searchable map feature to the platform, enabling users to discover local businesses, establishments and restaurants nearby. The map supports hashtag searches and offers the ability to explore by tapping tagged locations in the feed or stories, and users can also type the name of a neighborhood or city directly into the explore page to generate results on the map. Instagram started testing the updated map last year in select countries, however Mr. Zuckerberg's Instagram story on Tuesday suggests the feature is now widely available to all users, according to The Verge.

Altice USA, Inc. ("Altice USA")– is exploring the sale of Suddenlink Communications ("Suddenlink"), which provides cable and internet service in the south-central US, according to people familiar with the matter. Altice USA is working with Goldman Sachs Group Inc. on the potential sale, which could fetch as much as US$20 billion, said some of the people, who asked to not be identified because the matter isn't public. The unit has about $1.3 billion in earnings before interest, taxes, depreciation and amortization, some of the people said. Altice USA said they have begun soliciting interest from potential suitors. The company could still decide to keep the division. Altice USA CEO Dexter Goei, said at an investor conference in May that his company is open to trading, swapping or selling certain assets. Suddenlink is one of Altice USA's main cable and internet service brands, along with Optimum, which primarily operates in the New York metropolitan region. Altice USA has announced that it's merging Suddenlink into the Optimum brand. Altice USA, spun out of Europe's Altice NV in 2018, is one of the largest broadband and video services providers in the US, serving more than 5 million residential and business customers across 21 states.

SoftBank Group Corp. ("SoftBank") has temporarily paused talks about listing shares of its chips division, Arm Ltd. ("Arm"), in London because of turmoil in the UK government, while it continues to pursue an initial public offering ("IPO") for the business in New York, according to people familiar with the matter. SoftBank founder Masayoshi Son has repeatedly said his primary focus is to take Arm public in the US because of its deep investor base and attractive valuations. In June, Son said he would also consider a London listing, in part because of political appeals. The resignation of outgoing UK Prime Minister Boris Johnson, which was preceded by the walkout of many leading officials in his administration, has put those talks on hold for now, explained the people, who asked not to be named because the discussions are private. Investment minister Gerry Grimstone, who played a leading role in talks with SoftBank, is one of the officials who resigned.

You can't negotiate if there is no one on the other side to talk with, noted one of the people, adding that the pause hasn't changed SoftBank's attitude toward a London Stock Exchange deal. A listing in Arm's home market could still happen, but SoftBank remains focused on the US in 2023, according to the people.

Meta - Facebook parent Meta is changing the way it shows users posts and videos on its flagship social network, part of an effort to get people to watch content from accounts they don't already follow and better compete with the video app TikTok. The main feed on Facebook will now be called "Home" and will be a place for people to "discover new content" that Facebook thinks that they will like, according to a company blog post. That includes photos and videos selected by software algorithms, which will surface content based on users' interests, from both accounts they follow and those they don't. The changes will start Thursday, but the majority of the content will still come from accounts users follow, explained a Meta spokeswoman.. The company plans to increase the new content it shows over time as it improves the recommendation algorithm. A new tab, called "Feeds" will exclusively show posts from friends, family, pages and groups that a person has chosen to follow, with the most recent content at the top. Zuckerberg has acknowledged TikTok's success in recent earnings calls, and has been pushing his own version of TikTok's short-form videos, called Reels, aggressively on both Facebook and Instagram. Part of Meta's strategy has also involved attracting creators to make quality videos that originate on Reels. One aim of the new feed will be to keep Facebook users on the app longer by adding more original content and a broader range of accounts.

Every video that someone posts to Instagram that's less than 15 minutes long will be automatically branded a Reel. If it's made by a public account and lasts fewer than 90 seconds, it will be eligible for distribution beyond the person's followers, explained Instagram. The move indicates that Reels are now more strategically important to the company than its other video initiatives, such as IGTV, which was launched in 2018 to compete with YouTube.

Samsung Electronics Co. ("Samsung") – is floating the idea of a broad expansion of semiconductor manufacturing facilities in Texas, a possibly significant step in bolstering domestic capabilities at a time of rising concern over US vulnerabilities. The South Korean company, the leading maker of memory chips, laid out potential plans to spend almost US$200 billion on 11 plants in a series of filings in the state. Two of the units would be in Austin and nine would be in Taylor, Texas, where Samsung has already unveiled plans to spend $17 billion on an advanced facility. The company isn't committed to building the new facilities, and the "hypothetical" proposals could change under various circumstances. The first new production facility would not start operating until around 2034 even if Samsung does proceed. Samsung revealed the plans in part to vie for Texas financial incentives ahead of a program expiration this year. The concentration of chip manufacturing in North Asia has drawn increasing attention from US politicians concerned about supply chain disruptions and China's growing power. The US is moving toward a $52 billion federal program to provide grants and incentives to boost the American semiconductor industry.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Novartis AG ("Novaratis"): Underlying performance in the second quarter ("Q2") was in line with expectations. Sales were in line with consensus ("cons") expectations and core earnings before interest and taxes ("EBIT") beat by 2%, with noteworthy significantly lower corporate costs. Core earnings per share ("EPS") beat cons by 4%, benefitting from lower financial charge. Exchange Rate ("FX") had a 6 percentage points ("ppts") negative impact on sales and -7pp impact on core EBIT. Novartis has announced a further $500 million selling, general and administrative expenses ("SG&A") savings by 2024 following the announcement to streamline commercial operations and consolidate the Innovative Medicines and Oncology divisions earlier this year. Group guidance is reiterated, but with slightly raised Sandoz guidance (from sales 'broadly in line' to 'low Single Digit growth' and core EBIT from 'low-mid standard deviation ("SD") decline' to 'broadly in line') . Innovative Medicines (sales and EBIT in line): Sales growth of 5% cash credit ("cc") was comprised of 12pp of volume growth with a 3pp drag from generic competition and 4pp drag from pricing. Sales of key products were in line with expectations with continued growth from Entresto (+33%cc) and Cosentyx (+12%cc). Key misses from Gilenya (8% miss vs cons) and Mayzent (7% miss). Key beats from Kisqali (14% beat), Lutathera (13% beat) and Afinitor (9% beat). We note that radioligand manufacturing is now back online following the May announcement of suspended deliveries due to caution on potential quality issues. Sandoz sales grew 6% cc, benefiting from a low prior year cough and cold seasons. Volume +13% with a -7% impact from pricing. The strategic review of Sandoz is ongoing with no change to the timing of update expected by year end 2022 at the latest.

Roche Holding AG ("Roche"): First half of 2022 ("1H22") core EBIT grew +5% (5% above cons). Pharma saw margin expansion with 46.2% core EBIT margin for 1H22 versus ("vs") 44.1% in First half of 2021("1H21"), in our view helped by resilience to biosimilar erosion for Rituxan and Herceptin which both beat cons by 13%. Diagnostics Core EBIT beat by 7% driven by higher sales (25.7% margin in line with 1H21). At the group level, the beat was further bolstered by lower corporate costs (CHF -210 million vs cons CHF -308m). Overall margin expanded to 39.2% (vs cons 37.9% and 1H21 37.9%). Q2 2022 group sales grew +5%cc (2% above cons). Pharma grew 0% reported (in line with cons). Q2 performance of growth drivers was mixed with Tecentriq and Ocrevus in line/slightly lower than expectations but with strong Hemlibra and Evrysdi. Diagnostics grew 0% reported (7% beat). Q2 shows a slowdown vs 1H22 growth of 10%. Rapid COVID-19 tests were higher than we expected (limited life franchise) and PCR tests were lower than we expected in the overall CHF 627 million of COVID tests reported. Uncertainty remains for the rest of the year on COVID-19 demand. The biggest surprise of Q2 is the announcement that Chairman Christoph Franz will not seek re-election in March 2023. The Board intends to propose current CEO Severin Schwan as Chairman at the next annual general meeting ("AGM"). The Board has appointed Thomas Schinecker, current CEO of Diagnostics, as the next Roche CEO from March 2023. The transition of Group CEO to Board Chairman is a well-trodden path for Roche and, as such, is not a major surprise. Thomas is very well known and highly regarded by investors, especially given the very strong focus on Diagnostics during the COIVID-19 pandemic.

Telix Pharmaceuticals Ltd. ("Telix") reports on an unaudited basis for the quarter ended 30 June 2022, total revenue of AU$22.5 million from global sales of Illuccix® in its first commercial quarter - more than a ten-fold increase on the previous quarter ($1.9 million, Q1 2022). This includes US$13.6 million (AU$19.3 million) generated from sales of Illuccix® in the United States in the ten weeks following first commercial sales. As of 30 June 2022, the Company held cash reserves of $122.6 million. Cash inflows for the quarter included $5.4 million in customer receipts, up from $1.9 million in the previous quarter. Additional (non-product related) cash inflows include $17.2 million in government tax incentives for eligible research and development ("R&D") activities undertaken for the year ended 31 December 2021 and $1.1 million of proceeds from options exercised. Net operating outflows during the quarter were $25.8 million, down from $33.6 million in the previous quarter. Expenditure included a one-off upfront license fee payment to Eli Lilly and Company ("Lilly") of US$5 million (AU$6.8 million) and $2.1 million in build-out costs related to Telix's manufacturing facility in Brussels South (Seneffe). $17.4 million was invested in R&D, manufacturing and clinical development activities during the quarter, primarily in relation to the Company's therapeutic programs. The Company has 5.5 quarters runway based on net cash used in operations in the June 2022 quarter. The Company notes that the net operating outflows (used to calculate runway) include only $3.8 million from U.S. customer cash receipts compared to the U.S. commercial revenue of $19.3 million due to timing differences of revenue recognition and cash payment terms from distributors. Telix Managing Director and Group CEO Dr. Christian Behrenbruch, said, "The U.S. commercial launch of Illuccix® is off to a strong start. This result reflects the efficacy of our differentiated business model in a large and growing market. We've delivered doses across the entire country, demonstrating the value of our nationwide pharmacy distribution partnerships and with industry-leading on-time delivery. We are meeting the needs of our customers and patients through reliable service delivery and wide accessibility to prostate-specific membrane antigen- positron emission tomography ("PSMA-PET") imaging. With reimbursement effective 1 July, we expect to see Illuccix® revenues grow considerably."

ECONOMIC CONDITIONS

Canadian retail sales rose 2.2% in May, reflecting the inflation / higher prices. Indeed, gas station sales led the advance with a 9.2% month-to-month surge alongside higher pump prices. Grocery store sales also rose 1.9%, which again was likely price driven. Auto sales were also higher, up 3.3% in the month. Stripping out autos and gas, underlying core retail sales were up a much more modest 0.6%. Other areas were mixed, with some discretionary areas such as clothing (+1.3%) and general merchandise (+1.4%) solid, but others like building materials (-1.7%) and furniture (-0.4%) showing clear weakness alongside the downturn in housing. Regionally, all provinces saw gains in May. In volume terms, sales were up a modest 0.4% in May, highlighting how rising prices are biting into volume growth—and this looks poised to get worse in the months ahead in our view. Statistics Canada notes that early estimates for June show a very small 0.3% increase in overall nominal sales (and that was in a month when gas prices were still surging). Indeed, with goods prices up 1.2% in the month, retail spending volumes look to be under downward pressure.

Canadian consumer prices came in a little below expectations in June. Prices rose 0.7% month over month ("m/m") in June (0.6% in seasonally adjusted terms), lifting the annual inflation rate to 8.1% year over year ("y/y") (from 7.7% the prior month). The read came in 2-3 ticks below cons expectations, but was still enough to drive the annual rate to yet another new multi-decade high. Note that the monthly rise would have been at the upper end of anything seen in the decade before the pandemic, and still represents an annualized increase of just over 8%.There is likely to be some relief in next month's report, as gasoline prices are currently tracking roughly a 9% drop in July, which alone will carve almost 4 ticks from the headline tally. However, the concern is that other costs remain robust. Most of the major measures of core inflation nudged up a bit further in June (the median held steady at 4.9%), hovering around the 5% mark. Digging into the details, gasoline prices were the big story—as per usual—rising 6.2% m/m, and a towering 54.6% y/y. Next in line were auto prices, which jumped 1.5% m/m and 8.2% y/y, the fastest rise since the 1980s as the chip shortage just won't let go. Hotel & motel charges are blasting higher as well, surging 49.6% y/y, as travel has driven this category literally off the charts historically. The housing market, meantime, is sending conflicting pressures—falling home prices cut "other owned accommodation" costs (real estate fees), while new home prices cooled, but the rapid rise in rates is about to turn mortgage interest costs from a reliable drag on inflation to a steady boost. Somehow, these interest costs were still listed as down 0.6% y/y last month, vs -8.6% a year ago.

U.S. existing home sales plunged 5.4% to 5.12 million annual rate in June (well-below cons). That marks the fifth straight monthly decline and the lowest level since the early months of the pandemic when much of the economy was shutdown. Regionally, sales slowed the most in the West (-11.1%) and the South (-6.2%). The former is the most unaffordable region, while the latter has seen the sharpest price appreciation over the past ten months. While not posting good performances, sales didn't cool as sharply in the Midwest (-1.6%) and Northeast (unchanged). Potential buyers are struggling in a market featuring the worst affordability since 2006. On the one hand, we had contract rates for 30-year mortgages hit 5.5% in June according to Freddie Mac—the highest since November 2008. And, after pushing past the $400,000 threshold last month, the median sales price kept surging in June to $416,000, though the yearly rate (13.4%) moderated. Both have risen too swiftly and are eroding demand. However, there are signs that the market is cooling off. According to data from Redfin, the number of homes with price drops are up 8.7 ppts to 17.9% in June. In a similar vein, the number of homes available for sale rose to 1.26 million by the end of June or the equivalent of 3.0 months supply. That is still well-below the 2019 average of 3.9 months of supply, suggesting that it will likely take a little more time before home prices moderate and then somewhat decline. Mortgage rates may eventually come down, but in the near-term they are set to rise further as the Federal Reserve continues to do "whatever it takes" to contain inflation expectations and restore price stability.

US Housing starts fell 2.0% in June after an 11.9% drop in May (revised up), putting the level of 1.559 million modestly below the pre-pandemic trend and 6.3% below a year ago. Sales were down in half of the four major geographical regions. Starts of single unit dwellings plunged 8.1% after a 9.0% tumble the prior month, marking a fourth straight monthly decline. Building permits fell a lesser 0.6% in June after a 7.0% dive in May, but, at 1.685 million, are still well above pre-virus levels. Still, permits for single unit dwellings plunged 8.0% in the month and are down in four straight months. The trend is not a friend of the industry. All signs point to much weaker construction ahead and not just because of worker shortages. Both new and existing home sales have slouched back to pre-pandemic levels, and are likely headed lower as the Federal Reserve keeps cranking up rates. Affordability is already the worst since the 2006 bubble. In July, the National Association of Home Builders ("NAHB") home builders' activity index posted its largest monthly decline on record (back to 1985), apart from the 2020 shutdowns.

UK inflation surprised to the upside in June, with the headline rate jumping to 9.4% y/y (market: 9.3%, Bank of England ("BoE"): 9.1%) while core inflation came in at 5.8% y/y, in line with expectation. As expected, fuel and food were the biggest drivers of the print, with petrol prices increasing by 18.1% m/m, but further strength in the restaurant and hotels component also drove inflation higher. On the other hand, clothing & footwear, second-hand cars, and audio-visual equipment put some downside pressure on the print. Overall, it's a strong release, and we think it will be enough to push the BoE to raise Bank Rate by 50 basis points ("bps") at its August meeting, especially when considering the labour market report with strong levels of employment and Governor Bailey's Mansion House speech, where he explicitly stated that a 50bps hike is on the table for the upcoming meeting.

The Italian Prime Minister, Mario Draghi has resigned after the three coalition partners withdrew their support and shattered the unity that brought some political peace since February 2021. Under his premiership and national unity government, Italy started initial reform tied to an effort to spend European Union recovery cash sensibly. The Italian economy grew in the first quarter of this year and outpaced other European peers in the second quarter. Draghi, however, demanded the support of all parties in order to continue but all three parties withdrew their support. Political instability looks to return with likely new snap elections at the end of September or early October.

FINANCIAL CONDITIONS

The European Central Bank ("ECB") made its first rate rise in 11 years with a 50 bps hike leaving the world of negative rates behind and saying more normalization is appropriate at the next meetings. The deposit rate is now back to 0.00%, the refi rate to 0.50%, and the marginal lending facility to 0.75%, effective July 27. It also introduced the Transmission Protection Instrument ("TPI"), the newest member of its toolkit, which will deal with fragmentation and be used to "counter unwarranted, disorderly market dynamics that pose a serious threat to the transmission of monetary policy" in the region. The ECB joined the growing line-up of central banks (excluding the Bank of Japan ("BoJ") who have adopted the word "frontloading" into their lexicon. From the Press Statement: "The frontloading today of the exit from negative interest rates allows the Governing Council to make a transition to a meeting-by-meeting approach to interest rate decisions." President Lagarde refused to give any hint about future moves. She said there is "no such thing" as forward guidance, and they will decide on a meeting-by-meeting basis (as they should in our opinion) and look at the data, which over that time frame will likely need to include whether Russian gas will still be flowing and will all member states be slashing their gas demand by the European Commission-recommended 15%.

The Bank of Japan has left interest rates unchanged. Governor Haruhiko Kuroda emphasized his determination to stick with rock-bottom interest rates even if it means a weaker yen after the bank's latest price forecasts left the door open to continued speculation over policy change. "We have no intention at all of raising rates under the yield curve control framework," Kuroda said in a press conference following the bank's latest decision. "We also have zero intention of expanding the 0.25% range on either side of the yield target. Right now, we need to continue to tenaciously pursue monetary easing."

The Bank of England could raise rates by as much as 0.5% at its next rates meeting, its Governor said as he pledged to get inflation under control. However, Andrew Bailey said such a move is "not locked in" in a speech to City leaders on Tuesday. June's inflation picked up from May's 40-year-high of 9.1% to 9.4%. The Bank is tasked with trying to wrestle that figure back down to 2%.

The U.S. 2 year/10 year treasury spread is now -0.19% and the U.K.'s 2 year/10 year treasury spread is 0.09%. 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 5.54%. 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 believe a more normal range of 4-7 months.

The VIX (volatility index) is 23.29 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes could be encouraging for equities.

And finally: *Science is a wonderful thing if one does not have to earn one's living at it." ~ Albert Einstein*

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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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PIC22-038-E(07/22)